

MINUTES

LEGISLATIVE BUDGET COMMITTEE

November 14, 2011
Room 346-S—Statehouse

Members Present

Representative Marc Rhoades, Chairperson
Senator Carolyn McGinn, Vice-chairperson
Senator Laura Kelly
Representative Jim Denning
Representative Bill Feuerborn
Representative Kasha Kelley

Member Absent

Senator John Vratil

Staff Present

Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Ryan Weir, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Jill Wolters, Office of the Revisor of Statutes
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant

Conferees

Robert Siedlecki, Secretary, Department of Social and Rehabilitation Services
Heather Morgan, Public Affairs Officer, United Methodist Youthville
Melissa Ness, Advocacy Coordinator, Saint Francis Community Services
Bruce Linhos, Executive Director, Children's Alliance of Kansas
Jolana Pinon, Chief Executive Officer, Florence Crittenton
Ira Stamm, Psychologist
Tom Laing, Executive Director, InterHab
Nick Wood, System Change Coordinator, Disability Rights Center of Kansas
Jane Adams, Executive Director, KEYS for Networking, Inc.
Mike Hammond, Executive Director, Association of Community Mental Health Centers
Jessie Kaye, President and CEO, Prairie View, Inc.
Marilyn Cook, Executive Director, ComCare of Sedgwick County

Diane Drake, Executive Director, Elizabeth Layton Center, Inc.
Brenda Mills, Executive Director, Family Service and Guidance Center
Senator Dick Kelsey
Gregg Burden, Executive Director, Kansas Commission on Veterans' Affairs
Darrell Benchon, Member, Veterans of Foreign Wars Advisory Board
Charles Yunker, Department Adjutant, American Legion Department of Kansas

Morning Session

The meeting was called to order by Chairperson Rhoades.

FY 2012 and FY 2013 School Finance Estimates

Reagan Cussimano, Kansas Legislative Research Department (KLRD), presented an overview of the FY 2012 and FY 2013 School Finance Estimates ([Attachment 1](#)). For purposes of the estimates, Base State Aid Per Pupil remained unchanged. General State Aid increased 1.3 percent due to the increase in special education students and students available for the free lunch program. She noted there was an increase of 7,958 at-risk students enrolled for the FY 2012 school year. There was an increase of 8,143 students receiving free lunch for the FY 2012 school year, totaling participation of 187,397 students.

Fall Human Services Consensus Caseload Estimates for FY 2012 and FY 2013

Amy Deckard, KLRD, presented an overview of the FY 2012 and FY 2013 Fall Human Services Consensus Caseload Estimates ([Attachment 2](#)). The combined increase for FY 2012 and FY 2013 is \$173.6 million from all funding sources and an increase of \$72.1 million from the State General Fund (SGF), due in part to increased caseloads and expenditures, and decreases in special revenue funds.

Ms. Deckard explained the technical correction to the state match dollars. She added the increased cost per beneficiary was based on current law and contractual agreements. Additional information will be provided for medical costs per member – per year, and the funding decrease in special revenue funds, as requested by Committee members.

State General Fund Revenue Estimate for FY 2012 and FY 2013

Alan Conroy, Director, KLRD, presented an overview of the State General Fund Revenue Estimate for FY 2012 and FY 2013 ([Attachment 3](#)). The revised estimate for FY 2012 increased by \$199.1 million above the April 2012 estimates, which, primarily, was due to increased retail sales and tax revenues. The FY 2013 estimate was revised 0.7 percent above FY 2012 estimates as a result in transfers from the SGF, the growth rate in the state's economy, and increased tax revenues. A review of the November consensus estimates for School Finance and Human Services Caseloads followed. The revised estimates for FY 2012 represented a 5.2 percent increase and an estimated increase of 6.3 percent for FY 2013, which included expenditures shifted from the SGF, Kansas Public Employee Retirement System and funds to maintain the school formula. A review of the economic forecast followed.

Mr. Conroy responded to questions from Committee members. Additional information will be provided to the Committee regarding transfers to the SGF from the State Highway and expanded gaming funds, as requested by the Committee.

Psychiatric Residential Treatment Facilities Memorandum

Amy Deckard presented an overview of the Psychiatric Residential Treatment Facilities (PRTF) ([Attachment 4](#)). Facilities provide residential treatment designed to offer short-term mental health services for children with mental illness, substance abuse, or severe emotional disturbances. Facilities comply with Medicaid for patient benefits through a provider agreement, and Community Mental Health Centers assess the mental health of individuals to determine appropriate treatment. Approximately 1,585 children received services in FY 2011 for an estimated \$53.5 million in Kansas Medicaid expenditures. Treatment facilities, Juvenile Justice Authority, or Department of Social and Rehabilitation Services with Medicaid eligible individuals are eligible to receive federal funding of 57.5 percent.

Prepaid Ambulatory Health Plan (PAHP) Contract

Ms. Deckard reviewed changes to the Prepaid Ambulatory Health Plan (PAHP) Contract ([Attachment 5](#)). The contract between SRS and Kansas Health Policy is moving from a no-risk to a shared-risk contract. This contract includes residential placement incentives and disincentives for nursing facilities with mental health services and PRTF, with a baseline of approximately \$63.2 million for referrals. The contract is capped at \$6.1 million and any contract profit or loss would be realized by the Kansas Health Solutions from the state's share for placement options.

Psychiatric Residential Treatment Facilities (PRTF) Testimony

Robert Siedlecki, Secretary, SRS, provided an overview of issues and concerns surrounding the PRTF directive issued in January and June ([Attachment 6](#)). Emphasis was placed on the need to put the child's best interest first and to ensure that appropriate community services are available for individuals diverted from PRTF.

Secretary Siedlecki responded to questions from Committee members regarding over utilization and under utilization of PRTF. Recommendations have been overturned for three individuals through the screening process, it was noted. As requested, copies of the SRS directives issued in January 2011 and June 2011 will be provided to Committee members.

Heather Morgan, Public Affairs Officer, United Methodist Youthville, presented an overview of the facility, and reviewed PRTF concerns and recommendations for consideration for the FY 2012 Legislature ([Attachment 7](#)). Due to a reduction of statewide referrals, the agency will be closing PRTF services on the Newton Campus. The Secure Care facility will remain open with efforts underway to develop new programs and services on the Newton Campus.

Ms. Morgan and Angela Hagan, Acting Director, Mental Health, SRS, noted the screening data reflects information collected from June 2011 to present, and the diversion rate in FY 2010 was 15 percent. A review of SRS reports for individual PRTF screens followed. Documentation on community based services for individuals discharged will be provided to Committee members, as requested. The average PRTF rate is \$269.00 per day and reimbursable by federal dollars at 56 percent. The average length of rehabilitation is between 130 to 160 days and includes a treatment plan for family interaction. Relocation issues for the Newton campus closing was discussed.

Ms. Deckard, regarding allowable costs, noted each category has a cap limit per category, but there is no aggregate cap on the actual cost per day within a facility.

Melissa Ness, Advocacy Coordinator, Saint Francis Community Services, presented an overview of the agency and reviewed concerns and recommendations for consideration during the 2012 Legislature ([Attachment 8](#)).

Bruce Linhos, Executive Director, Children's Alliance of Kansas, presented an overview of the agency and reviewed concerns and recommendations for consideration by the 2012 Legislature ([Attachment 9](#)).

Mr. Linhos and Gary Haulmark, SRS, noted the 90 percent occupancy rate would remain unchanged and standardized screening tools would be implemented going forward.

Jolana Pinon, Chief Executive Officer, Florence Crittenton, presented an overview of the agency and reviewed concerns and recommendations for consideration by the 2012 Legislature ([Attachment 10](#)). Ms. Pinon responded to questions from Committee members. Evaluation reports regarding discharge and readmission data will be provided to members, as requested.

The meeting was recessed.

Afternoon Session

Representative Rhoades reconvened the meeting.

Psychiatric Residential Treatment Facilities Testimony Continued

Dr. Ira Stamm, Psychologist, Topeka, presented testimony and reviewed concerns and recommendations for consideration by the 2012 Legislature ([Attachment 11](#)).

Tom Laing, Executive Director, InterHab, provided an overview of the agency, presented testimony, and reviewed concerns and recommendations for consideration by the 2012 Legislature ([Attachment 12](#)). As requested, Mr. Laing will provide information on the number of extensions granted in comparison to previous years.

Nick Wood, Systems Change Advocacy Coordinator, Disability Rights Center, provided an agency overview and presented testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 13](#)). When home and community based services are not available, there is an increased demand for institutional services.

Jane Adams, Executive Director, Keys for Networking, Inc., provided an agency overview and presented testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 14](#)). Ms. Adams discussed the Building Bridges Initiative, which is based on guidelines not requirements.

Gary Haulmark, SRS, responded to a question from a Committee member regarding request for proposal (RFP), which he noted is based on cost and experience of the vendor.

Mike Hammond, Executive Director, Association of Community Mental Health Centers, provided an agency overview and presented testimony regarding concerns and

recommendations for consideration by the 2012 Legislature ([Attachment 15](#)). One standard screening tool is used for PRTF, which is an intake form to access to community based services.

Mr. Hammond discussed the challenges for inpatient and residential resources, engaging children early for services, the need for having community based services in place, and providing higher level of needs for children. The comparative data charts may vary among PRTF due to the screening process. As compared to other states, Kansas pays on the low end for *per diem* and has a lower average length of stay.

Jessie Kaye, Chief Executive Office, Prairie View, Newton, provided an agency overview and presented testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 16](#)). Ms. Kaye reviewed the followup process for children receiving services from the Community Mental Health Center (CMHC), and stated the CMHC is responsible for reviews to monitor effectiveness of the services the child is receiving. The agency's business plan and reimbursement for services was reviewed.

Marilyn Cook, Executive Director, ComCare, Wichita, provided an agency overview and presented testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 17](#)). She stated every child deserves to be seen quickly and to have as many services wrapped around them as possible. Ms. Cook explained the screening process for children in foster care and those served in other centers. The agency's philosophy is consistent with the Building Bridges Initiatives.

Diane Drake, Executive Director, Elizabeth Layton Center, Ottawa, provided an agency overview and presented testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 18](#)). Ms. Drake reviewed the PRTF referral process, which is based on available resources, diagnosis, and bed openings. Extended screens are not required.

Brenda Mills, Chief Executive Officer, Family Service and Guidance Center, provided an agency overview and testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 19](#)). Ms. Mills stated the evaluation of quality care is conducted by the Intensive Service Review Committee.

Senator Dick Kelsey, provided testimony regarding concerns and recommendations for consideration by the 2012 Legislature ([Attachment 20](#)). Senator Kelsey responded to questions from Committee members regarding referrals, screening and evaluation process, and the impact of budget reductions. He noted an increase in referrals since the June meeting was held.

A letter dated January 12, 2012, from SRS was distributed to Committee members, ([Attachment 21](#)).

J.G. Scott, KLRD, recorded items for inclusion in the PRTF Report for the 2012 Legislature. This information will be distributed via e-mail to Committee members for their revisions.

Update on Veterans Claims Assistance Program (VCAP)

Ryan Weir, KLRD, presented an overview of the Kansas Commission Veterans' Claims Assistance Program (Attachment 22).

Gregg Burden, Executive Director, Kansas Commission on Veterans' Affairs, appeared before the Committee. No written testimony was provided. In response to questions from Committee members, Mr. Burden noted meetings are underway to address enhanced data collection and transparency issues for VCAP.

Darrell Benchon, Member of the Advisory Board, Veterans of Foreign Wars, appeared before the Committee. No written testimony was provided. He noted Committee members have received a copy of the Monthly Traffic Report (Attachment 23).

Charles Yunker, Department Adjutant, American Legion Department of Kansas, presented testimony regarding budget reductions and the effect on match and grant funding for VCAP (Attachment 24). Mr. Yunker responded to questions from Committee members regarding software being developed by the Veterans Administration which will enhance the processing of benefit claims.

Representative Feuerborn made a motion to approve the minutes from the September 14, 2011 and October 10, 2011 Legislative Budget Committee. The motion was seconded by Representative Kelley. Motion carried.

Medicaid Dental Benefit Discussion

Amy Deckard provided an overview of the discussion held in October 2011, in regards to the adult Medicaid dental benefits as related to cost effectiveness and health benefits. Adult dental services are provided as an emergency benefit. The cost estimate for expansion of these services for FY 2013 is approximately \$11.1 million, of which \$4.6 million is from the SGF and \$1.5 million from all funding sources in order to expand services to the waiver participants.

Committee member discussion regarding Medicaid Reform issues and federal health care laws that will have an impact in January, 2014. Committee members determined additional information is needed to make recommendations, and should be reviewed in the House and Senate Health and Budget committees.

State Fire Marshal

Discussion followed by Committee members regarding the status of the State Fire Marshal. J.G. Scott, KLRD, recorded items for inclusion in the State Fire Marshal Report for the 2012 Legislature, as requested by Committee members. This information will be distributed via e-mail to Committee members for their revisions.

The meeting was adjourned.

Approved by the Committee on:

January 3, 2012

(Date)

Prepared by Kathy Holscher
Edited by Leah Robinson