

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 11, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant
James Fisher, Intern

Conferees appearing before the Committee:

None

Others attending:

See attached list.

Distribution of requested information

Information, as requested by the Committee on **HB 2408**, from Joe Hennes, Executive Branch Chief Information Technology Officer, was distributed to the Committee (Attachment 1).

Information, as requested by the Committee, on proposed Department on Aging cuts to achieve necessary reductions for FY 2011, was distributed to the Committee (Attachment 2).

Introduction of proposed legislation

Senator Schmidt moved to introduce legislation concerning elections and campaign finance; relating to public service advertisements by candidates (9rs1979). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Subcommittee Report on Hospitals

Senator Schodorf presented the Subcommittee report on the Governor's budget recommendations for the Larned State Hospital, Osawatomie State Hospital and Rainbow Mental Health Facility for FY 2011 and moved for the adoption of the Subcommittee report on the Larned State Hospital, Osawatomie State Hospital and Rainbow Mental Health Facility for FY 2011 (Attachment 3). The motion was seconded by Senator Apple. Motion carried on a voice vote.

Senator Schodorf presented the Subcommittee report on the Governor's budget recommendations for the Kansas Neurological Institute and Parsons State Hospital and Training Center for FY 2011 and moved for the adoption of the Subcommittee report on the Kansas Neurological Institute and Parsons State Hospital and Training Center for FY 2011 (Attachment 3). The motion was seconded by Senator Apple. Motion carried on a voice vote.

Subcommittee Report on Kansas Health Policy Authority (KHPA)

Senator McGinn presented the Subcommittee report on the Governor's budget recommendations for the Kansas Health Policy Authority (KHPA) for FY 2010 and FY 2011 (Attachment 4).

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 11, 2010, in Room 548-S of the Capitol.

Senator Schmidt moved to amend the Subcommittee report on KHPA, Item No. 15, 8th bullet point, by replacing the word "hydrocodene" with "narcotic medical" and replace "28 days" with "30 days". The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator McGinn moved for the adoption of the Subcommittee report on KHPA for FY 2011 as amended. The motion was seconded by Senator Schodorf.

Senator Taddiken made a substitute motion to amend the Subcommittee report on KHPA for FY 2011 by adding language to Item No. 10 to request a review at Omnibus. The motion was seconded by Senator Vrail. Motion carried on a voice vote.

Senator McGinn moved for the adoption of the Subcommittee report on KHPA for FY 2010 and FY 2011 as amended. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

The Committee encouraged KHPA to work with those organizations who have offered their assistance in reducing any backlog of applications for services.

Subcommittee Report on Department of Social and Rehabilitation Services (SRS)

Senator McGinn presented the Subcommittee report on the Governor's recommendation on the Department of Social and Rehabilitation Services (SRS) for FY 2010 and FY 2011 (Attachment 5).

A report detailing reductions to SRS, State Hospitals and KHPA was distributed to the Committee (Attachment 6).

Senator McGinn moved for the adoption of the Subcommittee report on SRS for FY 2010 and FY 2011. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Discussion on working MEGA bill

The Committee requested the following additional information:

- Progress of the House Appropriations Committee.
- How many employee positions have been eliminated within all state agencies.

Adjournment

The next meeting is scheduled for March 12, 2010.

The meeting was adjourned at 12:00 p.m.

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE: March 11, 2010

| NAME | REPRESENTING |
|------------------------|---------------------------|
| Tracy Greene | ESU |
| Jonathan Kiniger | KBOR |
| DIANE DUFFY | KBOR |
| ANNE MARIE HUGHES | SKIL |
| Tracy Racine | KCSL |
| Jennie Roe | KCSL |
| Walter Hammond | HEALTH |
| Wynne Jane Stankiewicz | KGFA |
| ROD NEALY | KENNEY & ASSOC |
| Eric Stallard | AGC of KS |
| Eric Wisner | KDA |
| Rubin Cleary | DCCCA, Youthville |
| Linda Ford | KPCC |
| LARRY BEAC | KTCR |
| Ann Lab | UHG |
| ELWINE MEYER | Kansas Reporter |
| Stephanie Dillon | KDHE |
| Pat Kuehn | KDHE |
| Leslie Kaufman | Ks Coop Council |
| Tom Bruno | Bruno Assoc. |
| Sister Therese Bangert | Ks. Catholic Conf. |
| Bill Sneed | UKHA |
| Megan Bottenberg | KDOL |

**SENATE WAYS AND MEANS COMMITTEE
GUEST LIST**

DATE: March 11, 2010

| NAME | REPRESENTING |
|----------------------|--------------------------|
| Laura Howard | SRS |
| Lois Weeks | SRS |
| Don Jordan | SRS |
| SENATE BOARD | INTERV, VANTIL |
| Martin Hawver | Hawver's Capitol Reports |
| Amy Pengood | DOB |
| Jude Howe | DOB |
| Kimberly Howell | Judicial Branch |
| Jerry Sloan | " " |
| Stephanie Buchanan | CMS |
| Jan Brash | KSC |
| Kelli Kirkwood | KLA |
| Mark Bozanyak | CAPITOL STRATEGIES |
| Jim Conant | KDOR |
| Barb Conant | KDOA |
| JK Shively | KCS |
| Kathy Dameron | KU |
| Scott Bruner | KHPA |
| Bobby Longman | KHPA |
| Andy Allison | KHPA |
| Dave Ranney | KHI |
| Paul Johnson | Ks. Catholic Conf. |
| P. Mayer | KHPA |



Mark Parkinson, Governor
Joe Hennes, Director

Division of Information Systems and Communications

<http://www.da.ks.gov/disc/>

March 10, 2010

Senator Jay Scott Emler
District 35

Dear Senator Emler,

It is my pleasure to respond to your letter of March 4, 2010 inquiring about the policies and procedures in place to ensure vulnerability scans are taking place in the state agencies, as well as the measures used to address cases where agencies are not performing the scans in the prescribed manner.

Let me begin by addressing the question regarding policies and procedures that currently exist to ensure vulnerability scans are taking place. There are several Information Technology Executive Council (ITEC) Policies that define security requirements for state agencies. These policies can be found at <http://www.da.ks.gov/kito/cita/itec/policies.htm>. Specific policies of interest pertaining to security include:

ITEC Policy 7220 – KANWIN Security: This policy defines security on DISC maintained KANWIN network.

ITEC Policy 7230 – Enterprise Security: Defines responsibility for security in the state. Specifically:

1. Entities are responsible for defining their own security policies, procedures and enforcement;
2. Their policies must be at least as stringent as the ITEC default security policies;
3. If they do not define their own, they are to adopt the ITEC policies as their own.

ITEC Policy 7230A – Default Enterprise Security Document: This is the master document defining the minimum security measure for the enterprise. It is within this document that the requirement for an annual vulnerability scan is outlined. Specifically, Section 6.1, Assessment Operations states:

The State of Kansas requires that security assessments be performed against all information systems. Additionally, vulnerability assessments shall be performed against all information systems. Security assessments are to be performed on at least a 3 year time period and vulnerability assessments are to be performed on at least an annual basis.

Security and vulnerability assessments differ from each other in their focus. The focus of a security assessment is determining the degree to which information system security controls are correctly implemented, operating as intended and producing the desired

Senate Ways & Means Cmte

Date 3-11-2010

Attachment 1

level of security. The focus of a vulnerability assessment is determining the weaknesses inherent in the information systems that could be exploited leading to information system breach.

It is recommended that both security assessments and vulnerability assessments be performed by independent and impartial third parties on a periodic basis.

In the event that the security or vulnerability assessment discovers issues that must be corrected the security plan (see section 2.2) shall be immediately updated with the remedial actions required to address the discovered issues. Further, the security plan shall be reviewed on an at least quarterly basis to ensure appropriate corrective actions have been taken.

ITEC Policy 7310 – Security Self Assessment: Requires all agencies to conduct yearly self assessments of information systems security measures.

ITEC Policy 7400 – Security Awareness Training: Ensures all Kansas government employees, contractors, or other third parties who have access to or use Kansas IT resources, have available training and opportunities to meet and respond to computer security issues and incidents faced in the workplace.

In addition to these ITEC policies, DISC, as the central computing agency for the state, has numerous policies, procedures, and guidelines that directly address security. These policies relate to the use of IT resources by state agencies. I would be happy to provide more information about these policies at your request.

Your second question concerns what steps are taken by the Chief Information Technology Officer in the Executive Branch to address lack of compliance by agencies with the requirement to perform vulnerability scanning. To address this question, I need to explain that my authority is different when I am acting as Director of DISC versus when I am acting as Executive Branch CITO.

As Director of DISC I am responsible for DISC policy setting and implementation. I require that DISC follows the vulnerability scanning requirements of ITEC policy. These scans and associated remediation are performed numerous times yearly by personnel from the State's Enterprise Security Office in conjunction with DISC's Customer Support team. In addition, I require that the KANWIN shared network resources comply with all policies and procedures outlined to ensure the highest level of security. This is done on an ongoing basis. DISC is the provider of shared services to the enterprise and as such there are a number of agencies for whom DISC provides server support. Those servers are scanned in accordance with ITEC policy. In short, I require that all audit findings are acknowledged and addressed for all infrastructure under my purview as DISC Director.

As the Executive Branch CITO my authority is different. As an ITEC member I assist the Secretary of Administration, who chairs the committee, in conducting their meetings. I also manage the staff that drafts and publishes the ITEC policies and procedures. I work closely with the Chief Information Technology Architect (CITA) in defining and maintaining the architecture governing the state's use of IT. Finally, the State's Chief Information Security Officer (CISO) reports to me. While I play an

March 10, 2010

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important role in ITEC, my statutory authority consists only of monitoring the adherence of Executive Branch agencies to ITEC policies. Outside of the approval process for projects over \$250,000, I do not have the authority to force them to comply with ITEC policy. The policies generated by ITEC are written for the agencies to be implemented and enforced by agency executives. At every opportunity I actively promote the requirement for all Executive Branch agencies to adhere to those policies and procedures. My authority stops short of allowing me to demand their adherence.

As I have noted above, there is one avenue whereby I can enforce adherence to the ITEC policies and that is during the approval of new projects valued at more than \$250,000. I can, during the approval process, require that funds be included to perform yearly security scans for as long as the project is tracked by my office. This approval process requires the agencies to itemize costs during the development and implementation of the project as well as the three years after completion of the project. Once the project moves beyond that extended period, I would lose my ability to enforce continued scanning.

The greatest enforcement mechanism in State government is currently the action of Legislative Post Audit. Agencies do respond to their findings and knowing that failure to comply could lead to an audit is often reason enough to compel compliance. In addition, I have found the influence of the Joint Committee on Information Technology has a positive effect on agency's adherence to policies and procedures. They frequently request information and testimony from state agencies regarding their plans, projects and compliance with ITEC policy.

In closing, I strongly support any measure that would increase the compliance of ITEC security policies, including vulnerability scans. I believe passage of SB2408 has the potential to do that. One option to improve agency compliance would be a reporting mechanism to each branch CITO via the Enterprise Security Office. Non-complying agencies could be identified and required to report before the JCIT to explain their non-compliance. This reporting mechanism could be added to current ITEC policy, by amendment, or as a part of legislation.

I hope this provides you some insight into my role as Executive Branch CITO and my ability to enforce adherence to ITEC policies. If you have additional questions, I'd be happy to address them.



Joe Hennes

Executive Branch Chief Information Technology Officer

CC: Duane Goossen, Bill Roth, Morey Sullivan, Larry Kettlewell, Allan Foster, Bryan Dreiling

**Kansas Department on Aging
Proposal to Achieve Senate Ways and Means Reduction - FY 2011**

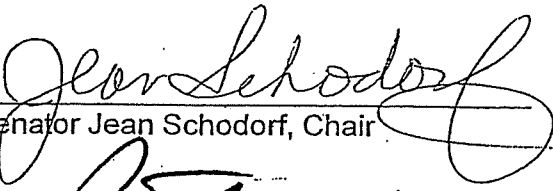
Senate Ways & Means Cmte
Date **3-11-2010**
Attachment **2**

| Program | SGF Reduction | All Funds | Explanation |
|--|----------------------|-------------------|--|
| Operations | 145,958 | 431,073 | The reduction requires staff furloughs, layoffs and related operating costs result in the state not meeting its obligation to timely complete nursing facility surveys. |
| Senior Care Act (SCA) | 1,125,755 | 1,125,755 | This will eliminate all SGF for the SCA program with exception of the match funds explained below. It will result in 873 customers no longer receiving SCA services. This is a 18% reduction in the number of individuals served in FY 2011. A total of \$661,173 from the SGF will still be available to provide match for the federal funds and maintenance of effort for local match. SCA services will still be provided through the \$4.5 million from the federal Social Service Budget Grant. |
| Nutrition <i>25%</i> | 2,610,956 | 2,973,740 | This will eliminate all SGF for the nutrition program except \$466,277 needed to match the federal Older American Act funds. It will result in 549,674 fewer meals served and we anticipate meal sites will be closed and home delivered meals will be curtailed. |
| Nursing Facility | 4,328,461 | 12,338,273 | This is a reduction of approximately 3.3% in nursing facility payments. |
| Program of All-Inclusive Care for the Elderly (PACE) | 350,000 | 982,318 | The reduction will eliminate funding for 18 planned new customers. This may have an impact on whether a PACE site can financially stay in business. |
| Total | 8,561,130 | 17,851,159 | |

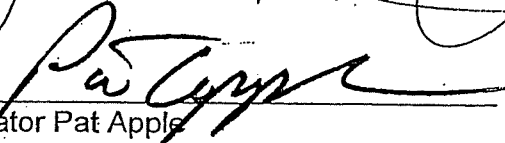
FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Larned State Hospital
Osawatomie State Hospital
Rainbow Mental Health Facility
Kansas Neurological Institute
Parsons State Hospital and Training Center

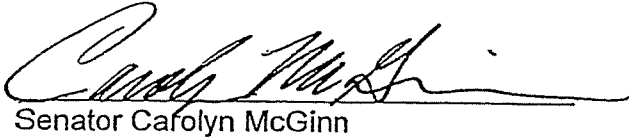


Senator Jean Schodorf, Chair

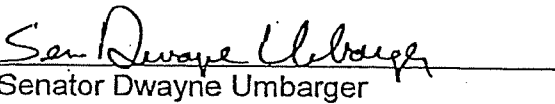


Senator Pat Apple

Senator Janis Lee



Senator Carolyn McGinn



Senator Dwayne Umbarger

Senate Ways & Means Cmte

Date 3-11-2010

Attachment 3

House Budget Committee Report

Agency: Larned State Hospital

Bill No. HB 2706

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 391

Budget Page No. 208

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|------------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 45,208,952 | \$ 43,745,072 | \$ 0 |
| Other Funds | 15,161,520 | 15,141,475 | 0 |
| Subtotal | <u>\$ 60,370,472</u> | <u>\$ 58,886,547</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 60,370,472</u></u> | <u><u>\$ 58,886,547</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 976.2 | 976.2 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 34.4 | 22.9 | 0.0 |
| TOTAL | <u><u>1,010.6</u></u> | <u><u>999.1</u></u> | <u><u>0.0</u></u> |

Agency Estimate/Request

The **agency** requests FY 2011 operating expenditures of \$60,370,472, including \$45,208,952 from the State General Fund. The request is an all funds increase of \$3,011,885, or 5.3 percent, above the FY 2010 revised estimate and a State General Fund increase of \$1,804,014, or 4.2 percent, above the FY 2010 revised estimate. The request would fund 976.2 FTE positions and includes one enhancement request in the Sexual Predator Transition Program for \$483,925, all from the State General Fund. Absent the enhancement, the FY 2011 operating expenditures for the agency would be \$59,886,547, including \$44,725,027 from the State General Fund.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$58,886,547, including \$43,745,072 from the State General Fund. The recommendation is an all funds decrease of \$1,483,925, or 2.5 percent, below the FY 2011 agency estimate, and a State General Fund decrease of \$1,463,880, or 3.2 percent, below the FY 2011 agency estimate. The decrease is attributable to a State General Fund salaries and wages shrinkage reduction. In addition, the Governor does not recommend the agency's enhancement request.

3-2

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following notations:

1. The Budget Committee believes that the proper staffing of this agency is critical and impacts the quality of treatment. Holding positions vacant and position reductions, in combination with the hospital being over census, would aggravate the situation, increase workers compensation claims and put patients and staff at risk.
2. The Budget Committee notes the savings realized due to the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the LSH campus and the contracting of these services to the KVC Behavioral HealthCare private facility located in Hays, Kansas. Annual savings are estimated to be approximately \$900,000, all from the State General Fund. The first full year of the contract would be FY 2011.

Once the program is eliminated, the state will no longer publicly conduct youth psychiatric treatment programs. When the space reserved for the Inpatient Psychiatric Treatment Unit for Youth is vacated, the Adult Civil Psychiatric Services will be relocated in the building complex.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

Senate Subcommittee Report

Agency: Larned State Hospital

Bill No. SB 556

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 391

Budget Page No. 208

| <u>Expenditure Summary</u> | <u>Agency Request FY 2011</u> | <u>Governor Recommendation FY 2011</u> | <u>Senate Subcommittee Adjustments</u> |
|----------------------------|-----------------------------------|--|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 45,208,952 | \$ 43,745,072 | \$ 0 |
| Other Funds | 15,161,520 | 15,141,475 | 0 |
| Subtotal | \$ 60,370,472 | \$ 58,886,547 | \$ 0 |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | \$ 0 | \$ 0 | \$ 0 |
| TOTAL | \$ 60,370,472 | \$ 58,886,547 | \$ 0 |
| FTE positions | 976.2 | 976.2 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 34.4 | 22.9 | 0.0 |
| TOTAL | 1,010.6 | 999.1 | 0.0 |

Agency Estimate/Request

The **agency** requests FY 2011 operating expenditures of \$60,370,472, including \$45,208,952 from the State General Fund. The request is an all funds increase of \$3,011,885, or 5.3 percent, above the FY 2010 revised estimate and a State General Fund increase of \$1,804,014, or 4.2 percent, above the FY 2010 revised estimate. The request would include 976.2 FTE positions and includes one enhancement request in the Sexual Predator Transition Program for \$483,925, all from the State General Fund. Absent the enhancement, the FY 2011 operating expenditures for the agency would be \$59,886,547, including \$44,725,027 from the State General Fund.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$58,886,547, including \$43,745,072 from the State General Fund. The recommendation is an all funds decrease of \$1,483,925, or 2.5 percent, below the FY 2011 agency estimate, and a State General Fund decrease of \$1,463,880, or 3.2 percent, below the FY 2011 agency estimate. The decrease is attributable to a State General Fund salaries and wages shrinkage reduction. In addition, the Governor does not recommend the agency's enhancement request.

3-4

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services (SRS) review vacant FTE positions and shrinkage requirements for this agency to identify positions for elimination and provide a report of the findings for the Committee's consideration at Omnibus.
2. The Senate Subcommittee notes that budget reductions applied to this agency and other state hospitals creates stress and pressure on the the state mental health system which at times is at capacity or above and jeopardizes the in-patient safety net for individuals with severe mental illness in Kansas. Future reductions could result in serving fewer future Kansans, eliminating voluntary admissions and closing in-patient units.
3. The Senate Subcommittee commends the staff of this agency for their hard work and dedication during difficult budget times with high staff vacancies and patient census.
4. The Senate Subcommittee commends the fiscal savings realized due to the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the LSH campus and the contracting of these services to the KVC Behavioral HealthCare private facility located in Hays, Kansas. Annual savings are estimated to be approximately \$900,000, all from the State General Fund. The first full year of the contract would be FY 2011. When the space reserved for the Inpatient Psychiatric Treatment Unit for Youth is vacated, the Adult Civil Psychiatric Services will be relocated in the building complex.
5. The Senate Subcommittee notes outpatient forensic evaluations for individuals referred to the agency by District Courts have historically been completed during inpatient stays at the Larned State Security program or Osawatomie State Hospital. The facilities are at capacity with long waiting-lists. As a result, those individuals waiting for admission create undo financial and over-census burdens on local county jails holding individuals for misdemeanor and felony charges and/ or going through the Sexually Violent Predator determination process

House Budget Committee Report

Agency: Osawatomi State Hospital

Bill No. HB 2706

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 421

Budget Page No. 210

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|-----------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 18,242,009 | \$ 14,342,009 | \$ 0 |
| Other Funds | 11,252,171 | 14,252,171 | 0 |
| Subtotal | <u>\$ 29,494,180</u> | <u>\$ 28,594,180</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 8,722 | \$ 0 | \$ 0 |
| Other Funds | 0 | 8,722 | 0 |
| Subtotal | <u>\$ 8,722</u> | <u>\$ 8,722</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 29,502,902</u></u> | <u><u>\$ 28,602,902</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 441.3 | 441.3 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>441.3</u></u> | <u><u>441.3</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests FY 2011 operating expenditures of \$29,494,180 including \$18,242,009 from the State General Fund. The estimate is an all funds increase of \$170,725, or 0.6 percent, above the FY 2010 revised estimate and a State General Fund increase of \$1,100,038, or 6.4 percent, above the FY 2010 revised estimate. The request would fund 441.3 FTE positions and does not include any enhancement requests.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$28,594,180, including \$14,342,009 from the State General Fund. The recommendation is an all funds decrease of \$900,000, or 3.0 percent, below the FY 2011 agency request, and a State General Fund decrease of \$3,900,000, or 21.4 percent, below the FY 2011 agency request. The decrease in the State General Fund is attributable to fee fund replacements of State General Fund expenditures and all fund decreases are due to salaries and wages shrinkage reduction.

3-6

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following recommendation:

1. The Budget Committee believes that the proper staffing of this agency is critical and impacts the quality of treatment. Holding positions vacant and position reductions, in combination with the hospital being over census, would aggravate the situation, increase workers compensation claims, and put patients and staff at risk.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

Senate Subcommittee Report

Agency: Osawatomi State Hospital

Bill No. SB 556

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 421

Budget Page No. 210

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|-----------------------------|------------------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 18,242,009 | \$ 14,342,009 | \$ 0 |
| Other Funds | 11,252,171 | 14,252,171 | 0 |
| Subtotal | <u>\$ 29,494,180</u> | <u>\$ 28,594,180</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 8,722 | \$ 0 | \$ 0 |
| Other Funds | 0 | 8,722 | 0 |
| Subtotal | <u>\$ 8,722</u> | <u>\$ 8,722</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 29,502,902</u></u> | <u><u>\$ 28,602,902</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 441.3 | 441.3 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>441.3</u></u> | <u><u>441.3</u></u> | <u><u>0.0</u></u> |

3-7

Agency Request

The **agency** requests FY 2011 operating expenditures of \$29,494,180 including \$18,242,009 from the State General Fund. The estimate is an all funds increase of \$170,725, or 0.6 percent, above the FY 2010 revised estimate and a State General Fund increase of \$1,100,038, or 6.4 percent, above the FY 2010 revised estimate. The request would include 441.3 FTE positions and does not have any enhancement requests.

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Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services (SRS) review vacant FTE positions and shrinkage requirements for this agency to identify positions for elimination and provide a report of the findings for the Committee's consideration at Omnibus.
2. The Senate Subcommittee notes that budget reductions applied to this agency and other state hospitals creates stress and pressure on the the state mental health system which at times is at capacity or above and jeopardizes the in-patient safety net for individuals with severe mental illness in Kansas. Future reductions could result in serving future Kansans, eliminating voluntary admissions and closing n-patient units.
3. The Senate Subcommittee commends the staff of this agency for their hard work and dedication during difficult budget times with high staff vacancies and patient census.

House Budget Committee Report

Agency: Rainbow Mental Health Facility

Bill No. HB 2706

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 444

Budget Page No. 214

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|----------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 5,774,298 | \$ 4,524,298 | \$ 0 |
| Other Funds | 3,072,224 | 4,072,224 | 0 |
| Subtotal | <u>\$ 8,846,522</u> | <u>\$ 8,596,522</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 8,846,522</u></u> | <u><u>\$ 8,596,522</u></u> | <u><u>\$ 0</u></u> |
| | | | |
| FTE positions | 122.2 | 122.2 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>122.2</u></u> | <u><u>122.2</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests FY 2011 operating expenditures of \$8,846,522 including \$5,774,298 from the State General Fund. The request is an all funds increase of \$79,347, or 0.9 percent, above the FY 2010 revised estimate and a State General Fund decrease of \$51,158, or 0.9 percent, below the FY 2010 revised estimate. The request would fund 122.2 FTE positions and does not include any enhancement requests.

Governor's Recommendation

The **Governor** recommends operating expenditures of \$8,596,522, including \$4,524,298 from the State General Fund. The recommendation is an all funds decrease of \$250,000, or 2.8 percent, below the FY 2011 agency estimate, and a State General Fund decrease of \$1,250,000, or 21.6 percent, below the FY 2011 agency estimate. The decrease is attributable to a State General Fund salaries and wages shrinkage reduction.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following recommendations:

1. The Budget Committee believes that the proper staffing of this agency is critical and impacts the quality of treatment, holding positions vacant and position reductions, in combination with the hospital being over census, would aggravate the situation, increase workers compensation claims, and put patients and staff at risk.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

Senate Subcommittee Report

Agency: Rainbow Mental Health Facility

Bill No. SB 556

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 444

Budget Page No. 214

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|---------------------------|------------------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 5,774,298 | \$ 4,524,298 | \$ 0 |
| Other Funds | 3,072,224 | 4,072,224 | 0 |
| Subtotal | \$ 8,846,522 | \$ 8,596,522 | \$ 0 |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | \$ 0 | \$ 0 | \$ 0 |
| TOTAL | \$ 8,846,522 | \$ 8,596,522 | \$ 0 |
| FTE positions | 122.2 | 122.2 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | 122.2 | 122.2 | 0.0 |

Agency Request

The **agency** requests FY 2011 operating expenditures of \$8,846,522 including \$5,774,298 from the State General Fund. The request is an all funds increase of \$79,347, or 0.9 percent, above the FY 2010 revised estimate and a State General Fund decrease of \$51,158, or 0.9 percent, below the FY 2010 revised estimate. The request would include 122.2 FTE positions and does not have any enhancement requests.

Governor's Recommendation

The **Governor** recommends operating expenditures of \$8,596,522, including \$4,524,298 from the State General Fund. The recommendation is an all funds decrease of \$250,000, or 2.8 percent, below the FY 2011 agency estimate, and a State General Fund decrease of \$1,250,000, or 21.6 percent, below the FY 2011 agency estimate. The decrease is attributable to a State General Fund salaries and wages shrinkage reduction.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services (SRS) review vacant FTE positions and shrinkage requirements for this agency to identify positions for elimination and provide a report of the findings for the Committee's consideration at Omnibus.
2. The Senate Subcommittee notes that budget reductions applied to this agency and other state hospitals creates stress and pressure on the the state mental health system which at times is at capacity or above and jeopardizes the in-patient safety net for individuals with severe mental illness in Kansas. Future reductions could result in serving fewer future Kansans, eliminating voluntary admissions and closing in-patient units.
3. The Senate Subcommittee commends the staff of this agency for their hard work and dedication during difficult budget times with high staff vacancies and patient census.

House Subcommittee Report

Agency: Kansas Neurological Institute

Bill No. HB 2706

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 344

Budget Page No. 206

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|------------------------------|---------------------------------------|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 11,927,917 | \$ 11,327,917 | \$ 0 |
| Other Funds | 18,057,796 | 18,157,796 | 0 |
| Subtotal | <u>\$ 29,985,713</u> | <u>\$ 29,485,713</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 125,320 | 125,320 | 0 |
| Subtotal | <u>\$ 125,320</u> | <u>\$ 125,320</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 30,111,033</u></u> | <u><u>\$ 29,611,033</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 570.2 | 570.2 | (30.2) |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>570.2</u></u> | <u><u>570.2</u></u> | <u><u>(30.2)</u></u> |

The Kansas Neurological Institute (KNI) provides treatment for developmentally disabled adults. The agency's mission is "to support each person who lives at KNI to have a meaningful life," which is accomplished by ensuring well-being, providing opportunities for choice, promoting personal relationships, encouraging participation in the community, and recognizing individuality. The agency has developed a person-centered approach to patient treatment, which focuses on the desires of the resident and not just on the assessments of the various professional disciplines. Many KNI residents require intensive physical and medical supports. Most are unable to speak, about two-thirds have seizure disorders, and about one-third are unable to eat by mouth and receive their nutrition through feeding tubes. Patients at KNI live in 24 homes in five residential lodges. In addition, KNI provides dental services to persons with developmental disabilities living in the community who are unable to access needed care. The agency has sought to consolidate resources and reduce redundancies while maintaining a high investment in direct service staff. This reorganization has led to the consolidation of six basic program areas into three integrated units: administrative services, health care services, and program services.

Agency Request

The **agency** requests FY 2011 operating expenditures of \$29,985,713, including \$11,927,917 from the State General Fund. The request is an all funds increase of \$185,569, or 0.6 percent, above the FY 2010 revised estimate and a State General Fund increase of \$2,750,155, or 30.0 percent, above the FY 2010 revised estimate. The request includes 570.2 FTE positions and does not include any enhancement requests. In addition, the request

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includes a capital improvements request for \$125,320, from the Title XIX fund, for Department of Administration's state energy conservation improvement project expenditures.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$29,485,713, including \$11,327,917 from the State General Fund. The estimate is an all funds decrease of \$500,000, or 1.7 percent, and a State General Fund decrease of \$600,000, or 5.0 percent, below the agency's FY 2011 request. The reduction is attributable to salaries and wages shrinkage adjustments. The recommendation includes 570.2 positions. In addition, the recommendation includes a capital improvements request for \$125,320 from the Title XIX fund for Department of Administration's state energy conservation improvement project expenditures.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments and recommendations:

1. Delete 30.2 FTE that are not filled at KNI and an adjustment to the agency's shrinkage rate to reflect the new approved amount of FTE.
2. The Budget Committee recommends the Department of Social and Rehabilitation Services (SRS) implement the provisions of Executive Order 10-01, regarding the consolidation of Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH & TC) with a two component strategy. The first component would be to receive input from an advisory group – to include SRS program leadership staff and the superintendents of both KNI and PSH & TC, as well as representatives from Community Developmental Disability Organizations/ Community Service Providers, and focused input from the parent/guardian groups at both hospitals. The advisory group will be charged to explore and develop recommendations on these key elements of the executive order: state developmental disability hospital admission and service continuation criteria; strategies to increase community provider capacity, parent/guardian knowledge and confidence in community services, and successful transition to community services; and finally, input on goals toward accomplishing the consolidation. The second component is for SRS to finalize and implement the consolidation plan, and to work with the Division of Budget to ensure that State General Fund savings are identified and redirected to serving people who are on the waiting list for community developmental disability services.
3. The Committee commends the Department of Social and Rehabilitation Services (SRS) for the consolidation of buildings on the KNI campus that will save an expected \$458,107 in State General Fund in FY 2010 and \$763,000 in State General Fund for FY 2011. In addition, because of the high staffing turn over at KNI the consolidations have taken place without layoffs, but just by holding position vacant as staff leaves.
4. The Budget Committee expresses concern about shrinkage budgeting practices and the complications this technique creates when attempting to determine the realities of employment and the budgeting process.
5. The Budget Committee recognizes the critical role KNI provides with specialized medical and therapeutic services for the developmental disability community. KNI

operates one of four seating clinics in Kansas providing additional assistance technology support to people with developmental disabilities living in the community. The seating clinic served 207 individuals in FY 2009 and expects to serve at least 230 individuals this fiscal year. The increase in the number of people served through the seating clinic is expected to continue in FY 2011.

In addition, KNI provides dental services to people who are often unable to access needed care. Since the service was initiated, 129 individuals have utilized these services, and it is anticipated that 70 people will participate in these services during FY 2010. Because the dental services have recently been eliminated for adults in the Home Community Based Services waiver for people with developmental disabilities, it is anticipated that demand for dental services will increase in FY 2011.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

Senate Subcommittee Report

Agency: Kansas Neurological Institute

Bill No. SB 555

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 344

Budget Page No. 206

| <u>Expenditure Summary</u> | <u>Agency Request FY 2011</u> | <u>Governor Recommendation FY 2011</u> | <u>Senate Subcommittee Adjustments</u> |
|----------------------------|-----------------------------------|--|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 11,927,917 | \$ 11,327,917 | \$ 0 |
| Other Funds | 18,057,796 | 18,157,796 | 0 |
| Subtotal | <u>\$ 29,985,713</u> | <u>\$ 29,485,713</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 125,320 | 125,320 | 0 |
| Subtotal | <u>\$ 125,320</u> | <u>\$ 125,320</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 30,111,033</u></u> | <u><u>\$ 29,611,033</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 570.2 | 570.2 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>570.2</u></u> | <u><u>570.2</u></u> | <u><u>0.0</u></u> |

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Agency Request

The **agency** requests FY 2011 operating expenditures of \$29,985,713, including \$11,927,917 from the State General Fund. The request is an all funds increase of \$185,569, or 0.6 percent, above the FY 2010 revised estimate and a State General Fund increase of \$2,750,155, or 30.0 percent, above the FY 2010 revised estimate. The request includes 570.2 FTE positions and does not include any enhancement requests. In addition, the request includes a capital improvements request for \$125,320, from the Title XIX fund, for Department of Administration's state energy conservation improvement project expenditures.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$29,485,713, including \$11,327,917 from the State General Fund. The estimate is an all funds decrease of \$500,000, or 1.7 percent, and a State General Fund decrease of \$600,000, or 5.0 percent, below the agency's FY 2011 request. The reduction is attributable to salaries and wages shrinkage adjustments. The recommendation includes 570.2 positions. In addition, the recommendation includes a capital improvements request for \$125,320 from the Title XIX fund for Department of Administration's state energy conservation improvement project expenditures.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services review vacant FTE positions and shrinkage requirements for this agency to identify positions for elimination and provide a report of the findings for the Committee's consideration at Omnibus.
2. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services (SRS) implement the provisions of Executive Order 10-01, regarding the consolidation of Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH & TC) with a two core component strategy. The first component would be to receive input from an advisory group – to include SRS program leadership staff and the superintendents of both KNI and PSH & TC, as well as representatives from CDDOs/Community Service Providers, and focused input from the parent/guardian groups at both hospitals. The advisory group will be charged to explore and develop recommendations on these key elements of the executive order: state developmental disability hospital admission and service continuation criteria; strategies to increase community provider capacity, parent/guardian knowledge and confidence in community services, and successful transition to community services; and finally, input on goals toward accomplishing the consolidation. The second component is for SRS to finalize and implement the consolidation plan, and to work with the Division of the Budget to ensure that State General Fund savings are identified and redirected to serving people who are on the waiting list for community developmental disability services.
3. The Senate Subcommittee commends the staff of this agency for their hard work and dedication during difficult budget times with high staff vacancies and patient census.

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House Budget Committee Report

Agency: Parsons State Hospital and Training Center

Bill No. HB 2706

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 368

Budget Page No. 212

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | House Budget Committee Adjustments |
|--------------------------------|-----------------------------|------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 10,831,700 | \$ 10,415,600 | \$ 0 |
| Other Funds | 14,917,521 | 14,983,621 | 0 |
| Subtotal | <u>\$ 25,749,221</u> | <u>\$ 25,399,221</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 66,121 | \$ 66,121 | \$ 0 |
| Other Funds | 59,825 | 59,825 | 0 |
| Subtotal | <u>\$ 125,946</u> | <u>\$ 125,946</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 25,875,167</u></u> | <u><u>\$ 25,525,167</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 497.2 | 497.2 | (17.2) |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>497.2</u></u> | <u><u>497.2</u></u> | <u><u>(17.2)</u></u> |

Parsons State Hospital and Training Center is one of two residential treatment, training and care facilities operated by the State of Kansas to serve developmentally disabled persons whose circumstances require specialized residential service provisions. The Center's mission is to serve the habilitation, rehabilitation and residential care needs of each person referred or admitted in ways that fulfill standards of quality and effectiveness and thus enable each person to acquire greater control and additional options for meeting their needs. An individualized treatment plan focusing on clients' needs, wants, and interests is developed for each client in the institution in order to enhance their quality of life. In addition, Parsons State Hospital serves as the statewide resource center for persons with a dual diagnosis of developmental disability and psychiatric impairment in order to provide more appropriate treatment service for these individuals. The facility has a licensed bed capacity of 336 patients.

Agency Request

The **agency** requests FY 2011 operating expenditures of \$25,749,221 including \$10,831,700 from the State General Fund. The request is an all funds increase of \$79,334, or 0.3 percent, above the FY 2010 revised estimate and a State General Fund increase of \$3,050,740, or 39.2 percent, above the FY 2010 revised estimate. The request includes 497.2 FTE positions and does not include any enhancement requests.

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Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$25,399,221 including \$10,415,600 from the State General Fund. The estimate is an all funds decrease of \$350,000, or 1.4 percent, and a State General Fund decrease of \$416,100 or 3.8 percent, below the agency's FY 2011 request. The reduction is attributable to salaries and wages shrinkage adjustments. The recommendation includes 497.2 positions. In addition, the recommendation includes a capital improvements funding of \$125,946, including \$66,121 from the State General fund, for Department of Administration's state energy conservation improvement project expenditures.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments and recommendations:

1. Delete 17.2 FTE that are not filled at PSH & TC and an adjustment to the agency's shrinkage rate to reflect the new approved FTE legislation committee position.
2. The Budget Committee recommends the Department of Social and Rehabilitation Services (SRS) implement the provisions of Executive Order 10-01, regarding the consolidation of Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH & TC) with a two core component strategy. The first component would be to receive input from an advisory group – to include SRS program leadership staff and the superintendents of both KNI and PSH & TC, as well as representatives from CDDOs/Community Service Providers, and focused input from the parent/guardian groups at both hospitals. The advisory group will be charged to explore and develop recommendations on these key elements of the executive order: state developmental disability hospital admission and service continuation criteria; strategies to increase community provider capacity, parent/guardian knowledge and confidence in community services, and successful transition to community services; and finally, input on goals toward accomplishing the consolidation. The second component is for SRS to finalize and implement the consolidation plan, and to work with the Division of Budget to ensure that State General Fund savings are identified and redirected to serving people who are on the waiting list for community developmental disability services.
3. The Budget Committee commends the Department of Social and Rehabilitation Services (SRS) for the consolidation of buildings on the PSH & TC campus that will save an anticipated \$196,080 in State General Fund expenditures in FY 2010 and \$424,840 in State General Fund expenditures for FY 2011 and created a reduction in redundancies in staffing with the release of 19.0 temporary employees.
4. The Budget Committee expresses concern about shrinkage budgeting practices and the complications this technique creates when attempting to determine the realities of state employment and the budgeting process.

House Committee Recommendation

The **House Committee** concurs with the House Budget Committee.

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Senate Subcommittee Report

Agency: Parsons State Hospital and Training Center

Bill No. SB 556

Bill Sec. 19

Analyst: Montgomery

Analysis Pg. No. 368

Budget Page No. 212

| <u>Expenditure Summary</u> | <u>Agency Request FY 2011</u> | <u>Governor Recommendation FY 2011</u> | <u>Senate Subcommittee Adjustments</u> |
|--------------------------------|-----------------------------------|--|--|
| Operating Expenditures: | | | |
| State General Fund | \$ 10,831,700 | \$ 10,415,600 | \$ 0 |
| Other Funds | 14,917,521 | 14,983,621 | 0 |
| Subtotal | \$ 25,749,221 | \$ 25,399,221 | \$ 0 |
| Capital Improvements | | | |
| State General Fund | \$ 66,121 | \$ 66,121 | \$ 0 |
| Other Funds | 59,825 | 59,825 | 0 |
| Subtotal | \$ 125,946 | \$ 125,946 | \$ 0 |
| TOTAL | \$ 25,875,167 | \$ 25,525,167 | \$ 0 |
| FTE positions | 497.2 | 497.2 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | 497.2 | 497.2 | 0.0 |

Agency Request

The **agency** requests FY 2011 operating expenditures of \$25,749,221 including \$10,831,700 from the State General Fund. The request is an all funds increase of \$79,334, or 0.3 percent, above the FY 2010 revised estimate and a State General Fund increase of \$3,050,740, or 39.2 percent, above the FY 2010 revised estimate. The request includes 497.2 FTE positions and does not include any enhancement requests.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures of \$25,399,221 including \$10,415,600 from the State General Fund. The estimate is an all funds decrease of \$350,000, or 1.4 percent, and a State General Fund decrease of \$416,100 or 3.8 percent, below the agency's FY 2011 request. The reduction is attributable to salaries and wages shrinkage adjustments. The recommendation includes 497.2 positions. In addition, the recommendation includes a capital improvements funding of \$125,946, including \$66,121 from the State General

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fund, for Department of Administration's state energy conservation improvement project expenditures.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following recommendations and notations:

1. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services (SRS) review vacant FTE positions and shrinkage requirements for this agency to identify positions for elimination and provide a report of the findings for the Committee's consideration at Omnibus.
2. The Senate Subcommittee recommends the Department of Social and Rehabilitation Services implement the provisions of Executive Order 10-01, regarding the consolidation of Kansas Neurological Institute (KNI) and Parsons State Hospital and Training Center (PSH & TC) with a two core component strategy. The first component would be to receive input from an advisory group – to include SRS program leadership staff and the superintendents of both KNI and PSH & TC, as well as representatives from CDDOs/Community Service Providers, and focused input from the parent/guardian groups at both hospitals. The advisory group will be charged to explore and develop recommendations on these key elements of the executive order: state developmental disability hospital admission and service continuation criteria; strategies to increase community provider capacity, parent/guardian knowledge and confidence in community services, and successful transition to community services; and finally, input on goals toward accomplishing the consolidation. The second component is for SRS to finalize and implement the consolidation plan, and to work with the Division of the Budget to ensure that State General Fund savings are identified and redirected to serving people who are on the waiting list for community developmental disability services.
3. The Senate Subcommittee commends the staff of this agency for their hard work and dedication during difficult budget times with high staff vacancies and patient census.

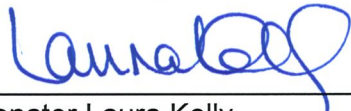
FY 2010 and FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

Kansas Health Policy Authority



Senator Carolyn McGinn, Chair



Senator Laura Kelly



Senator Vicki Schmidt



Senator Jean Schodorf



Senator Ruth Teichman



Senator Dwayne Umbarger

Senate Ways & Means Cmte
Date 3-11-2010
Attachment 4

Senate Subcommittee Report

Agency: Kansas Health Policy Authority

Bill No. SB 556

Bill Sec. 20

Analyst: Deckard

Analysis Pg. No. 262

Budget Page No. 101

| Expenditure Summary | Agency Estimate FY 2010 | Governor Recommendation FY 2010 | Senate Subcommittee Adjustments |
|--------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 385,990,609 | \$ 387,459,860 | \$ (16,400,000) |
| Other Funds | 1,072,014,253 | 1,034,113,277 | 16,400,000 |
| Subtotal | <u>\$ 1,458,004,862</u> | <u>\$ 1,421,573,137</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 1,458,004,862</u></u> | <u><u>\$ 1,421,573,137</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 221.3 | 219.3 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>221.3</u></u> | <u><u>219.3</u></u> | <u><u>0.0</u></u> |

Agency Estimate

The **agency** requests a revised FY 2010 reportable budget totaling \$1.5 billion, an increase of \$42.2 million, or 3.0 percent, above the amount approved by the 2009 Legislature. Requested State General Fund expenditures total \$386.0 million, a decrease of \$1.5 million, or 0.4 percent, below the approved amount. The request would fund 281.7 FTE positions. The agency submitted supplemental requests totaling \$2,095,359, including \$168,166 from the State General Fund for FY 2010.

Governor's Recommendation

The **Governor** recommends FY 2010 reportable operating expenditures of \$1.4 billion, including \$387.5 million from the State General Fund. The FY 2010 recommendation is an increase of \$5.8 million, or 0.4 percent, above the amount approved by the 2009 Legislature. The recommendation is a decrease of \$36.4 million, or 2.5 percent below the agency's revised estimate. The Governor recommends one of the agency's supplemental requests, totaling \$1.8 million, all from federal funds and 21.0 FTE positions for the KATCH federal grant. In addition, includes funding totaling \$11.3 million, including \$18.3 million from the State General Fund, for human services caseloads as agreed to at the fall 2009 consensus caseload process.

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Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2010 recommendation, with the following adjustments:

1. Delete \$16.4 million, all from the State General Fund, and add the same amount from federal funds. The federal Centers for Medicare and Medicaid Services (CMS) recently announced it had reconsidered its previous determination that the "clawback" payments were not eligible for the enhanced federal match authorized by the 2008 American Recovery and Reinvestment Act (ARRA). The application of the enhanced federal contribution will decrease the amount the state owes the federal government by \$24.7 million over two years. The clawback refers to monthly payments made by states to the federal government for individuals whose prescription services were previously made by the states but are now made by the federal government under Part D of the 2003 Medicare Modernization Act. The enhanced match will be retroactive back to the beginning of the ARRA benefit period, October 2008. Current estimates from the Kansas Health Policy Authority indicate reduced State General Fund payments in FY 2010 of \$16.4 million and \$8.3 million in FY 2011.

Capturing these savings was recommended in the March 5, 2010 Governor's announcement.

Senate Subcommittee Report

Agency: Kansas Health Policy Authority

Bill No. SB 556

Bill Sec. 66

Analyst: Deckard

Analysis Pg. No. 262

Budget Page No. 215

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|---|--------------------------------|---------------------------------------|---------------------------------------|
| Reportable Operating Expenditures: | | | |
| State General Fund | \$ 444,763,973 | \$ 477,453,818 | \$ (16,467,216) |
| Other Funds | 1,015,617,539 | 1,018,016,751 | 3,133,695 |
| Subtotal | <u>\$ 1,460,381,512</u> | <u>\$ 1,495,470,569</u> | <u>\$ (13,333,521)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 |
| Subtotal | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 1,460,381,512</u></u> | <u><u>\$ 1,495,470,569</u></u> | <u><u>\$ (13,333,521)</u></u> |
| FTE positions | 288.7 | 288.7 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 0.0 | 0.0 | 0.0 |
| TOTAL | <u><u>288.7</u></u> | <u><u>288.7</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests a FY 2011 reportable operating budget of \$1.5 billion, an increase of \$2.3 million, or 0.2 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$444.8 million, an increase of \$58.7 million, or 15.2 percent, above the revised current year estimate. The request would fund 288.7 FTE positions, an increase of 7.0 FTE positions above the revised FY 2010 estimate. The FTE positions include the addition of 24.0 FTE positions partially offset by reductions in the revised current year estimate.

The request includes enhancement funding of \$10.3 million, including \$366,756 from the State General Fund. Absent the enhancement requests, the FY 2011 request would be a reduction of \$8.0 million, or 0.5 percent, and a State General increase of \$58.4 million, or 15.1 percent, from the FY 2010 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 reportable operating expenditures of \$1.5 billion, including \$477.5 million from the State General Fund. The recommendation is an all funds increase of \$73.9 million, or 5.2 percent, and a State General Fund increase of \$90.0 million, or 23.2 percent, above the FY 2010 recommendation. The Governor's recommendation is an increase of \$35.2 million, or 2.4 percent, above the agency's request.

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The Governor recommends the addition of \$50.8 million, including \$39.6 million from the State General Fund, for human service caseloads, as agreed to at the fall 2009 consensus estimating group. The portion of expenditures anticipated to be funded by the federal government for the Medicaid program decreased in FY 2011 due to the end of the federal American Recovery and Reinvestment Act (ARRA) funding at the end of December 2010, or half way through FY 2011. In addition, the base Medicaid matching rate for federal contribution, excluding ARRA funding, was reduced by 1.33 percent between FY 2010 and FY 2011.

In addition, the Governor's recommendation includes one of the agency's enhancement request, totaling \$9.5 million, all from federal funds, and 24.0 FTE positions for the KATCH grant.

The Governor's recommendation also includes operational reductions totaling \$4.1 million, including \$2.0 million from the State General Fund. The Governor's recommendation also continues the policy from the FY 2010 allotments to limit MediKan benefits to 12 months, resulting in FY 2011 savings of \$1.1 million, all from the State General Fund. The Governor recommends revising downward the estimate for the State Children's Health Insurance Program (SCHIP) resulting in savings of \$3.3 million, including \$1.0 million from the State General Fund in FY 2011.

The Governor recommends accepting all three of the agency's reduced resources, totaling \$5.8 million, including \$2.0 million from the State General Fund. The reduced resources include professional services rate leveling, streamlining prior authorization, and mental health pharmacy management.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation with the following adjustments:

1. Delete \$8,270,000, all from the State General Fund, and add the same amount from federal funds. The federal Centers for Medicare and Medicaid Services (CMS) recently announced it had reconsidered its previous determination that the "clawback" payments were not eligible for the enhanced federal match authorized by the 2008 American Recovery and Reinvestment Act (ARRA). The application of the enhanced federal contribution will decrease the amount the state owes the federal government by \$24.7 million over two years. The clawback refers to monthly payments made by states to the federal government for individuals whose prescription services were previously made by the states but are now made by the federal government under Part D of the 2003 Medicare Modernization Act. The enhanced match will be retroactive back to the beginning of the ARRA benefit period, October 2008. Current estimates from the Kansas Health Policy Authority indicate reduced State General Fund payments in FY 2010 of \$16.4 million and \$8.3 million in FY 2011.
2. Add \$2.0 million, including \$800,000 from the State General Fund, to restore savings anticipated in the Governor's recommendation from the the implementation of a preferred drug list for mental health prescriptions. Current state law (KSA 39-7,121b) prohibits the inclusion of these medications on the preferred drug list. 2009 SB 166 was introduced to implement the Governor's recommendation and was referred to the Senate Public Health and Welfare Committee, but no action had been taken as of March 8, 2010.
3. Delete \$3,148,685, including \$954,681 from the State General Fund, to capture savings associated with the billing delay from the Medicaid provider reductions implemented in FY 2010. The reimbursement reductions were for services provided from January 1,

2010 through June 30, 2010. Due to the billing process, payments for later dates in the reduction period of service will not occur until FY 2011 during the reduction period. This amount estimates the savings that will accrue in FY 2011 from this billing period. This will occur in all agencies with affected Medicaid payments.

4. Delete \$526,316, including \$200,000 from the State General Fund, for salaries and wages in FY 2011. This will increase the agency shrinkage rate from 15.2 percent to 22.3 percent. The Subcommittee recommends review of possible restoration of this funding at Omnibus.
5. Delete \$5.5 million, including \$1.4 million from the State General Fund, to capture savings associated with increasing premiums at all levels by \$20 per month for the State Children's Health Insurance Program (SCHIP). The following table includes current and proposed premium levels:

| FPL Percent | Current Monthly Premium | Proposed Monthly Premium |
|-------------|-------------------------|--------------------------|
| 151-175 % | \$ 67 | \$ 87 |
| 175-200 | 79 | 99 |
| 201-225 | 90 | 110 |
| 226-241 | 101 | 121 |

The Subcommittee recommends review of possible restoration at Omnibus.

6. Delete \$8,332,500, including \$2,916,375 from the State General Fund, to capture savings associated with reducing hospice services from a maximum of six months to three months. The agency indicated that currently a third of beneficiaries are in hospice for longer than 90 days. The Subcommittee recommends review of possible restoration at Omnibus.
7. Delete \$5,775,000, including \$2,310,000 from the State General Fund, to capture savings associated with eliminating transitional Medicaid benefits after the expiration of the enhanced federal match for the Medicaid program. Transitional Medicaid benefits are provided to individuals whose level of income has recently increased and allows the individuals to maintain benefits while transitioning off of assistance. The Subcommittee recommends review of possible restoration at Omnibus.
8. Delete \$240,000, including \$84,000 from the State General Fund, to capture savings associated with implementation of a policy of limiting the first fill of brand name prescriptions to 15 days instead of the current 30 day fill policy.
9. Delete \$500,000, including \$175,000 from the State General Fund, associated with an expanded Drug Use Reviews and by increasing expenditures for prescriber educational and peer intervention efforts. In addition, the Subcommittee notes that the agency should continue efforts to secure new funding for the Comprehensive Neuroscience Project and report back to the Committee on its efforts prior to Omnibus. This project is designed to help the state evaluate mental health prescribing practices and improve care.
10. Add \$13,780,200, including \$4,134,060 million from the State General Fund, for increased Medicaid expenditures to the regular medical program. The Subcommittee notes the increase of \$4,134,060 in revenue to the State General Fund with the payment of a 1.0 percent privilege fee by all managed care organizations in the state. A portion of this revenue is derived from the revocation of a waiver by the Commissioner of

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Insurance to require managed care organizations participating in the Medicaid program to submit payment. The remainder is dependent on passage of legislation (SB 560) removing tiers established in current state law based on years of operations.

11. Delete \$5,091,220, all from the State General Fund, by reducing expenditures from the MediKan program. The MediKan program provides a limited array of medical and pharmacy services to individuals awaiting federal disability determination.
12. Add proviso language regarding the MediKan preferred drug list which was included in the 2009 Session Omnibus appropriations bill. The language is as follows:

“Provided, That the Kansas Health Policy Authority shall not require an individual, who is currently prescribed medications for mental health purposes in the MediKan program, to change prescriptions under a preferred drug formulary during the fiscal year ending June 30, 2011: Provided further, That all prescriptions paid for by the MediKan program shall be filled pursuant to subsection (a) of K.S.A. 65-1637, and amendments thereto: And provided further, That the Kansas health policy authority shall follow the existing prior authorization protocol for reimbursement of prescriptions for the MediKan program for the fiscal year ending June 30, 2011: And provided further, That, the Kansas Health Policy Authority shall not expend any moneys appropriated for fiscal year 2011 for such agency as authorized by this or other appropriation acts of the 2010 regular session of the legislature, to implement or maintain a preferred drug formulary for medications prescribed for mental health purposes to individuals in the MediKan program during the fiscal year ending June 30, 2011.”

13. The Subcommittee requests the agency to investigate the possibility of securitizing drug rebate income. By accelerating rebate collections, the state could realize additional revenue in the near future. The Subcommittee directs the agency to engage other state entities with experience to determine the viability and any issues that might exist and report back prior to Omnibus.
14. The Subcommittee directs the agency to proceed with e-prescribing, which allows the prescriber's to electronically send an accurate, error-free and understandable prescription directly to a pharmacy, as other states which have implemented the initiative have recognized significant savings. In addition, the Subcommittee encourages the agency to attempt to utilize Health Information Technology funding currently available from the federal 2008 American Recovery and Reinvestment Act (ARRA) grant received by the Department of Health and Environment. The Subcommittee requests a report on the status of this project prior to Omnibus.
15. The Subcommittee also requests a report prior to Omnibus on the following items:
 - Implementation of a co-pay for non-preferred brand name drugs;
 - Dose optimization for chronic pain medications;
 - Elimination of coverage for over-the-counter medications
 - Align Medicaid reimbursement rates for dental services with private insurance;
 - Implementation of a co-pay for professional services and procedures;
 - Removing current exceptions to the brand limit policy;
 - Expand Surveillance Utilization Review to include review a longer time period;
 - Implementation of a hard edit for hydrocodene products to prohibit refill of prescriptions before 28 days;
 - Review the maximum allowable charge for specialty drugs

- Review the Expansion of the Lock-In program.

16. The Subcommittee requests the agency to continue to investigate the potential of establishing a pharmacy provider tax similar to the program currently in place in Missouri. The Subcommittee requests the agency report back on this item and include potential revenues that could be derived from this establishment.

17. The Subcommittee expresses its gratitude to organizations, including the Kansas Association of the Medically Underserved (KAMU), which offered to assist the state in reducing the backlog of applications for the State Children's Health Insurance Program. The Subcommittee recommends that the agency work with all interested parties to ensure the state makes every attempt possible to utilize all available funding.

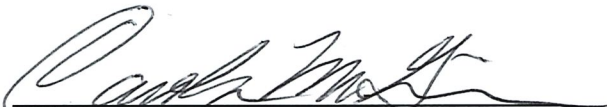
Add proviso language that specify that any funds donated or granted to KHPA, and the matching dollars received from CMS, must be used only to assist the Clearinghouse in reducing any backlogs unless otherwise specified by the contributing entity. Additionally, note that donated or granted funds, and the matching dollars received from the Centers for Medicare and Medicaid Services, may not be used to supplant funds already budgeted for the Clearinghouse, or to restore any other reductions in funding to the Clearinghouse or the Kansas Health Policy Authority unless otherwise specified by the contributing entity.

18. The Subcommittee notes HR 4213, the American Workers, State, and Business Relief Act of 2010, contains the extension of the enhanced federal match for the Medicaid program, originally authorized in the 2008 federal American Recovery and Reinvestment Act. The provisions of the legislation would extend the enhanced match until June 30, 2010. The Senate passed the legislation on Wednesday March 10th by a vote of 63-36, and has now moved to the House for consideration. Extension of the enhanced federal match for the Medicaid program would result in an additional \$130.0 million for all agencies for the second half of FY 2011.

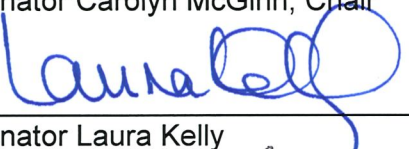
FY 2010 and FY 2011

SENATE WAYS AND MEANS SUBCOMMITTEE

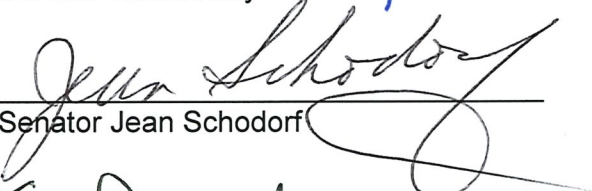
Department of Social and Rehabilitation Services



Senator Carolyn McGinn, Chair



Senator Laura Kelly



Senator Jean Schodorf



Senator Dwayne Umbarger



Senator Ruth Teichman

Senate Ways & Means Cmte

Date 3-11-2010

Attachment 5

Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services

Bill No. SB 556

Bill Sec. 19

Analyst: Deckard

Analysis Pg. No. 294

Budget Page No. 90

| Expenditure Summary | Agency Estimate FY 2010 | Governor Recommendation FY 2010 | Senate Subcommittee Adjustments |
|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 567,613,294 | \$ 551,799,910 | \$ (15,000,000) |
| Other Funds | 1,038,806,771 | 1,050,788,135 | 15,000,000 |
| Subtotal | <u>\$ 1,606,420,065</u> | <u>\$ 1,602,588,045</u> | <u>\$ 0</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 9,309,630 | 9,309,630 | 0 |
| Subtotal | <u>\$ 9,309,630</u> | <u>\$ 9,309,630</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 1,615,729,695</u></u> | <u><u>\$ 1,611,897,675</u></u> | <u><u>\$ 0</u></u> |
| FTE positions | 3,669.1 | 3,669.1 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 85.3 | 85.3 | 0.0 |
| TOTAL | <u><u>3,754.4</u></u> | <u><u>3,754.4</u></u> | <u><u>0.0</u></u> |

Agency Estimate

The **agency** estimates FY 2010 operating expenditures of \$1.6 billion, including \$567.6 million from the State General Fund. The revised estimate is an increase of \$105.9 million, or 7.1 percent, from all funding sources above the amount approved by the 2009 Legislature. This includes a State General Fund increase of \$15.4 million, or 2.8 percent, above the approved amount. The estimate includes State General Fund reappropriations of \$1.3 million. In addition, the revised estimate includes supplemental requests totaling \$85.8 million, including \$3.2 million from the State General Fund.

The agency's estimate includes the addition of \$217,755, including \$66,165 from the State General Fund, which was transferred from the Department on Aging to account for Money Follows the Person Program. In addition, the agency recommends transferring \$3.1 million, all from the State General Fund, from the state hospitals to the Department of Social and Rehabilitation Services. The agency indicates that these funds were able to be transferred due to unanticipated federal funds available from increased federal share in the Medicaid program which were not accounted for during the 2009 Legislative Session. The Department also requested an additional \$80.8 million in federal funding and \$1.6 million in special revenue fund expenditures for FY 2010. The majority of this funding was requested for the energy assistance program, child care assistance, and the Medicaid waivers.

Governor's Recommendation

The **Governor** recommends FY 2010 operating expenditures of \$1.6 billion, including \$551.8 million from the State General Fund. The recommendation is an all funds increase of \$102.1 million, or 6.8 percent, above the approved amount. The Governor's recommendation is a State General Fund decrease of \$383,835, or less than 0.1 percent, below the approved amount. The Governor's recommendation is a State General Fund decrease of \$15.8 million, or 2.8 percent, below the agency's request.

The Governor does not recommend the transfer from the state hospitals, and instead recommends transferring \$450,000, all from the State General Fund, from the Department to Larned State Hospital for the Sexual Predator Treatment program. In addition, the Governor recommends increasing expenditures from the TANF fund by \$7.5 million in FY 2010. The Governor's recommendation reduces the agency's estimate for federal fund expenditures by \$10.1 million.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's FY 2010 recommendation, with the following adjustments:

1. Delete \$15.0 million, all from the State General Fund, for the Foster Care program and add the same amount from the Temporary Assistance for Needy Families funding.

This action was included in the Governor's March 5, 2010 recommendation.

Senate Subcommittee Report

Agency: Department of Social and Rehabilitation Services

Bill No. SB 556

Bill Sec. 67

Analyst: Deckard

Analysis Pg. No. 294

Budget Page No. 179

| Expenditure Summary | Agency Request FY 2011 | Governor Recommendation FY 2011 | Senate Subcommittee Adjustments |
|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Operating Expenditures: | | | |
| State General Fund | \$ 625,285,398 | \$ 592,859,917 | \$ (30,077,920) |
| Other Funds | 950,953,503 | 966,361,570 | (29,411,763) |
| Subtotal | <u>\$ 1,576,238,901</u> | <u>\$ 1,559,221,487</u> | <u>\$ (59,489,683)</u> |
| Capital Improvements | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 7,652,950 | 5,005,629 | 0 |
| Subtotal | <u>\$ 7,652,950</u> | <u>\$ 5,005,629</u> | <u>\$ 0</u> |
| TOTAL | <u><u>\$ 1,583,891,851</u></u> | <u><u>\$ 1,564,227,116</u></u> | <u><u>\$ (59,489,683)</u></u> |
| FTE positions | 3,669.1 | 3,669.1 | 0.0 |
| Non FTE Uncl. Perm. Pos. | 85.3 | 85.3 | 0.0 |
| TOTAL | <u><u>3,754.4</u></u> | <u><u>3,754.4</u></u> | <u><u>0.0</u></u> |

Agency Request

The **agency** requests an FY 2011 operating budget of \$1.6 billion, a decrease of \$30.2 million, or 1.9 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$625.3 million, an increase of \$57.7 million, or 10.2 percent, above the revised current year estimate. The request includes 3,669.1 FTE positions and 85.3 Non-FTE positions, the same number of FTE positions as the revised current year estimate.

The request includes enhancement funding of \$50.4 million, including \$30.8 million from the State General Fund. Absent the enhancement requests, the request in FY 2011 would total \$1.5 billion, including \$594.5 million from the State General Fund, representing an overall decrease of \$80.6 million, or 5.0 percent, and a State General Fund increase of \$26.9 million, or 4.7 percent, from the FY 2010 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2011 operating expenditures \$1.6 billion, including \$592.9 million from the State General Fund. The recommendation is an all funds decrease of \$43.4 million, or 2.7 percent below the FY 2010 recommendation. The Governor's recommendation is a decrease of \$17.1 million, or 1.1 percent, below the agency's request. The

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Governor does not recommend any of the agency's enhancement requests. In addition, the Governor recommends the following adjustments:

- Reductions of \$8.3 million, including \$8.1 million from the State General Fund, in Department of Social and Rehabilitation Services savings from reduced resources.
- Addition of \$34.5 million, including \$8.1 million from the State General Fund, to fund the human services consensus caseloads agreed to at the fall estimating meeting.
- Addition of \$6.7 million in special revenue funds to be expended for the home and community based services waivers. The addition of special revenue funds results in the addition of \$12.1 million of federal Medicaid funds. The increase is partially offset by the loss of \$8.3 million in federal Medicaid funding resulting from the 1.33 percent decrease in the federal base match rate. The net increase to the system is \$10.5 million.
- Reduction of \$270,805, all from federal funds for the Intermediate Care Facilities for Persons with Mental Retardation (ICF/MRs), resulting from the 1.33 percent decrease in the federal base match rate.
- The Governor also recommends increasing the agency's salaries and wages shrinkage by \$3.0 million, including \$1.6 million from the State General Fund, from 16.3 percent to 18.5 percent.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with Governor's recommendation with the following adjustments and notations:

1. Delete \$5,640,890, including \$1,710,318 from the State General Fund, to capture savings associated with the billing delay from the Medicaid provider reductions implemented in FY 2010. The reimbursement reductions were for services provided from January 1, 2010 through June 30, 2010. Due to the billing process, payments for later dates of service during the reduction period will not occur until FY 2011. This amount estimates the savings that will accrue in FY 2011 from this billing period. This will occur in all agencies with affected Medicaid payments.

The Subcommittee recommends that similar reductions be considered for:

Department on Aging, \$4,559,625, including \$1,382,478 from the State General Fund; and

Juvenile Justice Authority, \$67,775, including \$20,549 from the State General Fund.

2. Delete \$4,108,332, including \$1,828,208 from the State General Fund, for salaries and wages reductions. This increases the agency's shrinkage rate from 18.5 percent to 20.5 percent. The Subcommittee recommends this reduction be considered for restoration at Omnibus.
3. Delete \$3,707,204, all from the State General Fund, to suspend all General Assistance payments. This action would leave \$100 in the program to ensure the restoration of the assistance payments is considered in the future. General Assistance provides monthly cash assistance to low-income adults with disabilities who do not qualify for any other assistance programs. The Subcommittee recommends this reduction be considered for restoration at Omnibus.

4. Delete \$17,401,067, including \$6,200,000 from the State General Fund, from reductions to the home and community based services waivers after the enhanced federal match for the Medicaid program expires. This may result in individuals who are currently receiving waiver services no longer being determined qualified for these services due to a change in eligibility. This would mainly affect the Home and Community Based Services waiver for the physically disabled and the developmentally disabled. It could also affect the other home and community based waivers, including the autism, traumatic brain injury, and technology assistance waivers. The Subcommittee recommends this reduction be considered for restoration at Omnibus.

As of February 25, 2010, the Home and Community Based Services Waiver for Individuals with Developmental Disabilities (HCBS/DD) had a waiting list for services totaling 2,990, which includes 2,075 individuals receiving no services and 915 who are underserved. In addition, the HCBS/DD waiver stopped providing dental services effective January 1, 2010 and temporary respite care effective February 1, 2010.

As of February 25, 2010, the Home and Community Based Services Waiver for Individuals with Physical Disabilities (HCBS/PD) had a waiting list of 1,728 individuals requesting but not receiving services. In addition, effective January 1, 2010, the HCBS/PD waiver stopped providing dental services and chore services, limited personal services to 10 hours per day, and limited assistive services to crisis situations. Prior to that, the HCBS/PD waiver had implemented a hard freeze (crisis exceptions only) and new rules regarding plans of care for individuals aimed at cost containment effective November 1, 2009.

5. Delete \$519,900, all from the State General Fund, to eliminate funding for the Funeral Assistance program. This action would leave \$100 in the program to ensure the restoration of the assistance payments is considered in the future. The Subcommittee recommends this reduction be considered for restoration at Omnibus.

The Subcommittee notes its understanding that the funding for this program was transferred from the county level to the state when the Department of Social and Rehabilitation Services was created. However, the statutory responsibility for this program still resides with the counties (K.S.A. 39-713d). SB 320 was introduced by the Senate Committee on Ways and Means during the 2009 Session to formally transfer the responsibility to the state for this program. As of March 9, 2010, SB 320 remained assigned to the Senate Committee on Ways and Means.

The Subcommittee encourages the Kansas Funeral Directors Association to work with the Department on alternative funding streams for this program.

6. Delete \$5,890,993, all from the State General Fund, to reduce Mental Health Consolidated Grants. Consolidated Mental Health grants are awarded to Community Mental Health Centers (CMHCs) and are used to fund services necessary to meet the community-based needs of persons with severe and persistence mental illness or children with severe emotional disturbance who do not have the means to pay for their needed mental health services. This action would leave \$5.0 million in CMHC Consolidated Grants. The Subcommittee recommends this reduction be considered for restoration at Omnibus.
7. Delete \$5,233,297, all from the State General Fund, to reduce Mental Health State Aid. This action would leave \$5.0 million in Mental Health State Aid. Mental Health State aid is used to subsidize the cost of providing services to individuals who do not have third party reimbursement, including Medicaid. Specific emphasis is placed on providing emergency care and care for the homeless.

The Subcommittee notes its concern for the long term solvency of the Community Mental Health Centers (CMHCs), as the state only funding for these centers has been

significantly reduced. The Subcommittee notes information received that indicates there have been reductions of \$20 million in mental health grants since FY 2008, \$9.4 million in Medicaid rates reductions in FY 2010, and \$3.1 million in MediKan mental health reductions in FY 2010. The Subcommittee recommends the currently proposed reductions for mental health be reviewed at Omnibus and be given priority for restoration if revenue becomes available.

8. Delete \$1,325,000, all from the State General Fund, to reduce direct services grants. This action would leave \$2.0 million in direct services grants. Funding for the direct services grants is provided to Community Developmental Disability Organizations (CDDOs) to provide a comprehensive array of community-based support and direct services for persons with developmental disabilities. This is done in partnership with individuals served, their families, advocates, and private providers. The CDDOs use these grant funds to primarily provide direct day and residential services for adults with developmental disabilities and family support services for families whose child is developmentally disabled. Grants for direct services supports over 2,300 individuals and families. The Subcommittee recommends this reduction be considered for restoration at Omnibus.
9. Delete \$3,163,000, all from the State General Fund, to reduce Developmental Disabilities State Aid. This action would leave \$2.0 million in Developmental Disabilities State Aid. State Aid is allocated to CDDOs based upon a statutory formula (KSA 65-4413). CDDOs have significant latitude in how state aid is utilized. Examples of how funding is utilized include: payments to affiliates, infrastructure, consumer expenditures, independent living, and administration.

The Subcommittee notes its concern for the long term solvency of the Community Developmental Disability Organizations, as the state only funding for these centers has been significantly reduced. The Subcommittee notes information received that indicates there have been reductions of \$8.1 million in developmental disabilities grants since FY 2008, \$7.4 million in Medicaid rates reductions in FY 2010, and \$419,950 in Developmental Disabilities targeted case management reductions in FY 2010

The Subcommittee recommends the currently proposed reductions for developmental disabilities system be reviewed at Omnibus and be given priority for restoration if revenue becomes available.

10. Delete \$500,000, all from the State General Fund, from information technology expenditures. The Information Technology Services program manages the agency-wide information technology system which include reporting, maintaining core infrastructure and other resources. The Subcommittee recommends this reduction be considered for restoration at Omnibus.
11. Delete \$12.0 million, all from the Children's Initiatives Fund, and reduce the transfer from the Kansas Endowment for Youth Fund to the Children's Initiatives Fund by the same amount. In addition, transfer the same amount from the Kansas Endowment for Youth Fund to the State General Fund. Specifically, the Subcommittee makes the following reductions:
 - o Reduce Smart Start by \$5.0 million;
 - o Reduce Early Childhood Block Grants by \$5.0 million;
 - o Reduce Early Head Start by \$2.0 million.

In addition, the Subcommittee requests the Children's Cabinet review the reductions and present a proposal to the Subcommittee prior to Omnibus with alternative reductions totaling \$12.0 million to reflect the areas most appropriate for reduction. Specifically, the

Subcommittee requests the Children's Cabinet consider reductions to Parents as Teachers and the tiny-K program. The Subcommittee will have final review of Children's Initiatives Fund cuts and to be reviewed at Omnibus. The Subcommittee recommends that the distribution of the \$12.0 million Children's Initiatives Fund reductions be reviewed at Omnibus, and any changes to line item funding that the Subcommittee determines are appropriate be made at Omnibus. The Subcommittee recommends this reduction be considered for restoration at Omnibus.

12. Add proviso language which specifies that the Secretary is not responsible for administering programs which do not received adequate funding to provide assistance.
13. The Subcommittee notes HR 4213, the American Workers, State, and Business Relief Act of 2010 contains the extension of the enhanced federal match for the Medicaid program, originally authorized in the 2008 federal American Recovery and Reinvestment Act. The provisions of the legislation would extend the enhanced match until June 30, 2010. The Senate passed the legislation on Wednesday March 10th by a vote of 63-36, and has now moved to the House for consideration. Extension of the enhanced federal match for the Medicaid program would result in an additional \$130.0 million for all agencies financed with Medicaid for the second half of FY 2011.

Senate Subcommittee Recommendations

Department of Social and Rehabilitation Services

Senate Ways & Means Cmte
Date 3-11-2010
Attachment 6

| Item | FY 2010 Expenditures | | FY 2011 Expenditure | | | FY 2011 Revenue | |
|---|------------------------|-------------|------------------------|------------------------|------------------------|----------------------|-------------|
| | SGF | AF | SGF | CIF | AF | SGF | |
| TANF funding shift | \$ (15,000,000) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Billing Delay from 10% Provider Reduction | - | - | (1,710,318) | - | (5,640,890) | - | - |
| Reduce Salaries | - | - | (1,828,208) | - | (4,108,332) | - | - |
| End General Assistance | - | - | (3,707,204) | - | (3,707,204) | - | - |
| Reduce Waivers after enhanced FMAP ends | - | - | (6,200,000) | - | (17,401,067) | - | - |
| End Funeral Assistance | - | - | (519,900) | - | (519,900) | - | - |
| Reduce MH Consolidated Grants | - | - | (5,890,993) | - | (5,890,993) | - | - |
| Reduce DD direct service grants | - | - | (1,325,000) | - | (1,325,000) | - | - |
| Reduce DD State Aid | - | - | (3,163,000) | - | (3,163,000) | - | - |
| Reduce MH State Aid | - | - | (5,233,297) | - | (5,233,297) | - | - |
| Reduce Information Technology funding | - | - | (500,000) | - | (500,000) | - | - |
| Reduce Smart Start | - | - | - | (5,000,000) | (5,000,000) | 5,000,000 | - |
| Reduce Early Childhood Block Grants | - | - | - | (5,000,000) | (5,000,000) | 5,000,000 | - |
| Reduce Early Head Start | - | - | - | (2,000,000) | (2,000,000) | 2,000,000 | - |
| SRS TOTAL | \$ (15,000,000) | \$ - | \$ (30,077,920) | \$ (12,000,000) | \$ (59,489,683) | \$ 12,000,000 | \$ - |

Kansas Health Policy Authority

| Item | FY 2010 | | FY 2011 | | | FY 2011 | |
|--|------------------------|-------------|------------------------|------------------------|------------------------|----------------------|----------------------|
| | SGF | AF | SGF | CIF | AF | SGF | AF |
| Clawback Savings | \$ (16,000,000) | \$ - | \$ (8,270,000) | \$ - | \$ - | \$ - | \$ - |
| Billing Delay from 10% Provider Reduction | - | - | (954,681) | - | (3,148,685) | - | - |
| Salary Reduction | - | - | (200,000) | - | (526,316) | - | - |
| Increase SCHIP premiums by \$20 | - | - | (1,400,000) | - | (5,500,000) | - | - |
| Hopice reduction (6 months to 3 months) | - | - | (2,916,375) | - | (8,332,500) | - | - |
| Eliminate Transitional Medicaid benefits after ARRA | - | - | (2,310,000) | - | (5,775,000) | - | - |
| 15 day limit on first fill | - | - | (84,000) | - | (240,000) | - | - |
| Enhanced retrospective DUR and provider education | - | - | (175,000) | - | (500,000) | - | - |
| Restore MH PDL | - | - | 800,000 | - | 2,000,000 | - | - |
| MCO privilege fee | - | - | 4,134,060 | - | 13,780,200 | 4,134,060 | 13,780,200 |
| MediKan program | - | - | (5,091,220) | - | (5,091,220) | - | - |
| KHPA TOTAL | \$ (16,000,000) | \$ - | \$ (16,467,216) | \$ - | \$ (13,333,521) | \$ 4,134,060 | \$ 13,780,200 |
| Subcommittee Recommendations for KHPA and SRS | \$ (31,000,000) | \$ - | \$ (46,545,136) | \$ (12,000,000) | \$ (72,823,204) | \$ 16,134,060 | \$ 13,780,200 |

6-2

Potential Savings in Other Agencies for Review

| Item | FY 2010 | | FY 2011 | | |
|---|-------------|-------------|-----------------------|-------------|-----------------------|
| | SGF | AF | SGF | CIF | AF |
| Billing Delay from 10% provider reduction | \$ - | \$ - | \$ (1,382,478) | \$ - | \$ (4,559,625) |
| Billing Delay from 10% provider reduction | - | - | (20,549) | - | (67,775) |
| TOTAL | \$ - | \$ - | \$ (1,403,027) | \$ - | \$ (4,627,400) |

| | |
|--|------------------------|
| Target for SRS, State Hospitals, & KHPA | \$ (52,706,227) |
| SRS Decreased FY 2011 SGF expenditures | \$ (30,077,920) |
| SRS SGF Transfer In | 12,000,000 |
| SRS Subtotal | \$ (42,077,920) |
| KHPA Decrease FY 2011 SGF expenditures | \$ (5,091,220) |
| KHPA SGF Increased Revenue | 4,134,060 |
| KHPA Subtotal | \$ (9,225,280) |
| SRS and KHPA TOTAL | \$ (51,303,200) |
| SGF savings identified in other agencies | (1,403,027) |
| Grand Total | \$ (52,706,227) |
| Difference from Target | \$ - |