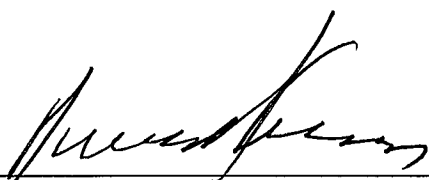


FY 2012

**SOCIAL SERVICES BUDGET COMMITTEE**

**Department on Aging  
Rainbow Mental Health Facility  
Osawatomie State Hospital  
Larned State Hospital  
Kansas Neurological Institute  
Parsons State Hospital  
Social and Rehabilitation Services**



Representative David Crum, Chair

Representative Mike Kiegerl

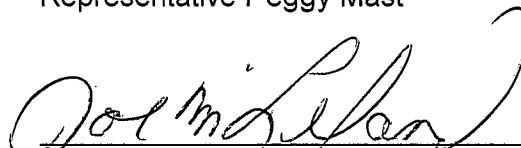


Representative Elaine Bowers, Vice-Chair



Representative Peggy Mast

Representative Jerry Henry,  
Ranking Minority Member

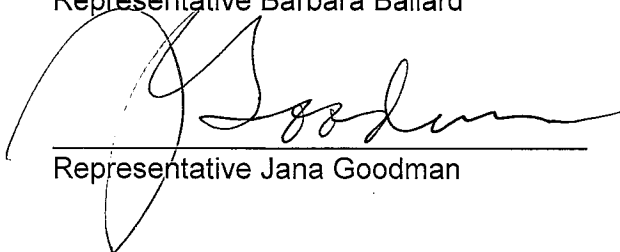


Representative Joe McLeland

Representative Barbara Ballard



Representative Bill Wolf



Representative Jana Goodman

Appropriations Committee

Date March 10, 2011

Attachment 1

## Senate Subcommittee Report

**Agency:** Department on Aging

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No. --**

**Budget Page No. 483**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 213,814,222	\$ 211,120,608	\$ 0
Other Funds	365,645,049	349,897,245	0
Subtotal	\$ 579,459,271	\$ 561,017,853	\$ 0
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 579,459,271</b>	<b>\$ 561,017,853</b>	<b>\$ 0</b>
FTE positions	214.0	164.0	0.0
Non FTE Uncl. Perm. Pos.	17.3	17.3	0.0
<b>TOTAL</b>	<b>231.3</b>	<b>181.3</b>	<b>0.0</b>

### Agency Request

The **agency** requests FY 2012 operating expenditures of \$579.5 million, an increase of \$2.7 million, or 0.5 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$213.8 million, an increase of \$53.5 million, or 33.4 percent, above the revised current year estimate. The request includes 214.0 FTE positions and 17.3 non-FTE positions, the same as the revised current year estimate. The request includes nine enhancement requests totaling \$83.6 million, including \$13.9 million from the State General Fund. Absent the enhancements, the request would be a decrease of \$81.0 million, or 14.0 percent, from all funding sources below the FY 2011 revised estimate and an increase of \$39.6 million, or 24.7 percent, above the FY 2011 revised estimate.

### Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$561.0 million, including \$211.11 million from the State General Fund. The FY 2012 recommendation is a decrease of \$18.4 million, or 3.2 percent, below the agency's FY 2012 request and a State General Fund decrease of \$2.7 million, or 1.3 percent, below the agency's FY 2012 request. The decrease is almost entirely attributable to the Governor not recommending the agency's FY 2012 enhancement requests as submitted. The recommendation is a decrease of \$11.5 million, or 2.0 percent, but includes a State General Fund increase of \$49.4 million, or 30.6 percent, above the FY 2011 recommendation. The increase is almost entirely attributable to an adjusted

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Federal Medical Assistance Percentage (FMAP) for caseload programs. In addition, the Governor recommends the agency's FY 2012 reduced resources of \$1,979,129, including \$1,736,253 from the State General Fund. The recommendation includes the agency's FY 2012 enhancement request to fund and operate the Nursing Facility provider assessment but at the revised level estimated at the October, 2010 Human Consensus Revenue Estimating meeting of \$47,862,653 from all funding sources generated by the Nursing Facility provider assessment. The recommendation includes an additional \$4.7 million, including \$2.0 million from the State General Fund, for the Home and Community Based Services for the Frail Elderly with savings realized in part by reducing the agency's salaries and wages by \$3.0 million, including \$1.2 million from the State General Fund, and 20.0 currently filled FTE positions. In addition, the recommendation eliminates 30.0 vacant FTE positions. This reduced the agency's FTE positions from 214.0 FTE positions to 164.0 FTE positions.

### Senate Subcommittee Recommendation

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

1. The Subcommittee directs the agency to utilize any savings realized through the proposed reorganization and downsizing of agency operations to restoring the reduced resource items of a Senior Care Act reduction \$1,333,949, all from the State General Fund, and a Nutrition Program reduction of \$300,000, all from the State General Fund. In addition, after these items are restored, the Subcommittee directs any savings realized through reorganization or downsizing of agency operations to the Home and Community Based Services for the Frail Elderly (HCBS/FE) waiver.

Further, the committee recommends review of the Senior Care Act, Nutrition Program and HCBS/FE at Omnibus.

2. The Subcommittee notes the Program for All-Inclusive Care for the Elderly (PACE) coordinates all-inclusive medical and social services that meet the particular needs of eligible seniors who have remained in the community, but who would otherwise need to be in long term care in a nursing facility, for one rate in the form of a monthly "premium". The monthly payment is a fixed amount, regardless of changes in the participant's health status or service needs. PACE providers assume full financial risk for participants' care without limits on the amount, duration, or scope of services.

Therefore, the Subcommittee considers this program to be an effective budgeting instrument and method for reducing state and federal Medicaid expenditures without reducing services or number of individuals served. Contrasted to nursing facility providers, PACE providers have not experienced a rate increase since 2005 and need to maintain a certain caseload to remain in operation. Thus, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$1,402,579, including \$581,930 from the State General Fund, to fund an PACE caseload and rate increase of 3.0 percent. In addition, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$915,000, including \$379,634 from the State General Fund, to add a PACE program to serve Johnson and Wyandotte counties in FY 2012.

3. The Subcommittee notes the Home and Community-Based Services for the Frail Elderly (HCBS/FE) program provides Medicaid eligible customers with the opportunity to receive cost-effective community-based services as an alternative to higher cost nursing facility

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Attachment 1-3

care. In addition, the 2010 Legislature approved the a new telehealth service for the HCBS/FE program and \$1,095,000, including \$382,900 from the State General Fund to fund 500 telehealth units across the state. A telehealth pilot study and the Kansas University Medical Center concluded that telehealth technology has a significant effect on the health and well-being of residents with chronic diseases and the cost of care when used at home. The former agency administration decided to use the funding approved for a new telehealth service to fund current HCBS/FE services and not implement the telehealth service as the 2010 Legislature intended.

Therefore, the Subcommittee recommends review at Omnibus of the FY 2012 agency's enhancement request of \$7,598,000, including \$3,152,410 from the State General Fund, to fund the four HCBS/FE services that were suspended in in FY 2010 and implement the telehealth service. The suspended services are estimated to serve 600 seniors a month at a cost of \$903 per month. The services include sleep cycle support, oral health, comprehensive support and assisted technology.

4. The Subcommittee notes the Area Agencies on Aging (AAA) plan, develop, coordinate, and arrange for services in their respective geographic area for elder rights programs, including the nursing home ombudsman program, legal services, outreach, public benefit and insurance counseling, elder abuse prevention efforts, and coordinate systems of supportive in-home and community-based services to improve the efficiency of the programs while delivering better coordinated and effective services. The Subcommittee recommends review at Omnibus of the FY 2012 enhancement request of \$750,000, all from the State General Fund, to restore AAA core services to the FY 2009 level. This amount supports core services that are not reimbursed through federal funds.
5. The Subcommittee expresses concern that mental health and Home and Community-Based Services for the Frail Elderly (HCBS/FE) issues are not represented fully on the 2011 Lieutenant Governor's Medicaid Reform Task Force. The Subcommittee considers these issues to be vital for reducing state Medicaid expenditures.
6. The Subcommittee expresses concern about the long-term base appropriations for the Home and Community-Based Services for the Frail Elderly (HCBS/FE) program when Money Follows the Person (MFP) grants are used to to transfer seniors from nursing facilities to the HCBS/FE program.

The goal of the Money Follows the Person program is to rebalance the long term care budget by shifting spending from institutional budgets to community based services budgets as individuals make the decision to move back into the community. Services are funded at an enhanced 80.0 Federal match to provide the state a way to utilize the savings created by the enhanced Federal match to build capacity in local communities. However, this program is only for the first 365 days the individual receives services in their home community. Therefore, after the first year, the HCBS/FE program must provide services to a larger population with reduced funding though at the normal Medicaid match rate. Thus waiting lists and suspension of services are a budgeting mechanism utilized to stay within the available resources and seniors who would qualify for HCBS/FE waivers might have to be served in comparatively higher cost nursing facilities.

7. The Subcommittee commends Secretary Shawn Sullivan's efforts to investigate and implement innovative initiatives that consolidate services and create cost-saving collaborations between previously isolated systems.

Appropriations Committee

Date March 10, 2011

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**Senate Committee Recommendation**

The **Committee** concurs with the Subcommittee recommendation with the following adjustments:

1. The Committee recommends reviewing all items recommended for review at Omnibus by the Subcommittee before final actions are taken on the FY 2012 appropriations bill.

**House Budget Committee Report**

**Agency:** Department on Aging

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No.** 2233

**Budget Page No.** 483

<u>Expenditure Summary</u>	<u>Agency Request FY 2012</u>	<u>Governor Recommendation FY 2012</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 213,814,222	\$ 211,120,608	\$ (800,000)
Other Funds	365,645,049	349,897,245	(1,079,699)
Subtotal	\$ 579,459,271	\$ 561,017,853	\$ (1,879,699)
Capital Improvements			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0
<b>TOTAL</b>	<b>\$ 579,459,271</b>	<b>\$ 561,017,853</b>	<b>\$ (1,879,699)</b>
FTE positions	214.0	164.0	0.0
Non FTE Uncl. Perm. Pos.	17.3	17.3	0.0
<b>TOTAL</b>	<b>231.3</b>	<b>181.3</b>	<b>0.0</b>

**Agency Request**

The **agency** requests FY 2012 operating expenditures of \$579.5 million, an increase of \$2.7 million, or 0.5 percent, above the revised current year estimate. The request includes State General Fund expenditures of \$213.8 million, an increase of \$53.5 million, or 33.4 percent, above the revised current year estimate. The request includes 214.0 FTE positions and 17.3 non-FTE positions, the same as the revised current year estimate. The request includes nine enhancement requests totaling \$83.6 million, including \$13.9 million from the State General Fund. Absent the enhancements, the request would be a decrease of \$81.0 million, or 14.0 percent, from all funding sources below the FY 2011 revised estimate and an increase of \$39.6 million, or 24.7 percent, above the FY 2011 revised estimate.

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### Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$561.0 million, including \$211.11 million from the State General Fund. The FY 2012 recommendation is a decrease of \$18.4 million, or 3.2 percent, below the agency's FY 2012 request and a State General Fund decrease of \$2.7 million, or 1.3 percent, below the agency's FY 2012 request. The decrease is almost entirely attributable to the Governor not recommending the agency's FY 2012 enhancement requests as submitted. The recommendation is a decrease of \$11.5 million, or 2.0 percent, but includes a State General Fund increase of \$49.4 million, or 30.6 percent, above the FY 2011 recommendation. The increase is almost entirely attributable to an adjusted Federal Medical Assistance Percentage (FMAP) for caseload programs. In addition, the Governor recommends the agency's FY 2012 reduced resources of \$1,979,129, including \$1,736,253 from the State General Fund. The recommendation includes the agency's FY 2012 enhancement request to fund and operate the Nursing Facility provider assessment but at the revised level estimated at the October, 2010 Human Consensus Revenue Estimating meeting of \$47,862,653 from all funding sources generated by the Nursing Facility provider assessment. The recommendation includes an additional \$4.7 million, including \$2.0 million from the State General Fund, for the Home and Community Based Services for the Frail Elderly with savings realized in part by reducing the agency's salaries and wages by \$3.0 million, including \$1.2 million from the State General Fund, and 20.0 currently filled FTE positions. In addition, the recommendation eliminates 30.0 vacant FTE positions. This reduced the agency's FTE positions from 214.0 FTE positions to 164.0 FTE positions.

### House Budget Committee Recommendation

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

1. Delete \$800,000, all from the State General Fund, for FY 2012. The agency requested an enhancement totaling \$14.1 million, including \$5.8 million from the State General Fund, to fund caseload increases for the Home and Community Based Service for the Frail Elderly (HCBS/FE) waiver for FY 2012. The Governor recommended partially funded the enhancement at \$4.7 million, including \$2.0 million from the State General Fund. The addition was partially funded with savings realized from reducing the agency's salaries and wages by \$3.0 million, including \$1.2 million from the State General Fund, and reducing 20.0 currently filled FTE positions. The Budget Committee recommends a reduction of \$1,879,699, including \$800,000 from the State General Fund.

HCBS/FE caseload increase	FY 2012 SGF	FY 2012 All Funds
Agency request	\$5.8 million	\$14.1 million
Governor recommendation	\$2.0 million	\$4.7 million
Budget Committee recommendation	\$1.2 million	\$2.8 million

2. The Budget Committee directs the agency to utilize any savings realized through the proposed reorganization and downsizing of agency operations to restore the reduced resource items recommended by the Governor for the Senior Care Act (\$1,333,949, all from the State General Fund) and the Nutrition Program (\$300,000, all from the State General Fund).

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 Attachment 1-6

3. The Budget Committee notes that for the first time since 2003 the Home and Community Based Services for the Frail Elderly (HCBS/FE) waiver might have to implement a waiting list for FY 2012 to stay within available resources. Seniors who would qualify for HCBS/FE waivers services might have to be served in comparatively higher cost nursing facilities.
4. The Budget Committee recommends the agency review Fire Marshal regulations and codes for redundant or outdated requirements that could contribute to additional nursing facility expenditures.

Further, the Budget Committee notes the need for life and safety regulations in this area, but encourages the agency to distinguish required action for this purpose from simply subjective requirements. The Budget Committee directs the agency to report the finding to the 2011 Budget Committee to allow the Budget Committee the option to amend pending legislation pertaining to redundant or outdated Fire Marshal regulations.

5. The Budget Committee commends Secretary Shawn Sullivan's efforts to support the Kansas senior population during difficult economic times.

Appropriations Committee

Date March 10, 2011

Attachment 1-7

## Senate Subcommittee Report

**Agency:** Rainbow Mental Health Facility

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No. --**

**Budget Page No. 216**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 4,621,758	\$ 4,621,758	\$ 0
Other Funds	4,089,923	4,089,923	0
Subtotal	<u>\$ 8,711,681</u>	<u>\$ 8,711,681</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 8,711,681</u></u>	<u><u>\$ 8,711,681</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	122.2	112.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>122.2</u></u>	<u><u>112.2</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2012 operating expenditures of \$8,711,681 including \$4,621,758 from the State General Fund. The estimate is an all funds decrease of \$722,547, or 7.7 percent, and a State General Fund decrease of the same amount, or 13.5 percent, below the FY 2011 revised estimate. The decrease is partially attributable to the FY 2011 revised estimate supplemental request of \$545,985, all from the State General Fund, to fund overtime pay and temporary staffing to provide patient supervision and required active treatment to cover the additional costs of serving a higher number of patients. Absent the supplemental in FY 2011, the request is an all funds decrease of \$176,652, or 2.0 percent, and a State General Fund decrease of the same amount, or 3.7 percent, below the FY 2011 revised estimate.

### Governor's Recommendation

The **Governor** concurs with the agency's FY 2012 request but with a reduction of 10.0 vacant FTE from the Clinical Services program.

### Senate Subcommittee Recommendation

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

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1. The Subcommittee notes that the Department of Social and Rehabilitation Services (SRS) has indicated that it will be closing 14.0 of the 50.0 beds currently provided by the agency due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey. While previous CMS surveys found the facility operating at acceptable client to staff ratios, the recent survey concluded that the facility is operating four units instead of two. Thus, the agency is considered understaffed according to the survey. Therefore, the agency would have to reduce the number of individuals served or provide additional levels of RN staffing and expenditures of \$820,000, all from the State General Fund, to staff above levels that had previously been found acceptable by CMS surveys. Corrected action alternative plans submitted by the agency were rejected by CMS. In the current fiscal year, 11.0 additional beds have been opened at Larned State Hospital. Therefore, the closure of the Rainbow Mental Health Facility beds will have an overall reduction of 3.0 beds in the state mental health hospital system in the current fiscal year.
2. The Subcommittee notes the state mental health system has seen an increased demand over the last year that will be greater strained by the reduction of 14.0 beds at Rainbow Mental Health Facility. The agency currently operates most treatment days at or near the budgeted capacity and has experienced 36.0 percent of their days over the budgeted bed capacity of 50.0 beds. At times when not over capacity, the facility often operates at capacity. This has required the temporary delay of volunteer admissions twice in the last year and has forced the agency to use private contracts that require greater expenditures for treatment of individuals than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment and creates the possibility for dangerous environments for staff and clients.
3. The Subcommittee notes that sufficient resources are required to ensure that quality state hospital services are available to Kansans who need them. Therefore, the state hospitals have not submitted reduced resource budgets, but instead SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for the hospitals. The Subcommittee encourages SRS to continue this practice.

### Senate Committee Recommendation

The **Committee** concurs with the Subcommittee recommendation.

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Appropriations Committee

Date March 10, 2011

Attachment 1-9

### House Budget Committee Report

**Agency:** Rainbow Mental Health Facility

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No.** 2035

**Budget Page No.** 208

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 4,621,758	\$ 4,621,758	\$ 0
Other Funds	4,089,923	4,089,923	0
Subtotal	<u>\$ 8,711,681</u>	<u>\$ 8,711,681</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 8,711,681</u></u>	<u><u>\$ 8,711,681</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	122.2	112.2	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>122.2</u></u>	<u><u>112.2</u></u>	<u><u>0.0</u></u>

#### Agency Request

The **agency** requests FY 2012 operating expenditures of \$8,711,681 including \$4,621,758 from the State General Fund. The estimate is an all funds decrease of \$722,547, or 7.7 percent, and a State General Fund decrease of the same amount, or 13.5 percent, below the FY 2011 revised estimate. The decrease is partially attributable to the FY 2011 revised estimate supplemental request of \$545,985, all from the State General Fund, to fund overtime pay and temporary staffing to provide patient supervision and required active treatment to cover the additional costs of serving a higher number of patients. Absent the supplemental in FY 2011, the request is an all funds decrease of \$176,652, or 2.0 percent, and a State General Fund decrease of the same amount, or 3.7 percent, below the FY 2011 revised estimate.

#### Governor's Recommendation

The Governor concurs with the agency's FY 2012 request but with a reduction of 10.0 vacant FTE from the Clinical Services program.

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## House Budget Committee Recommendation

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

1. The Budget Committee notes that the Department of Social and Rehabilitation Services (SRS) has indicated that it will be closing 14.0 of the 50.0 beds currently provided by the agency due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey and a change in federal policy by CMS. This closure is not the objective of the 2011 Legislature, Department of Social and Rehabilitation Services (SRS), agency, or individuals served by the agency. While previous CMS surveys found the facility operating at acceptable client to staff ratios, the recent survey concluded that the facility is operating four units instead of two. Thus, the agency is considered understaffed according to the survey. Therefore, the agency will have to reduce the number of individuals served or provide additional levels of RN staffing which would require expenditures of \$820,000, all from the State General Fund, to staff above levels that had previously been found acceptable by CMS surveys. Corrective action alternative plans submitted by the agency were rejected by CMS.
2. The Budget Committee recommends the agency pursue public/private partnerships with community hospitals with an integrated health model that is inclusive of community mental health centers in the Northeast region of the state due to the reduction of 14.0 beds at the agency in FY 2011 and report the progress to the 2012 House Budget Committee. The reduction of beds is due to actions taken by the Department of Social and Rehabilitation Services (SRS) because of the recent Centers for Medicare and Medicaid Services (CMS) survey that requires the agency to reduce the number of individuals served or provide additional levels of RN staffing.
3. The Budget Committee notes that the state mental health system has seen an increase in demand over the last year and that agencies will be strained even more by the reduction in beds at the agency. The agency currently operates most treatment days at its budgeted capacity and has been over its budgeted capacity of 50.0 beds 36.0 percent of the time in the last fiscal year. This has required the temporary delay of voluntary admissions and has forced the agency to privately contract referrals that require greater expenditures for treatment than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment, creates dangerous environments for staff and clients, transfers burdens to local jails and law enforcement, and requires Community Mental Health Centers (CMHCs) to overextend their resources.

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Attachment 1-11

## Senate Subcommittee Report

**Agency:** Osawatomi State Hospital

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No. --**

**Budget Page No. 212**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 18,684,493	\$ 14,784,970	\$ 0
Other Funds	14,219,702	14,219,702	0
Subtotal	<u>\$ 32,904,195</u>	<u>\$ 29,004,672</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 32,904,195</u></u>	<u><u>\$ 29,004,672</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	491.4	396.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>491.4</u></u>	<u><u>396.4</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2012 operating expenditures of \$32,904,195 including \$18,684,493 from the State General Fund. The estimate is an all funds increase of \$2,811,807, or 9.3 percent, and a State General Fund increase of \$2,811,807 or 17.7 percent, above the FY 2011 revised estimate. The agency request includes one enhancement for FY 2012 totaling \$3,399,523, all from the State General Fund and 50.0 FTE to open and staff a 30-bed crisis stabilization unit. Absent the enhancement, the request is an all funds decrease of \$587,716, or 2.0 percent, and a State General Fund decrease of the same amount, or 3.7 percent, below the FY 2011 revised estimate.

### Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$29,004,672, including \$14,784,970 from the State General Fund. The recommendation is decrease of \$3,899,523, or 11.9 percent, below the FY 2011 agency revised estimate. Of the decrease, \$500,000 from the State General Fund is attributable to an increased salaries and wages shrinkage amount. The remaining \$3,399,523 decrease from the State General Fund is attributable to the Governor not recommending the agency's enhancement request. The FY 2012 recommendation is \$83,275, all from the State General Fund, above the FY 2011 recommendation. The increase is attributable to estimated additional longevity payments, employer contribution for KPERS, employer contributions to the state health insurance program for employees, and workers

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Attachment 1-12

compensation. In addition, the recommendation includes a reduction of 45.0 vacant FTE positions. This reduced the agency's FTE positions from 441.4 FTE positions to 396.4 FTE positions.

### Senate Subcommittee Recommendation

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

1. The Subcommittee notes that the 2007 legislature approved a 30-bed crisis stabilization unit for the agency but due to budget constraints these additional beds were never opened by the Department of Social and Rehabilitation Services (SRS). The Subcommittee considers this unit to have the potential to relieve pressure on the state mental health hospital system that experiencing average daily census populations greater than the system is budgeted to serve. Therefore, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$3,399,523, all from the State General Fund and 50.0 FTE positions to open and operate a new 30-bed crisis stabilization unit.
2. The Subcommittee notes that SRS has indicated that it will be closing 14.0 of the 50.0 beds currently provided by Rainbow Mental Health Facility (RMHF) due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey. While previous CMS surveys found RMHF operating at acceptable client to staff ratios, the recent survey concluded that RMHF is operating four units instead of two. Thus, RMHF is considered understaffed according to the survey. Therefore, the RMHF would have to reduce the number of individuals served or provide additional levels of RN staffing and expenditures of \$820,000, all from the State General Fund, to staff above levels that had previously been found acceptable by CMS surveys. Corrected action alternative plans submitted by RMHF were rejected by CMS. In the current fiscal year, 11.0 additional beds have been opened at Larned State Hospital. Therefore, the closure of the RMHF beds will have an overall reduction of 3.0 beds in the state mental health hospital system in the current fiscal year.
3. The Subcommittee notes the state mental health system has seen an increased demand over the last year that will be greater strained by the reduction of 14.0 beds at RMHF. The agency currently operates most treatment days at or near the budgeted capacity and has experienced 34.0 percent of their days over the budgeted bed capacity of 176.0 beds. At times when not over capacity, the facility often operates at capacity. This has required the temporary delay of volunteer admissions twice in the last year and has forced the agency to use private contracts that require greater expenditures for treatment of individuals than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment and creates the possibility for dangerous environments for staff and clients.
4. The Subcommittee notes that sufficient resources are required to ensure quality state hospital services are available to Kansans who need them. Therefore, the state hospitals have not submitted reduced resource budgets, but instead SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for the hospitals. The Subcommittee encourages SRS to continue this practice.

Appropriations Committee

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**Senate Committee Recommendation**

The **Committee** concurs with the Subcommittee recommendation with the following adjustments:

1. The Committee recommends reviewing all items recommended for review at Omnibus by the Subcommittee before final actions are taken on the FY 2012 appropriations bill.

**House Budget Committee Report**

**Agency:** Osawatomie State Hospital

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No.** 1986

**Budget Page No.** 212

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 18,684,493	\$ 14,784,970	\$ 0
Other Funds	14,219,702	14,219,702	0
Subtotal	<u>\$ 32,904,195</u>	<u>\$ 29,004,672</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 32,904,195</u></u>	<u><u>\$ 29,004,672</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	491.4	396.4	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>491.4</u></u>	<u><u>396.4</u></u>	<u><u>0.0</u></u>

**Agency Request**

The **agency** requests FY 2012 operating expenditures of \$32,904,195 including \$18,684,493 from the State General Fund. The estimate is an all funds increase of \$2,811,807, or 9.3 percent, and a State General Fund increase of \$2,811,807 or 17.7 percent, above the FY 2011 revised estimate. The agency request includes one enhancement for FY 2012 totaling \$3,399,523, all from the State General Fund and 50.0 FTE to open and staff a 30-bed crisis stabilization unit. Absent the enhancement, the request is an all funds decrease of \$587,716, or 2.0 percent, and a State General Fund decrease of the same amount, or 3.7 percent, below the FY 2011 revised estimate.

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### **Governor's Recommendation**

The **Governor** recommends FY 2012 operating expenditures of \$29,004,672, including \$14,784,970 from the State General Fund. The recommendation is decrease of \$3,899,523, or 11.9 percent, below the FY 2011 agency revised estimate. Of the decrease, \$500,000 from the State General Fund is attributable to an increased salaries and wages shrinkage amount. The remaining \$3,399,523 decrease from the State General Fund is attributable to the Governor not recommending the agency's enhancement request. The FY 2012 recommendation is \$83,275, all from the State General Fund, above the FY 2011 recommendation. The increase is attributable to estimated additional longevity payments, employer contribution for KPERS, employer contributions to the state health insurance program for employees, and workers compensation. In addition, the recommendation includes a reduction of 45.0 vacant FTE positions. This reduced the agency's FTE positions from 441.4 FTE positions to 396.4 FTE positions.

### **House Budget Committee Recommendation**

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

1. The Budget Committee notes that the state mental health system has seen an increase in demand over the last year and that agencies will be strained even more by the reduction in beds at Rainbow Mental Health Facility. The agency currently operates most treatment days at its budgeted capacity and has been over its budgeted capacity of 176.0 beds 34.0 percent of the time in the last fiscal year. This has required the temporary delay of voluntary admissions and has forced the agency to privately contract referrals that require greater expenditures for treatment than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment, creates dangerous environments for staff and clients, transfers burdens to local jails and law enforcement, and requires Community Mental Health Centers (CMHCs) to overextend their resources.

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Date March 10, 2011  
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## Senate Subcommittee Report

**Agency:** Larned State Hospital

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No. --**

**Budget Page No. 210**

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	Senate Subcommittee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 46,956,870	\$ 44,465,747	\$ 0
Other Funds	14,383,828	14,383,828	0
Subtotal	<u>\$ 61,340,698</u>	<u>\$ 58,849,575</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 61,340,698</u></u>	<u><u>\$ 58,849,575</u></u>	<u><u>\$ 0</u></u>
<b>FTE positions</b>			
FTE positions	975.2	838.2	0.0
Non FTE Uncl. Perm. Pos.	23.0	23.0	0.0
<b>TOTAL</b>	<u><u>998.2</u></u>	<u><u>861.2</u></u>	<u><u>0.0</u></u>

### Agency Request

The **agency** requests FY 2012 operating expenditures of \$61,340,698 including \$46,956,870 from the State General Fund. The estimate is an all funds increase of \$3,801,750, or 6.6 percent, and a State General Fund increase of the same amount, or 8.8 percent, above the FY 2011 revised estimate. The agency request includes two enhancements for FY 2012 totaling \$2,491,123, all from the State General Fund and 28.8 FTE to open and staff a 16-bed crisis Sexual Predator Treatment Program (SPTP) expansion and an eight bed SPTP transition house program. Absent the enhancement, the FY 2012 operating expenditures for the agency request would be \$58,849,575 including \$44,465,747 from the State General Fund. The request is an all funds increase of \$1,310,627, or 2.3 percent, and a State General Fund increase of the same amount, or 3.0 percent, above the FY 2011 revised estimate. All of the increase is located in salaries and wages due to estimated increase in longevity payments, employer contributions for KPERs and payments to the state health insurance program for employees. In addition, a \$0.30 per hour retention pay in the SPTP program for building trades classifications is included.

### Governor's Recommendation

The **Governor** recommends FY 2012 operating expenditures of \$58,849,575, including \$44,465,747 from the State General Fund. The FY 2012 recommendation is a State General Fund increase of \$1,310,627, or 2.3 percent, above the FY 2011 recommendation. The increase

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is attributable to estimated additional longevity payments, employer contributions for KPERS, payments to the state health insurance program for employees, and workers compensation. The FY 2012 recommendation is decrease of \$2,491,123, all from the State General Fund, or 4.1 percent, below the FY 2012 agency request. The decrease is attributable to the Governor not recommending the agency's two enhancement requests and 28.8 additional FTE to open and staff a 16-bed crisis SPTP expansion and an eight bed SPTP transition house program. In addition, the recommendation includes elimination of 138.0 vacant FTE positions. This reduced the agency's FTE positions from 976.2 FTE positions to 839.2 FTE positions.

### Senate Subcommittee Recommendation

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

1. The Subcommittee expresses concern that the increase in individuals referred to the Sexual Predator Treatment Program (SPTP) and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge. The agency has indicated that an average of 18 individuals are referred to SPTP a year and the program is already operating over its capacity of 200 individuals. The agency indicates that this creates dangerous, high-risk environments for SPTP staff and increased challenges to the civil commitments of the residents due to compliance failures with the *Turay Standards* that establish constitutional guidelines for an institutionally based SPTP program and residents could challenge their civil commitment in court.

Therefore, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$1,618,823, all from the State General Fund, to fund an expansion on the Larned State Hospital (LSH) campus program with the addition of a 16-bed unit located in the Meyer building, which is currently vacant, to accommodate new admissions to the SPTP program. In addition, the Subcommittee recommends review at Omnibus of the FY 2012 agency enhancement request of \$872,300, all from the State General Fund, to fund the start-up and operation of a new sexual predator transition house. The following summarizes the status of the 246 persons committed to the SPTP since 1994:

- 2 persons have completed the final conditional release stage;
- 3 persons are on conditional release;
- 13 persons were released by the courts due to timely filing issues (these issues were later corrected by legislative action);
- 14 persons have died;
- 15 new commitments have been made so far in FY 2011; and
- 214 persons are currently in the SPTP as of December, 2010:
  - 200 on the campus of Larned State Hospital;
  - 6 in Department of Corrections (due to parole violations); and

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- 8 residing at the Transition House on the campus of Osawatomie State Hospital

2. The Subcommittee notes that the Department of Social and Rehabilitation Services (SRS) has indicated that it will be closing 14.0 of the 50.0 beds currently provided by Rainbow Mental Health Facility due to findings of a recent Centers for Medicare and Medicaid Services (CMS) survey. While previous CMS surveys found the facility operating at acceptable client to staff ratios, the recent survey concluded that the facility is operating four units instead of two. Thus, the agency would be considered understaffed according to the survey. Therefore, the agency would have to reduce the number of individuals served or provide additional levels of RN staffing and expenditures of \$820,000, all from the State General Fund, above levels that had previously been found acceptable by CMS surveys. Corrected action alternative plans submitted by the agency were rejected by CMS. In the current fiscal year, 11.0 additional beds have been opened at Larned State Hospital. Therefore, the closure of the Rainbow Mental Health Facility beds will have an overall reduction of 3.0 beds in the state mental health hospital system in the current fiscal year.
3. The Subcommittee notes that the 2009 Legislature passed House Substitute for SB 91 which prohibits SRS from placing more than eight sexually violent predators in any one county on transitional release or conditional release and that these patients must be housed only on state property. Further the Subcommittee notes that SRS has testified in the past this policy creates both programmatic and fiscal challenges for SPTP. The more populated counties such as Johnson, Wyandotte, Shawnee, and Sedgwick typically have the increased resources for affordable housing, employment, and follow-up sex offender treatment, which are critical elements to reduce the risk for reoffending and increase successful reintegration into the community. In addition, current zoning and residency restrictions make it more difficult to place offenders back into the community after treatment. According to SRS, if a court orders an individual to transitional or conditional release and that person cannot be placed because the counties that offer the needed resources have reached the eight person maximum, and no other county can be found to provide the needed services for that individual, SRS and the State of Kansas risk contempt of court charges and lawsuits.
4. The Subcommittee notes the state mental health system has seen an increased demand over the last year that will be greater strained by the reduction of 14.0 beds at Rainbow Mental Health Facility. The agency currently operates most treatment days at or near the budgeted capacity and has experienced 83.0 percent of their days over the budgeted bed capacity of 90.0 psychiatric service beds. At times when not over capacity, the facility often operates at capacity. This has required the temporary delay of volunteer admissions twice in the last year and has forced the agency to use private contracts that require greater expenditures for treatment of individuals than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment and creates the possibility for dangerous environments for staff and clients.
5. The Subcommittee notes that sufficient resources are required to ensure that quality state hospital services are available to Kansans who need them. Therefore, the state hospitals have not submitted reduced resource budgets, but instead, SRS' reduced resource budget includes the reduced resource targets for the state hospitals and SRS strives to absorb budget reduction for the hospitals. The Subcommittee encourages SRS to continue this practice.

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**Senate Committee Recommendation**

The **Committee** concurs with the Subcommittee recommendation with the following adjustments:

1. The Committee recommends reviewing all items recommended for review at Omnibus by the Subcommittee before final actions are taken on the FY 2012 appropriations bill.

**House Budget Committee Report**

**Agency:** Larned State Hospital

**Bill No. --**

**Bill Sec. --**

**Analyst:** Montgomery

**Analysis Pg. No.** 1959

**Budget Page No.** 210

Expenditure Summary	Agency Request FY 2012	Governor Recommendation FY 2012	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 46,956,870	\$ 44,465,747	\$ 0
Other Funds	14,383,828	14,383,828	0
Subtotal	<u>\$ 61,340,698</u>	<u>\$ 58,849,575</u>	<u>\$ 0</u>
<b>Capital Improvements</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><u>\$ 61,340,698</u></u>	<u><u>\$ 58,849,575</u></u>	<u><u>\$ 0</u></u>
FTE positions	975.2	838.2	0.0
Non FTE Uncl. Perm. Pos.	23.0	23.0	0.0
<b>TOTAL</b>	<u><u>998.2</u></u>	<u><u>861.2</u></u>	<u><u>0.0</u></u>

**Agency Request**

The **agency** requests FY 2012 operating expenditures of \$61,340,698 including \$46,956,870 from the State General Fund. The estimate is an all funds increase of \$3,801,750, or 6.6 percent, and a State General Fund increase of of the same amount, or 8.8 percent, above the FY 2011 revised estimate. The agency request includes two enhancements for FY 2012 totaling \$2,491,123, all from the State General Fund and 28.8 FTE to open and staff a 16-bed crisis Sexual Predator Treatment Program (SPTP) expansion and an eight bed SPTP transition house program. Absent the enhancement, the FY 2012 operating expenditures for the agency request would be \$58,849,575 including \$44,465,747 from the State General Fund. The

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request is an all funds increase of \$1,310,627, or 2.3 percent, and a State General Fund increase of the same amount, or 3.0 percent, above the FY 2011 revised estimate. All of the increase is located in salaries and wages due to estimated increase in longevity payments, employer contributions for KPERs and payments to the state health insurance program for employees. In addition, a \$0.30 per hour retention pay in the SPTP program for building trades classifications is included.

### **Governor's Recommendation**

The **Governor** recommends FY 2012 operating expenditures of \$58,849,575, including \$44,465,747 from the State General Fund. The FY 2012 recommendation is a State General Fund increase of \$1,310,627, or 2.3 percent, above the FY 2011 recommendation. The increase is attributable to estimated additional longevity payments, employer contributions for KPERs, payments to the state health insurance program for employees, and workers compensation. The FY 2012 recommendation is decrease of \$2,491,123, all from the State General Fund, or 4.1 percent, below the FY 2012 agency request. The decrease is attributable to the Governor not recommending the agency's two enhancement requests and 28.8 additional FTE to open and staff a 16-bed crisis SPTP expansion and an eight bed SPTP transition house program. In addition, the recommendation includes elimination of 138.0 vacant FTE positions. This reduced the agency's FTE positions from 976.2 FTE positions to 839.2 FTE positions.

### **House Budget Committee Recommendation**

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

1. The Budget Committee expresses concern that the increase in individuals referred to the Sexual Predator Treatment Program (SPTP) and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge. The agency has indicated that an average of 18 individuals are referred to SPTP a year and the program is already operating over its capacity of 200 individuals. Therefore, the agency is temporarily converting program space into bed space while the agency develops plans to address the growth of the program.
2. The Budget Committee notes that the state mental health system has seen an increase in demand over the last year and that agencies will be strained even more by the reduction in beds at Rainbow Mental Health Facility. The agency currently operates most treatment days at its budgeted capacity and has been over its budgeted capacity of 90.0 beds 83.0 percent of the time in the last fiscal year. This has required the temporary delay of voluntary admissions and has forced the agency to privately contract referrals that require greater expenditures for treatment than treatment provided by the state. In addition, this critical strain on the mental health system hinders effective treatment, creates dangerous environments for staff and clients, transfers burdens to local jails and law enforcement, and requires Community Mental Health Centers (CMHCs) to overextend their resources.

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