

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

68-West-Statehouse, 300 SW 10th Ave.  
Topeka, Kansas 66612-1504  
(785) 296-3181 • FAX (785) 296-3824

kslegres@kldr.ks.gov

<http://www.kslegislature.org/kldr>

March 9, 2011

**To:** Representative Lana Gordon  
**From:** Estelle Montgomery, Fiscal Analyst  
**Re:** KNI closure concerns

You requested a summary of your concerns pertaining to possible unaccounted for costs related to the closure of the Kansas Neurological Institute (KNI).

As of February, 2011, the Department of Social and Rehabilitation Services (SRS) estimates annual savings of \$14,398,523, including \$6,054,578 from the State General Fund, once all residents are moved from the facility to the community. This estimated annual savings was calculated by subtracting an estimated cost of serving the residents at KNI on the HCBS/DD waiver in community settings from the estimated annual FY 2009 budget for the facility.

Additional items for possible consideration that could influence the \$6.0 State General Fund estimated savings include:

**Medical costs.** Medical care, such as physician services, nursing, dental, etc. are provided in-house at KNI but would be additional expenditures in the community. **SRS estimates these medical costs would be \$968,540, including \$387,416, from the State General Fund a year once all KNI residents are in the community.** Even then, finding professionals willing to serve the population in the community is difficult. For example, it is difficult to find physicians readily available to serve persons with severe and multiple disabilities using Medicaid. In addition, dental services for adults are not covered by Medicaid. This service was previously provided under the HCBS/DD waiver but was eliminated in January, 2010 as part of the Governor allotments.

**Increased Medicaid expenditures.** The FY 2012 Governors budget recommendation does not transfer estimated savings from downsizing KNI or transferring KNI residents to the HCBS-DD waiver or account for additional funding in FY 2012 for HCBS-DD waiver one-time start up expenditures for KNI residents being transferred to the community. As of January 14th, 2011, SRS estimates that serving an average KNI resident in the community would cost \$86,646 a year plus start up costs of an average of \$6,332 per person.

**Capacity building expenditures.** During closure, there will be a cost incurred in the community, as well as a cost to continue operating KNI and potential increased capital improvement costs at Parsons State Hospital and Training Center that is not budgeted in FY

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2012. Therefore, the potential savings realized from closure could be in jeopardy if the agency is not able to move residents to the community at the rate of seven residents per month. This transition of residents would have to start in January, 2012.

**Inability to transition.** SRS has been able to estimate 49 residents at KNI and 62 residents at PSH who meet the criteria to transition as outlined by the Commission. With the late-1990's Winfield Hospital closing, some residents were not able to be served in the community and had to transition to KNI.

- 11% went to KNI
- 4% went to PSH
- 46% stayed in the Winfield area
- 39% went across Kansas

Under the FY 2012 Governor budget recommendation, there would not be a state developmental disability institutional alternative that could accept KNI residents in this situation which is estimated to be greater than Winfield.

**Most vulnerable of the developmental disability population.** 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. Services provided by KNI that are not standard in community settings or would increase state expenditures include primary medical, behavioral specialist, psychologists, etc.

**Ongoing facility upkeep costs once completely vacated:** Grounds maintenance: \$227,084; Building maintenance: \$283,614; Building Heat Maintenance: \$482,291; Security: \$151,443; **Annual total: \$1,144,432.**

**Inability to sell KNI buildings.** The facility is a collection of buildings that were constructed primarily in the late 1960's to 1980 that share a Central heating plant that ties all the buildings together and make it difficult for any building to "stand alone". Additionally, asbestos pipe insulation is found throughout some buildings and the soil is contaminated by fuel oil from buried fuel tanks from when the Veterans' Administration owned the land. KNI has gone through the entire mitigation plan with KDHE, but a future owner with a different plan for the land will have to address the issue. The buildings at KNI were designed primarily as residential units and would need extensive renovation to serve other uses.

H/02/Analyst/EM/RepGordonMemo