

MINUTES

LEGISLATIVE BUDGET COMMITTEE

October 22-23, 2007
Osawatomie, Coffeyville, and Wichita

Members Present

Representative Sharon Schwartz, Chairperson
Senator Dwayne Umbarger, Vice-Chairperson
Senator Laura Kelly
Senator Stephen Morris
Representative Don Dahl
Representative Bill Feuerborn

Members Absent

Representative Lee Tafanelli

Other Legislators Attending

Representative Raj Goyle
Representative Brenda Landwehr
Senator Carolyn McGinn
Representative Melvin Neufeld
Representative Virgil Peck
Representative JoAnn Pottorff
Representative Gene Vickery
Senator Susan Wagle
Representative Jim Ward

Staff Present

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Nikki Feuerborn, Chief of Staff, House Appropriations Committee
Melinda Gaul, Chief of Staff, Senate Ways and Means Committee
Shirley Jepson, Committee Assistant

Conferees

Bret Glendening, City Administrator, Osawatomie
Jeff Morris, City Manager, Coffeyville
Denise Unruh, Executive Director, South Central Community Foundation
Barbara Atkinson, Executive Vice-Chancellor, Kansas University Medical Center
S. Edwards Dismuke, Dean, Kansas University of School of Medicine – Wichita
Don Brada, MD, Associate Dean for Graduate Medical Education
Jon Rosell, PhD, Executive Director, Medical Society of Sedgwick County
Robb Gibbs, MD, Radiologist, Parsons
Jake Breeding, MD, Surgeon, Pratt
Becky Klinger, MD, Pediatrician, Manhattan
Cayle Goertzen, MD, Family Medicine Physician, Belleville
Rick Moberly, MD, Resident, Wichita
Chad Austin, Vice-President, Government Relations, Kansas Hospital Association
Jerry Slaughter, Kansas Medical Society
Larry Schumacher, President and CEO, Wichita Center for Graduate Medical Education; President and CEO, Via Christi Wichita Health Network
Amy Jordan Wooden, Senior Director, Public Affairs, University of Kansas Medical Center
Lorraine Valentine, Kansas Recruitment Center

Monday, October 22 Tour of Flood Damage, Osawatomie

The Committee left Topeka at 8:00 a.m. and proceeded to view the flood damage in Osawatomie, a city of approximately 4,600 residents. The Committee was met at Memorial Hall by Bret Glendening, City Administrator, who explained that the damage to the city from the flooding on July 1, 2007, was a result of flood water from Pottawatomie Creek breaching the levy which had been built to protect the city. The Marais des Cygnes River also was a factor in the flooding. Approximately 680 residents were displaced, and more than 300 structures damaged. Most of the residential damage was to low-income rental housing and apartment buildings. In an effort to assist residents, no-fund warrants were authorized by the City up to a total of \$500,000. The damage to the levy, totaling approximately \$500,000, will be covered by funding from the U.S. Corps of Engineers. Up to \$27,500 is available to each land owner for reconstruction or remodeling, depending on how the property is assessed.

Mr. Glendening made the following observations:

- It would be helpful if the state would provide no-interest or low-interest loans available to disaster areas;
- The City is looking for ways to provide low-income housing;
- The City is trying to find a way to take control of some property because home owners have abandoned the property and left the City following the flood. The City would like to use eminent domain to transfer the land to the City for possible sale or other use;
- There will be a substantial loss of revenue to the City from property tax collections; and

- The loss of residents from the City will affect the school district enrollment and, especially, at-risk funding.

Tour of Flood Damage in Coffeyville

The Committee traveled to Coffeyville, a city of approximately 11,200, in southeast Kansas, to view damage from flooding which began on June 29, 2007. Jeff Morris, City Manager, explained that approximately 459 homes and 72 businesses were damaged as a result of water breaching the levy by 3 feet. Additional damage was incurred when approximately 97,000 gallons of oil spilled into the flood water from the local oil refinery (Attachment 1). Many of the damaged homes and businesses were not eligible for flood insurance. The City was without water for one week as a result of low or no water pressure. Mr. Morris stated that the flooded area was “sealed off” because of contamination from the oil and flood water with most residents allowed back into their homes on July 11th. The majority of the housing in the flooded area was inhabitable. The damage was estimated at \$2.6 million, excluding damage to the electric utility. Damage to the levy was estimated at \$1 million, and the City’s share of the repair costs is estimated at \$600,000.

The flood water and oil also spread onto surrounding agricultural land and crossed the border into the State of Oklahoma. The oil refinery is working to remove contaminated soil, and in the process of purchasing all of the oil and flood damaged homes at 110 percent of the pre-flood market value. At this time, the refinery has purchased approximately 312 homes and 149 vacant lots. All of the land will be cleared of debris by the oil refinery.

Mr. Morris stated that the City will need to address the following:

- Housing shortage because of loss of homes;
- Economic impact from loss of residents and businesses;
- Loss of revenue from property tax and sales tax;
- No growth for school district; enrollment stable at this time;
- Grant funding is needed to hire a city planner to assist in developing a comprehensive plan for the City in order to provide housing and growth; and
- Developers will need assistance in securing land on which to build.

Mr. Morris suggested that the state develop a revolving loan fund for low-interest or no-interest loans to disaster areas of the state. The Committee noted that the State Finance Council released \$5 million from the State Emergency Fund at its meeting the week before.

Update on Greensburg Tornado Area

Denise Unruh, Executive Director, South Central Community Foundation, presented an overview of the Foundation and reported that the Foundation has received \$622,000 in donations

from all over the country for use in rebuilding the tornado-damaged area of Greensburg ([Attachment 2](#)). Ms. Unruh stated that the Foundation covers a seven-county area in the south central part of the state and was developed to provide a permanent funding stream for communities who suffer a disaster. Many pockets of money are available from a great number of sources resulting in a need for some entity like the Foundation to collect and disburse the funds. One of the challenges for the Foundation has been to develop a strategic plan to coordinate and disburse the funding. It is important to coordinate funding directed to the community from FEMA, Red Cross and other governmental agencies as well as private funds, to meet the needs and requirements of the community.

At this time, there are more than 10-12 projects which have received funding from the Foundation; one of those being approximately \$75,000 to rebuild the water tower, with additional funding from the Federal Emergency Management Agency (FEMA) and the U.S. Department of Agriculture (USDA). It was noted that USDA had provided approximately \$40 million in assistance. Ms. Unruh noted that Foundation funds also have been used to provide temporary facilities and services, such as daycare, an item critical to the success of the community.

An overall Master Plan is directed at long-term recovery for Greensburg; assisted by FEMA. The City has not mandated "to build green" but there are incentives to do so.

Tuesday, October 23
Kansas University School of Medicine, Wichita Campus (KUSM-W)

S. Edwards Dismuke, Dean, Kansas University School of Medicine, welcomed the Committee to the Wichita campus and presented an overview of the Wichita Campus and the Wichita Center for Graduate Medical Education (WCGME) ([Attachment 3](#)). Dr. Dismuke stated that the mission of the School is to partner with Kansas communities and provide health care to those communities. Of the 1,505 graduate physicians, approximately half remain within the state to practice medicine. Dr. Dismuke noted that many of the faculty members are volunteers from the medical community. WCGME is a program of the Via Christi Regional Medical Center, Wesley Medical Center, and the KU School of Medicine-Wichita providing training for resident doctors. Dr. Dismuke indicated that Medicare and Medicaid reimbursements to the facility are declining each year. One of the facets missing from the current program is a research facility. At the present time, the Wichita Campus is working with business leaders and the community to secure a facility.

Responding to questions from the Committee, Dr. Dismuke stated that it is difficult to recruit physicians for the small communities of the state. With regard to funding from the Legislature for dental internships, Dr. Dismuke stated that the state has a substantial shortage of dentists. WSU has established a residency program for dentists and formed a partnership with the Grace Medical facility. The program is progressing, with approximately five dental residents per year. Dr. Dismuke indicated that there is a shortage of doctors across rural Kansas. There is also a shortage in the number of pharmacists, with active pharmacists averaging 55 years of age.

Audrey Dunkel, Legislative Research Department, presented an overview of the Wichita Center for Graduate Medical Education (WCGME) and directives from the 2007 Legislature for the Wichita program ([Attachment 4](#)).

Representative Melvin Neufeld, Speaker of the Kansas House of Representatives, noted that the Legislature is working to improve the health of Kansans. The Kansas Health Policy Authority (KHPA) was established by the Legislature to address the process and make changes

to the current system. KHPA's goal is to emphasize prevention and improve the health of Kansans. Speaker Neufeld stated that the Wichita Campus is critical to western Kansas. It is important to expand and grow programs, provide faculty enhancements, and additional research facilities at the Wichita Campus.

With regard to additional research, Barbara Atkinson, Executive Vice-Chancellor, Kansas University Medical Center, stated that there is a need for more paid faculty who are trained and know how to do research and have the time to do the research. Funding will be requested from the Legislature to achieve that goal.

Don Brada, MD, Associate Dean for Graduate Medical Education and Designated Institutional Official for WCGME, presented an overview of WCGME, a consortium formed in 1989 to coordinate residency programs in Wichita between KUSM-W, Via Christi, and Wesley Medical Centers ([Attachment 5](#)). Because accreditation standards have changed, Dr. Brada stated in order to maintain accreditation and quality programs at the Wichita and Salina facilities, it is necessary to address two issues - accreditation mandates concerning research and reduced Medicare GME funding. Of the 14 current programs, six have been cited or warned for inadequate research and scholarly activity. To meet the accreditation mandates and address the program deficiencies, state funding in the amount of \$12.5 million will be requested.

Jon Rosell, PhD, Executive Director, Medical Society of Sedgwick County, presented an overview of the Medical Society of Sedgwick County, a professional membership organization representing the physicians in Sedgwick County on issues related to health care ([Attachment 6](#)). Dr. Rosell stated that in order to meet the accreditation mandates, research must be done at the Wichita Campus.

Rob Gibbs, MD, Radiologist in Parsons and a graduate of KUSM-W, reported on his experience at the school ([Attachment 7](#)). Dr. Gibbs is in private practice in Parsons, Kansas. He stated that the Wichita program is a good place to find qualified physicians for Kansas; however, there is a need for more research experience and hands-on clinical experience. Dr. Gibbs noted that many of the radiologists in Kansas are over the age of 55 which will cause a shortage of radiologists in the near future. He felt it is important to continue and improve the program at KUSM-W.

Jake Breeding, MD, General Surgeon in Pratt and a graduate of KUSM-W, stated that it is important to serve patients in rural Kansas. Dr. Breeding noted that he is the sole general surgeon in Pratt and is on call around the clock, serving a nine-county radius with a population of approximately 60,000.

Becky Klinger, MD, Pediatrician in Manhattan and a graduate of KUSM-W, stated that she did the last two years of Medical School in Wichita ([Attachment 8](#)).

Cayle Goertzen, MD, Family Medicine Physician in Belleville and a graduate of KUSM-W, stated that he chose Wichita because of the residency program and how it met the direction he wanted to go with his training ([Attachment 9](#)). Dr. Goertzen noted that because of his training in Wichita, he was able to make a smooth transition to his practice in Belleville.

Richard Moberly, MD, Resident at KUSM-W, presented information on his second year residency ([Attachment 10](#)). Dr. Moberly felt that the experience in Wichita is a good hands-on training experience.

Chad Austin, Vice-President, Government Relations, Kansas Hospital Association, expressed the Association's support for the Wichita program ([Attachment 11](#)). Mr. Austin stated that the hospitals across Kansas are very supportive of the Wichita program and urged the

Legislature to provide the needed financial support. Responding to a question, Mr. Austin stated that there are approximately 80-95 rural community hospitals across the state. These hospitals are struggling with securing and retaining physicians.

Jerry Slaughter, Kansas Medical Society, expressed strong support from the Society for the Wichita Campus. Mr. Slaughter noted that not only is funding important, but the vision of where to take the state in the field of health care also is important.

Larry Schumacher, President and CEO, WCGME; and President and CEO, Via Christi Wichita Health Network, stated that there is great collaboration and focus on graduate medical education between the facilities in Kansas. Health care reform in Kansas needs a strong primary care program and physicians. Mr. Schumacher noted that funding is needed to develop a clinical research base to attract good participants and new residents to the program.

The Committee took a short tour of the KUSM-Wichita facility before continuing the discussion.

Amy Jordan Wooden, Senior Director, Public Affairs, University of Kansas Medical Center, provided a background and overview of the hospital affiliation process ([Attachment 12](#)). Ms. Wooden stated that in 1998, the Kansas University Hospital Authority Board was formed to take control of the University of Kansas Hospital from the state. The master affiliation was developed to address all aspects of the operations. This master affiliation will expire in 2008. The Medical Center is composed of the School of Medicine and School of Nursing which focuses on Masters and PhD level nurses. The affiliation allows for more diverse clinical experience, more research collaboration, increases the patient base for clinical trials, improves competition, and allows for better delivery of health care.

Discussion on the proposed affiliation agreement between Kansas University Medical Center and St. Luke's Hospital was continued by Ms. Wooden, Barbara Atkinson, Executive Vice-Chancellor, University of Kansas Medical Center, and Dr. Dismuke. In response to Committee questions, they provided the following information:

- St. Luke's Hospital currently is a research hospital, already funds the research, and meets the requirements for accreditation;
- St. Luke's Hospital will pay the full cost of residents;
- St. Luke's Hospital is already a teaching hospital for the University of Missouri-Kansas City;
- The affiliation between KU Medical Center and St. Luke's Hospital should have little or no impact on the Wichita Campus. The residency program in Wichita will need to be strong. It is essential to develop a research component in order to compete for residents. Currently, there are 14 different kinds of accredited programs in Wichita, while there are 36 different kinds of programs at St. Luke's Hospital;
- The Wichita Campus is essential to provide primary care physicians. It was not built as a research center; however, new mandates require the inclusion of research;
- Wichita businesses and community will need to be engaged to build a research center;

- A research facility in Wichita will make KUMC and KUSM-W stronger and more competitive with medical schools in other states;
- Grants will become available after research component is built;
- No Kansas dollars are flowing to Missouri. Missouri will provide \$4 million to KU Medical Center over a period of 4 years to pay for faculty;
- The affiliation has been agreed to by Kansas Board of Regents and St. Luke's Hospital;
- The agreement will be revisited in 4 years;
- An additional agreement will be made between KU Hospital and St. Luke's Hospital concerning cancer treatment. The goal is to become a national cancer institute; and
- A Midwest Cancer Alliance has been organized to engage hospitals across Kansas.

The Committee raised concerns that graduates who cycle through St. Luke's Hospital will be less likely to stay in Kansas following graduation.

Lorraine Valentine, Kansas Recruitment Center, explained the work of the Recruitment Center. Ms. Valentine said that the Center works with the Kansas University Medical Center and Kansas communities throughout the state to recruit physicians where needed.

The meeting was adjourned at 1:10 p.m. The next meeting of the Committee will be held on November 8 and 9, 2007, at the Capitol in Topeka.

Prepared by Shirley Jepson
Edited by Leah Robinson

Approved by Committee on:

November 9, 2007

(Date)