

Approved: 03/15/93
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Rochelle Chronister at 12:25 p.m. on March 02, 1993 in Room 514-S of the Capitol.

All members were present except: Rep. Wanda Fuller (excused absence)

Committee staff present: Laura Howard, Legislative Research Department
Kathy Porter, Legislative Research Department
Jim Wilson, Revisor of Statutes
Jerry Cole, Committee Secretary
Sharon Schwartz, Administrative Assistant
Mike Leitch, Intern

Conferees appearing before the committee:

Others attending: See attached list

The committee was meeting to hear subcommittee reports on HB 2047. Rep. Mead made a motion to adopt the subcommittee report for the FY 93 Department of Social and Rehabilitative Services (SRS) budget. (See Attachment 1). Rep. Helgerson seconded the motion and it was carried. Rep. Mead moved to adopt the FY 94 SRS subcommittee budget report. Rep. Helgerson seconded the motion and it carried.

Rep. Lowther made a motion to adopt the subcommittee reports for the FY 93 and FY 94 SRS Community Mental Health Services budgets. (See Attachment 2). Rep. Dean seconded the motion which then carried. Rep. Heinemann moved adoption of the FY 93 & FY 94 subcommittee recommendations for the Larned State Hospital. (See Attachment 3). The motion carried after Rep. Lowther's second. Rep. Dean made a motion to adopt the subcommittee reports for FY 93 and FY 94 Osawatomie State Hospital budgets. (See Attachment 4). Rep. Gross seconded the motion and it carried. Rep. Gross moved adoption of the FY 93 and FY 94 subcommittee recommendations for the Rainbow Mental Health Facility. (See Attachment 5). Rep. Lowther seconded the motion and it carried. Rep. Gross made a motion to adopt the subcommittee report for the FY 93 Topeka State Hospital budget. (See Attachment 6). Rep. Heinemann seconded the motion and it carried. Rep. Lowther presented the FY 94 Topeka State Hospital subcommittee recommendations and Chairman Chronister adjourned the meeting at 2:28 p.m.

The next meeting is scheduled for March 02, 1993.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: MAR. 02, 1993

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Doug Bowman	Topeka	Corporation for Change
SYDNEY HARDMAN	Lawrence	KS Action for Children
Paul M. Harty	TOP KS	ASSN OF CMHS KS, Inc.
Sandra Strand	Lawrence	Kansans for Improvement of Nursing Homes
George A. Duggar	Topeka	Dept. of Aging
LINDA LUBENSKY	LAWRENCE	Ks Home Care Assn
Paul Johnson	Topeka	PACK
Sharon Huffman	"	KCDC
Josie Torrez	Topeka	Families Together, Inc.
Suzanne Clarke	Topeka	KLRD
John Strickler	Manhattan	KAPS
Shirley Norris	Topeka	KREYC
Kathie Krider	Topeka	KDHR
Linda Ramirez Claxton	Topeka	KDHC
Dodie Lacey	"	KCSL
Melissa Ness	Topeka	Ks. Childrens Sew. League
Betty K. Meyers	Topeka	Mental Health Assn in KS
Ruth T. Sullivan	"	" " "
Johnny With	Lanning	Loy
Bob Woodhams	Topeka	Lewis
Joe Rescher	Lawrence	INTERN
Joe Furganin	Topeka	KCA
Sheryl SANDERS	TOPEKA	KS AMI
Barbara Cole	Topeka	KNEA
Donna Olsen	Chickita	Cerebral Palsy
Dick Hummel	Topeka	SSI

HAROLD PITT

Topeka

AARP CCFR

Bj Simpson

"

1817 CA

matthe Holzgesnell

Topeka

KARF

Jane Watson

Topeka

Corp. for Change

Lina McDonald

Topeka

KAC / L

Pan Scott

Topeka

KS Funeral Directors Assn

Phil Anderson

"

SRS

David Hanzlick Topeka

KDA

Anne Kimmel

AARP

Topeka

SUBCOMMITTEE REPORT

Agency: Social and Rehabilitation Services Bill No. 2087

Bill Sec. 17

Analyst: Howard

Analysis Pg. No. 542

Budget Page No. 530

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	House Sub. Adjustments
All Funds:			
State Operations	\$ 216,457,566	\$ 204,764,429	\$ (1,979,529)
Local Aid	56,060,011	56,060,011	--
Other Assistance	926,858,413	924,491,432	(12,815,102)
Subtotal -- Operating	1,199,375,990	\$ 1,185,315,872	\$ (14,794,631)
Capital Improvements	6,597,638	6,718,657	--
TOTAL	\$ 1,205,973,628	\$ 1,192,034,529	\$ (14,794,631)
State General Fund:			
State Operations	\$ 86,768,271	\$ 80,655,985	\$ (1,049,626)
Local Aid	47,938,715	43,450,485	--
Other Assistance	248,642,451	251,911,782	(4,428,943)
Subtotal -- Operating	383,349,437	\$ 376,018,252	\$ (5,478,569)
Capital Improvements	339,263	339,263	--
TOTAL	\$ 383,688,700	\$ 376,357,515	\$ (5,478,569)
 FTE Positions	 3,955.7	 3,917.0	 --

Agency Estimate/Governor's Recommendation

The FY 1993 estimated operating budget submitted by the Department of Social and Rehabilitation Services (SRS) is an increase of \$30.3 million from the amount approved by the 1992 Legislature as adjusted by State Finance Council action. The revised estimate from the State General Fund (SGF) equals the approved amount. However, the agency estimates increased expenditures of \$11.4 million from the SRS Fee Fund above the amount approved by the 1992 Legislature. The state share of the supplemental request is funded from the SRS Fee Fund. No SGF supplemental is requested.

The agency's estimate of \$30.3 million in expenditures in FY 1993 above the approved amount includes \$10.0 million in state operations and \$20.3 million in aid and assistance programs.

The Governor's FY 1993 operating budget recommendation is an increase of \$16.2 million from the amount approved by the 1992 Legislature as adjusted by State Finance Council action. The recommendation from the State General Fund is a reduction of \$7.3 million from the approved amount. The Governor's recommendation includes increased expenditures from the SRS Fee Fund of \$9,952,048 above the approved budget. The recommendation is a reduction of \$14.3 million from the agency's revised estimate including an SGF reduction of \$7.3 million. The state share of the medical assistance supplemental is funded from the SRS Fee Fund.

The Governor's FY 1993 recommendation increases overall agency turnover savings to 6.0 percent and applies higher rates to selected programs: KanWork/JOBS Field Staff -- 20 percent; Youth Services Field Staff -- 16.6 percent; and Family Services Staff -- 35.9 percent. These salary reductions, generated by increasing agency turnover rates, comprise approximately \$5.1 million in savings and are intended to reflect the pace of agency hiring of new staffing approved by the 1992 Legislature. The Governor also recommends a reduction in the agency's position authority of 39.0 FTE positions in Youth Services associated with the Zebley disability recoupments. Other operating expenditure increases from the approved budget include a \$970,000 increase in federal Title IV-E funds to be matched with university dollars for training; \$1.3 million as a technical adjustment to shift employment training under the KanWork program to state operations; and other miscellaneous adjustments in state operations, some of which are connected with new staffing.

House Subcommittee Recommendation

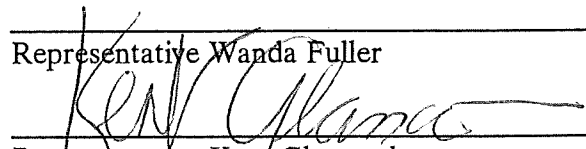
The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. In accordance with the Governor's Budget Amendment, delete \$650,457 from the State General Fund as a technical adjustment in the cash assistance program.
2. Delete \$1,013,081 from the State General Fund (\$8,064,103 All Funds) in projected savings in regular medical assistance based on year-to-date expenditures.
3. The Subcommittee would note that the reductions made in items 1 and 2 take into account additional expenditures of \$3.4 million that have been incurred by the agency as a result of the General Assistance and MediKan litigation and delay in program modifications from January 1 to March 1, 1993. Based on year-to-date expenditures, the agency can absorb these costs.
4. Delete \$800,000 from the State General Fund (\$1,818,182 All Funds) from the adult care home budget to delete a nursing facility rate adjustment. The Subcommittee would note that this action should still result in reimbursement rates to nursing facilities that meet minimum federal thresholds and the Subcommittee would note that nursing homes are paid a significantly greater percentage of their costs than many other providers. The Senate should review this item to determine whether litigation will be averted by this rate increase and to ensure that applicable federal requirements are met.
5. Reappropriate savings of \$225,405 from the State General Fund (\$542,360 All Funds) in the Home and Community Based Services waiver for the elderly and disabled to FY 1994 to increase funding for community based services in FY 1994.
6. Delete \$1.5 million from the State General Fund in day care. The Subcommittee was informed that the agency held back \$1.5 million in its allocations to the area offices for a potential rate increase based on the results of a new day care rate study.

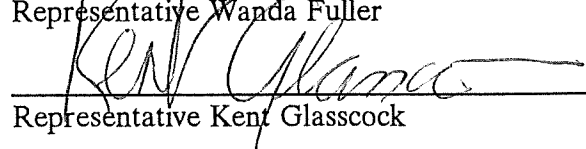
7. The Subcommittee notes that current year-to-date expenditures for foster care reflect a projected shortfall of at least \$2.3 million from the State General Fund. The Subcommittee notes that new initiatives recommended by the Legislature last year experienced delays in beginning and that the Governor deleted funding of approximately \$5.1 million in state operations due to these delays. At the current time most staffing has been hired and foster care growth appears to be slowing. The Subcommittee was informed that the agency hopes to effect changes to halt the need for this supplemental and recommends that this item be reviewed by the Senate or during the Omnibus Session.
8. Delete \$240,000 from the State General Fund in projected day reporting savings in FY 1993. The Subcommittee received late information that contracts have been let for the full amount of the appropriation although children did not begin to receive services until March. The contracts assumed certain start-up costs and upfront staff training expenses. The Subcommittee recommends that the Senate further review this project to determine whether any savings actually exist.
9. Delete \$1,049,626 from the State General Fund (\$2,085,029 All Funds) in projected agencywide salary savings based on year-to-date expenditures.
10. The Subcommittee received testimony from the agency regarding a projected deficit of approximately \$750,000 from the State General Fund in other operating expenditures. The Subcommittee does not recommend additional funding and directs the agency to take necessary actions to limit expenditures in this area. A substantial portion of this deficit is attributed to the new staff authorized by the 1992 Legislature. The Subcommittee would note that the agency was specifically asked last year about the need for additional OOE for new staff and stated at that time that additional costs for other operating expenses could be absorbed within the agency budget.
11. Add \$105,500 from federal funds in state operations as a technical adjustment as recommended by Budget Amendment No. 1 to reflect federal funds for the case mix demonstration project.



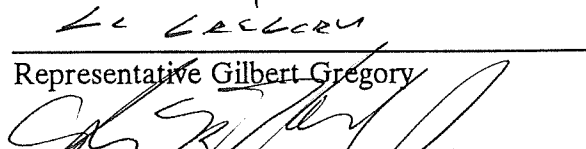
Representative Bob Mead
Subcommittee Chair



Representative Wanda Fuller



Representative Kent Glasscock



Representative Gilbert Gregory



Representative Henry Helgeson

SUBCOMMITTEE REPORT

Agency: Social and Rehabilitation Services Bill No. 2047

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 542

Budget Page No. 530

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	House Sub. Adjustments
All Funds:			
State Operations	\$ 251,376,577	\$ 213,255,017	\$ (12,659,120)
Local Aid	69,610,613	61,809,212	100,000
Other Assistance	1,083,190,497	990,200,803	(22,648,907)
Subtotal -- Operating	1,404,177,687	\$ 1,265,265,032	\$ (35,208,027)
Capital Improvements	16,657,656	4,002,648	--
TOTAL	\$ 1,420,835,343	\$ 1,269,267,680	\$ (35,208,027)
State General Fund:			
State Operations	\$ 104,010,489	\$ 86,898,538	\$ (7,753,336)
Local Aid	66,002,398	49,174,617	100,000
Other Assistance	341,901,740	282,497,384	(10,393,213)
Subtotal -- Operating	511,914,627	\$ 418,570,539	\$ (18,046,549)
Capital Improvements	6,957,759	73,313	--
TOTAL	\$ 518,872,386	\$ 418,643,852	\$ (18,046,549)
FTE Positions	4,375.2	3,903.5	(44.0)

Agency Request/Governor's Recommendation

The SRS FY 1994 operating budget request is an increase of \$204.8 million from the revised FY 1993 estimate, including a State General Fund increase of \$128.6 million, and a reduction from the SRS Fee Fund of \$20.4 million. The request includes funding for 419.5 FTE new positions for a total of 4,375.2 FTE positions. The reduction from the SRS Fee Fund reflects the spenddown of excess disproportionate share funds earned in FY 1992 in the FY 1993 budget (the "fifth quarter"), so that in FY 1994, no excess carryforward funds are available. The agency's budget request does not assume expenditure of any of the \$50.0 million in retroactive disproportionate share funds set aside by the 1992 Legislature in a Social Services Contingency Fund.

The Governor recommends operating expenditures of \$1.3 billion for SRS in FY 1994, an increase of \$79.9 million (6.7 percent) from the FY 1993 recommendation. The recommendation is a reduction of \$138.9 million from the agency request. The Governor does not recommend funding for any new positions in FY 1994; in fact, the Governor recommends a reduction of 13.5 FTE positions in concert with her recommendation to reduce by half the size of the Comprehensive Screening Unit at Topeka State Hospital. The Governor's recommendation is an increase of \$42.6 million in State General Fund dollars from FY 1993, and reflects a reduction of \$16.1 million from the SRS Fee Fund. The reduction from the Fee Fund reflects the spenddown of excess disproportionate share funds in FY 1993. The Governor's recommendation from the SRS Fee Fund includes

the expenditure of \$25 million in FY 1994 from retroactive disproportionate share funds set aside by the 1992 Legislature in a Social Services Contingency Fund. The Governor's FY 1994 recommendation also includes a transfer of \$500,000 from the Intermediate Care Facility (ICF) Revolving Fund to the State General Fund.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

Decision-Making Model

1. In reviewing the SRS budget, the Subcommittee has attempted to work with the agency in developing a new decision-making model predicated on clear statements of program missions, objectives, strategies, and long-term budget implications. Essential in such a decision-making model is the ability to measure results and to track these projected results from year to year. The Subcommittee developed a model form designed to provide for uniform submission of information on selected agency programs each year. The model includes for each program the following components:

PUBLIC POLICY GOALS (Articulated policy, desired results of program)

OUTCOMES AND OBJECTIVES (specific, measurable aims or the desired results, including a time frame)

STRATEGIES TO REACH GOALS (specific plans or methods for achieving goals, objectives and outcomes, including budget trends and progress towards reaching goals)

BARRIERS (specific barriers that impede meeting stated goals, particularly those over which the Legislature can effect change)

OUTCOME/EVALUATION MEASURES (specific measurable results; based on independent analysis and comparison to best operating programs in the country)

The budget and outcomes reporting includes two years of projections beyond the budget year. The Subcommittee is hopeful that this model can assist in linking budget decisions to clear policy directions and will build accountability into the process from year to year. The Subcommittee recommends that the development and perfection of such a model takes time and recommends review during the interim in concert with activities of the Joint Committee on Children and Families which is charged with overseeing the development of outcome measures for state agency programs. Such a process should also include input from the Corporation for Change and the private sector. Work during the interim would allow the opportunity to further refine and implement such a process, including review of issues such as current database and information resources capacity as it relates to management and program evaluation.

Cash Assistance and Employment Preparation

2. Delete \$950,625 from the State General Fund to eliminate the burial assistance program. State law places responsibility for burial on the counties. This is an optional program funded entirely from the State General Fund. The Subcommittee would also note that the surviving spouse or family member of a Social Security recipient receives \$225 as a death benefit for burial purposes. The Subcommittee does recommend that the state continue to be responsible for burial costs for clients residing in state institutions where no other resources are available, and recommends that such expenditures be funding from the state institution budgets.
3. The Subcommittee would note that the modifications of the General Assistance program recommended by the 1992 Legislature result in changes in eligibility, specifically with regard to the disabled population. The Subcommittee heard testimony regarding differences between eligibility under the General Assistance program and federal social security eligibility criteria for disability determination. This testimony indicated that there may be individuals who lost eligibility under the recent program modifications who may in fact qualify for federal disability. The Subcommittee is concerned that the program modifications to the General Assistance program may not conform to the recommendations of the 1992 Legislature which were intended to mirror federal eligibility requirements. The program has now been modified to cover a more restrictive population. When recipients of General Assistance and MediKan subsequently qualify for federal Supplemental Security Income (SSI), the state recoups the federal share of expenditures made on behalf of this population. In FY 1992, expenditures of \$32.1 million in state funds were made for General Assistance adults, some of whom subsequently qualified for SSI. During FY 1992, the state received federal reimbursement of \$3.1 million for this population, or approximately 9.5 percent of expenditures. In FY 1994, the agency expects to spend approximately \$17.3 million on behalf of a more restricted adult disabled population, and to receive federal reimbursement of \$3.9 million, or approximately 22.8 percent of expenditures. The maximum level of reimbursement which the state could receive would total 68 percent of program expenditures if all adult recipients qualify for federal disability and the state received reimbursement for all of its expenditures on behalf of these clients. The Subcommittee also heard testimony regarding differences between SRS and Kansas Legal Services, with whom the state contracts to assist clients in applying for federal disability determination.

The Subcommittee believes that there is potential for additional reimbursement from the federal government which would help to offset some state expenditures for this program. The Subcommittee recognizes that projected state revenues in future years leave entirely state funded programs such as General Assistance and MediKan at particular risk for further reductions or eliminations and believes that it is essential to design a program that not only protects those children and families receiving General Assistance, but that also maximizes federal reimbursements on behalf of the disabled population. In this way, state support for the program could be held constant or reduced in future years. The Subcommittee recommends that Corporation for Change staff facilitate a discussion between

SRS and Kansas Legal Services regarding ways to redesign the existing program, or to modify or simplify procedures with the goal of maximizing federal reimbursements and protecting children and their families. The parties should report back to the Subcommittee by March 31 regarding the outcome of these discussions.

4. The Subcommittee recommends introduction of legislation to modify the KanWork program. In response to concerns raised by the 1992 Legislature, by the KanWork Post Audit Report, and by several interim committees, a bipartisan Task Force has been meeting during the 1993 Session to discuss the future of the program. This recommendation for introduction of legislation embodies the recommendations of this task force. The recommended legislation would recognize that the mission of the KanWork program is to "assist in empowering cash assistance recipients to become economically self-sufficient." The recommended legislation is based on certain conclusions regarding the future direction of the KanWork program. The Subcommittee recommends that the KanWork program stress job preparation and jobs development, and enhance the level of involvement at the community level and by employers. The proposed legislation would establish local planning councils that would submit local KanWork/JOBS plans. Such local plans would include proposals to remove barriers to employment; to place clients in jobs; for job development activities; and for follow-up and evaluation. The local council plans are intended to reflect local needs and resources and are intended to maximize other resources at the local level available for the program. This proposal would shift the role of SRS from that of a direct service provider to the entity responsible for overall program administration, planning, integration and coordination. Direct service would be provided through local councils. The Subcommittee also recommends that volunteers be given priority for services on first-come, first-serve basis. This recommendation assumes reasonable caseloads (less than 50) for the client's advocate (case manager) who would be either an employee of a service provider in the local area or an SRS local office employee. Data collection and evaluation pieces are also included as vital components in the proposed legislation.

In conjunction with this recommendation to introduce legislation, the Subcommittee makes the following budget recommendations regarding the KanWork program:

- a. Delete \$2,791,199 from the State General Fund (\$6,413,858 All Funds) and 44.0 FTE positions in the KanWork program. The recommendation assumes that 6,000 clients would receive services at an estimated cost per client of \$3,660. Currently almost twice as many clients receive some level of services; many however, have merely been screened and placed in a nonparticipation status. The cost per client assumes only funding from the SRS budget from state and federal JOBS funds and does not take into account other resources available through JTPA, adult basic education, or business and community resources. The reduction in staffing from the approved level reflects shifting service delivery from state employees to the local councils. The Subcommittee would expect to see the role of remaining SRS staff shift over the next year and would expect to see further

reductions in staff in subsequent budget requests as more services are contracted through the local councils. The Subcommittee understands that this revised program will allow the agency to meet federal requirements which mandate availability of a comprehensive program where 75 percent of AFDC recipients reside, and a minimal program where an additional 20 percent of the population reside. The Subcommittee also believes that this recommendation will allow the agency to meet certain federal targeting and participation mandates.

- b. Add \$210,136 from the State General Fund (\$485,207 All Funds) and 4.0 special project positions for the pilot KanLearn project proposed in H.B. 2188. The Subcommittee also endorses passage of this legislation with amendment to include General Assistance children in the pilot projects. The Subcommittee notes that SRS has found that the lack of education among AFDC recipients is their greatest barrier to achieving self-sufficiency. The Subcommittee's review of the characteristics of KanWork clients supports this conclusion. More than 40 percent of the clients entering the KanWork program have not completed high school or obtained a GED. The Subcommittee believes that this pilot project should not be viewed as an expenditure, but as an investment in a better future for teens through providing incentives to complete their education. The Subcommittee would note that this project will require extensive coordination between SRS and the Kansas Board of Education to ensure accurate and efficient reporting tools to measure the success of the program.
 - c. Add \$91,875 from the State General Fund (\$183,750 All Funds) for programming time to develop tracking reports to monitor program results. This recommendation provides funding to ensure collection and tracking of data such as cash assistance recidivism, types of jobs received, average wage, and other measures. The Subcommittee would note that the lack of quantifiable, measurable data has always been a shortcoming of the KanWork program and that this new direction for the program is predicated on ongoing tracking and evaluation. This recommendation will enable the agency to produce seven specific tracking reports. The Subcommittee further recommends that SRS develop specific outcome measures and quantifiable goals it hopes to achieve and make those available for review by the Senate Subcommittee. The Subcommittee recognizes that any quantifiable goals will be estimates at this point in time but believes it is important to establish a baseline against which to measure program success.
5. The Subcommittee believes that modifications in the KanWork program are only the first step in designing a public assistance program that promotes self-sufficiency and client independence. Current disincentives in the public assistance system must be eliminated. The Subcommittee heard testimony from the agency regarding an agency task force on welfare reform and believes it is essential to move forward on comprehensive welfare reform. The Subcommittee was informed that the welfare reform committee is developing a proposal designed to: strengthen families; maximize work and training opportunities; and provide client-based service delivery. Examples of current disincentives include

the shared living penalty and the level of earned income disregards. The Subcommittee recommends interim review of the agency's welfare reform plan and expects this plan to be incorporated in the agency's budget request to the 1994 Legislature. The Subcommittee believes that success of the KanWork program is dependent upon eliminating other disincentives currently in the system and believes that savings from the JOBS program should be directed towards other areas of assistance to empower clients towards self-sufficiency.

6. Delete \$1.3 million from the State General Fund for day care in conjunction with the FY 1993 recommendations to delete funding set aside for a provider rate increase.
7. The Subcommittee is supportive of the concept of family resource centers as proposed in H.B. 2246, which are designed to provide child care and supportive services to certain families through locations in public schools. The Subcommittee recommends the agency to fund such initiatives from enhanced federal funding that may become available.

Child Support Enforcement

8. Add \$2,025,330 from the SRS Fee Fund (\$5,182,378 All Funds) and 136 special project positions in child support enforcement for medical support enforcement. The Subcommittee heard testimony that the agency faces sanctions in the child support area without additional resources in the medical support enforcement area. Initial sanctions to the state could range from one to five percent of the state's AFDC funding (\$700,000 to \$1.4 million in federal AFDC funds), with sanctions progressively increasing. Title IV-D of the federal Social Security Act requires that a medical support order be sought whenever cash support is established or modified, or when group insurance coverage becomes available. Once coverage is ordered, the child support program must enforce the order to ensure that insurance coverage is maintained, children are enrolled, and coverage is maintained. Meeting federal child support requirements is the child support enforcement program's first priority. Under this priority the agency estimates that an additional 3,760 medical support orders will be established representing 5,640 children each year.

The Subcommittee expects that in the first year of operation, revenue to the fee fund will total \$1.8 million as compared to expenditures of \$2.0 million. Projected revenue is expected to total \$5.5 million in FY 1995 and \$6.6 million in FY 1996. The Subcommittee recommends that the agency account separately for expenditures and revenue as a result of this program so that its cost-effectiveness can be evaluated in future years. The Child Support program has always been a revenue producing program for the state in addition to the benefits received on behalf of children and families. For example, in FY 1992, state expenditures for child support enforcement totaled \$3.6 million. Recoveries of AFDC payments, federal reimbursements, and federal incentives resulted in reimbursements to the SRS Fee Fund of \$10.9 million. The following summarizes expected increases in child support reimbursements to the fee fund from FY 1993

to FY 1996, including expected reimbursements or costs avoided due to the medical support initiative.

	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Without New Resources:				
Baseline Estimate	\$ 12,073,358	\$ 15,125,676	\$ 16,184,473	\$ 17,317,386
With New Resources:				
Medical Support:				
Medical Judgments	\$ --	\$ 553,546	\$ 1,383,865	\$ 1,383,865
New Child Support Orders	--	396,360	812,160	812,160
Prior Years Child Support	--	--	1,624,320	2,436,480
Subtotal - Medical Support	<u>\$ --</u>	<u>\$ 949,906</u>	<u>\$ 3,820,345</u>	<u>\$ 4,632,505</u>
Total Fee Fund Collections	\$ 12,073,358	\$ 16,075,582	\$ 20,004,818	\$ 21,949,891
Medical Assistance:				
State Costs Avoided/Recovered	<u>\$ --</u>	<u>\$ 894,094</u>	<u>3,075,859</u>	<u>\$ 3,368,943</u>
Total Reimbursement/Savings	<u>\$ 12,073,358</u>	<u>\$ 16,969,676</u>	<u>\$ 23,080,677</u>	<u>\$ 25,318,834</u>

9. The Subcommittee would note that H.B. 2013, recommended for introduction by the 1992 Joint Committee on Children and Families prohibits the charging of fees in non-AFDC child support enforcement cases. Currently, court trustees charge varying levels of fees to non-AFDC clients under the IV-D program, while SRS does not charge a fee. The federal government requires that fee policy be uniform throughout the state. The Subcommittee was informed that the state faces federal sanctions of \$700,000 to \$1.4 million if this issue is not resolved and was further informed that the House Judiciary Committee has failed to report the bill favorably and it remains in that Committee. The Subcommittee recommends that the Secretary of SRS and the Judicial Administrator meet with staff of the Corporation for Change in the next 30 days to discuss and make a joint recommendation on a solution to this problem to avoid potential federal sanctions.

Medical Assistance -- Long-Term Care

10. The Subcommittee reviewed various long-term care plans prepared by the Long-term Care Action Committee and others regarding shifting of resources to community-based services. The Subcommittee recognizes the efforts made by SRS, the Department on Aging and the Department of Health and Environment on attempting to move towards community-based services, as well as efforts by previous Legislatures. The Subcommittee was informed that the agency intends to submit a five-year long-term care plan to the Legislature by March 15 with clear demonstrable recommendations regarding how to shift resources from nursing homes to community based services to reduce the state's reliance on

nursing homes and increase the percentage of elderly clients served in the community. The Subcommittee recommends that the Senate Subcommittee review this plan and this Subcommittee intends to further discuss this issue during consideration of the Department on Aging Budget. The Subcommittee and the agency believe it is essential to move from the state's over-reliance on nursing homes to a system of community-based care for the elderly. It has been repeatedly stated that a goal of the long-term care program is to move from 90 percent reliance on nursing homes to 90 percent reliance on community-based services, using the model of Oregon which radically shifted its program in a period of less than ten years. As a part of this effort, the Subcommittee expresses its support for the proposed moratorium on nursing home beds and recommends that such a moratorium take into account geographic considerations.

11. Delete \$7,254,404 from the State General Fund (\$17,139,891 All Funds) for homecare from the SRS budget. The Subcommittee recommends that this funding be appropriated to the Department on Aging. The Subcommittee is concerned that two different agencies with different client entry points provide essentially the same services to clients based solely on income level. The Subcommittee endorses the request for a Legislative Post Audit Study of Aging Services and believes that focus should be placed on establishing a single point of entry and consolidating service delivery. The Subcommittee intends to further review home care services during its review of the Department on Aging budget subsequent to the submission of the long-term care plan noted above. The Subcommittee believes that transfer of home care funding to the Department on Aging is only the first step towards consolidating aging services with one agency, including adult protective services, guardianship, and the nursing home program. The Subcommittee recommends that the Department on Aging be added to this bill and that this funding be appropriated to Aging in this bill to reflect the commitment of the Legislature to home care programs.
12. Shift \$2,340,142 from the State General Fund (\$5,318,505 All Funds) from the nursing home budget to community based services in the Department on Aging. The recommendation has the effect of freezing the nursing home caseload and redirecting those funds towards alternative community-based services. The Subcommittee believes this recommendation is consistent with moves made during the 1992 Session to expand the Senior Care Act and provide case management services through local area agencies on aging. The Department on Aging has been innovative in providing incentives in rewarding those areas that prioritize the provision of attendant care services over homemaker services. Attendant care services have been proven more effective in maintaining clients in their own homes.
13. The Subcommittee would note that during FY 1993 SRS changed its method of allocating income eligible home care funds to its area offices. Prior to the current year, allocations were based solely on historical spending. In FY 1993, SRS changed this allocation to a new formula with the following weightings: historical spending (weight 2), percent of population within area over age 65 (weight 2); and percentage of population living below poverty (weight 3). No area received less funding than in FY 1992 and no area received greater than a 40 percent increase. Four areas of the state are forced to reduce spending through reducing

service hours, closing cases, or prioritizing services based on this allocation while four other areas have developed plans to increase spending.

14. As recommended in FY 1993, delete \$1,701,333 from the State General Fund (\$3,866,667 All Funds) from the nursing home budget for a rate increase. The Subcommittee would stress that nursing homes receive reimbursement for a much higher percentage of their costs than most providers and that this action should still meet minimum federal reimbursement requirements. The Subcommittee would also note that other providers are not receiving reimbursement increases in the FY 1994.
15. The Subcommittee reviewed the status of preadmission screening initiated by the passage of 1992 S.B. 182. The Subcommittee would note that the original estimates of savings were predicated on a nursing home diversion rate of 11.6 percent. Very preliminary data based on the first 28 days of implementation shows only a two percent diversion rate. The Subcommittee believes it is premature to modify the budget at this time, and remains optimistic that the projected diversion rates will be met. Other states implementing preadmission screening, such as Oregon, have experienced diversion rates of as high as 22 percent. The Subcommittee recommends that the Senate review this item based on the first report from the service provider due March 1, and that the program be further reviewed by the 1994 Legislature.
16. The Subcommittee reviewed the impact of the 300 percent nursing home cap and reports the following information to the Committee. The agency projects that approximately 300 persons per year will be Medicaid ineligible due to the imposition of the 300 percent cap. Savings to the Medicaid program as a result of the cap are estimated to be \$628,311 in FY 1993, and to grow to \$4.1 million by the year 2000.
17. The Subcommittee heard testimony regarding St. Joseph's Nursing Home in Kansas City, Kansas and projected revenue shortfalls facing the Home. The Subcommittee recognizes that this facility has a high Medicaid caseload, but was also informed that at least 24 other facilities have just as high of a Medicaid caseload as St. Joseph's. Although the Subcommittee is sympathetic to concerns raised regarding this home, we do not recommend reimbursement modifications to this class of nursing homes. The Subcommittee believes that attention in long-term care must be focused not on enhancing nursing homes, but on alternative service enhancements to expand community-based care.
18. Reappropriate savings of \$225,405 from the State General Fund (\$542,360 All Funds) in the Home and Community Based Services waiver for the elderly and disabled to FY 1994 to increase funding for community based services in FY 1994.
19. The Subcommittee received testimony regarding a new federal mandate regarding veterans' spouses that may impact the adult care home budget in FY 1994. The Subcommittee believes it is premature to adjust the budget but recommends that the 1994 Legislature review the nursing home budget to determine the actual impact of this mandate.

20. The Subcommittee heard testimony regarding the case mix reimbursement system for adult care homes. Kansas is part of a six-state pilot project begun in FY 1989 designed to modify reimbursement for Medicare and Medicaid to reflect nursing facility resident characteristics. The Subcommittee recommends that SRS proceed with changing to a case mix system in FY 1994, and that this be accomplished within the existing nursing home budgets. The Subcommittee is aware that reimbursement rates for some nursing homes that serve clients with less severe needs will be reduced under this proposal but believes it is appropriate to tie reimbursement to level of client need. The Subcommittee also heard testimony that modification to a case mix system should increase the potential for federal Medicare reimbursement for currently client expenses currently funded through the Medicaid program.
21. The Subcommittee reviewed the Department's policy regarding reimbursement for therapeutic beds. The Subcommittee is still unclear regarding the amount of funding in the Medicaid budget for therapeutic beds and recommends that the agency clearly delineate funding available for such services.
22. Add \$105,500 from federal funds in state operations as a technical adjustment as recommended by Budget Amendment No. 1 to reflect federal funds for the case mix demonstration project.

Regular Medical Assistance

23. Delete \$526,262 from the State General Fund (\$1,289,383 All Funds) from regular medical assistance as a technical adjustment in accordance with the Governor's Budget Amendment.
24. Delete \$3.8 million from the State General Fund (\$9,268,293 All Funds) in regular medical assistance expenditures based on actual experience in FY 1993.
25. The Subcommittee recommends that the agency establish three pilot projects to move towards a managed care system of providing services to Medicaid clients. The Secretary is directed to establish pilot projects in three areas of the state in FY 1994. One project, in Wichita, would be developed in association with the Hunter Health Clinic, and would utilize the federally qualified health center (FQHC) model. Another project, located in a mid-size community would be developed in conjunction with an existing primary care clinic projects funded through the Department of Health and Environment budget. A third project should be designed in a rural area. The goal of these projects is to move towards a managed primary care system. Other states have experienced savings of 5 - 15 percent in their Medicaid budgets upon implementation of such systems. The agency has appeared before the Joint Committee on Health Care Decisions for the 1990's to discuss managed care, particularly in relationship to the FQHC model. The agency recommends that SRS work with providers, advocates, clients, hospitals and the Department of Health and Environment in developing these three model projects in order to determine how best to provide medical services to this population and that preliminary plans on how to implement this recommendation be presented to the Legislature by the veto Session. Information

being collected by Wichita hospitals in March regarding the use of emergency rooms for none-emergency care by Medicaid clients should be useful in developing these models. The proposals for the three models to be developed by the agency should include an independent monitoring mechanism. SRS is directed to provide further information to this Subcommittee by March 15 regarding its plans to implement this recommendation.

26. In order to provide funding for the commencement of these managed care projects, the Subcommittee recommends that SRS transfer three specialty hospitals that are currently reimbursed on a per diem basis to the DRG (Diagnosis Related Group) system. Initial estimates of FY 1994 savings from this reimbursement modification amount to \$1.1 million, with annualized savings of \$1.5 million. These reimbursements should be modified with the savings dedicated to the managed care projects.
27. The Subcommittee believes that in moving to a system emphasizing primary care, it is important that the design of the Medicaid program reflect this priority. Reimbursement rates should also favor primary care services. The Subcommittee recommends that the agency review its current reimbursement system to determine which services are in the best interest of the Medicaid population and that it look to shifting funds within the Medicaid budget to prioritize these services. Along with a review of reimbursement, the agency should review the covered services and criteria for such services with a view towards emphasizing primary care. The Subcommittee recommends that the agency present to this Subcommittee and to the Senate by March 15 its recommendations for Medicaid program modifications, including changes to the reimbursement system to modify the focus of the budget to primary care. The Subcommittee recommends that appropriate provider and recipient groups and other interested parties be included in these discussions and this prioritization process.
28. Add \$1,260,000 from the State General Fund (\$3,010,000 All Funds) to the regular medical assistance budget to increase the scope of services covered by the adult dental program. Currently, the adult dental program covers only very limited preventative and restorative services, including one oral exam, one cleaning, and x-rays once a year. Only one-surface filling are covered. This recommend would provide coverage for a comprehensive preventative and restorative program, including dentures, with a requirement for prior authorization for some procedures.
29. The Subcommittee heard testimony regarding some possible preventive effects of chiropractic services which are currently not covered under the Medicaid program and received information regarding a proposed pilot project. The Subcommittee believes that the proposal on chiropractic services may be worthwhile, but recommends consideration of this service occur as the agency reviews its entire hierarchy of services, prioritizes services, and adjusts reimbursement rates to emphasize primary care.
30. The Subcommittee reviewed the various Medicaid waivers received by the agency and reports the following information regarding the cost-effectiveness of these waivers.

Primary Care Network: This system which has some components of a managed care system saved \$8.6 million in the last two years.

Home and Community Based Services (HCBS): The agency has several waivers to provide services in the community to clients who qualify for institutional based care. The following summarizes the savings from providing these services in the community. The Head Injured waiver is projected to save \$1.0 million in FY 1993. The HCBS waiver for technology assisted children saves approximately \$51,544 per child participating each year. The HCBS waiver for the elderly and disabled saves an average of \$492 per person per year.

The Subcommittee is encouraged about the potential to receive additional waivers and the state's ability to design programs to serve persons in their homes and communities at decreased costs and encourages the agency to aggressively pursue federal waivers.

Youth and Adult Services

31. The Subcommittee reviewed the current status of initiatives recommended by the 1992 Legislature designed to increase the availability of family- and community-based services for children and their families and reduce the reliance of the state on out-of-home placements. The 1992 Subcommittee report included specific goals for the reduction of the number of children in SRS custody. This Subcommittee has learned that the agency experienced certain delays in hiring and some difficulty in recruiting Social Workers in certain parts of the state. Recently, as they have begun to implement these initiatives, the growth in the foster care system has begun to level off. Although the agency is uncertain of its ability to meet interim goals set for FY 1993, they remain confident of their ability to effect system change to meet the goal of 5,500 children in custody by 1996. The Subcommittee also heard testimony regarding the increasing costs of care for those children left in the foster care system. The Subcommittee remains committed to reducing the overreliance of the state on out-of-home care but believes it is essential that budget projections and caseload projections reflect levels projected at the time additional family and community based resources were added to the budget. These additional resources recommended by the 1992 Legislature should be reassessed if progress towards the stated goals is not apparent in future years.
32. The Subcommittee heard testimony from community providers of services regarding problems with the implementation of the new youth services initiatives and a perception that prevention and intervention are competing philosophies. The Subcommittee recommends that SRS develop a committee or task force with providers to address and answer those problems that have been identified. The results and recommendations of this task force should be available for review by the appropriate summer interim committee.
33. The Subcommittee reviewed the Governor's recommendation to reduce the size of the youth services screening unit at Topeka State Hospital by one-half in FY 1994. Concern. The Subcommittee concurs with the Governor's recommenda-

tion and further expresses its concern regarding the mission of the two screening units. The Subcommittee recommends that the agency develop a detailed plan which either redefines the mission of the screening units or moves the screening unit functions to the community level. The Subcommittee believes these services can be performed in the community. The Subcommittee is concerned about the lack of secure beds for juvenile offenders in the community for evaluation purposes, but believes there is potential in the future to use the new juvenile detention facilities for such evaluations.

34. In accordance with Budget Amendment No. 1, add \$730,000 from the State General Fund to provide annualized funding for juvenile offender day reporting systems in FY 1994.
35. The Subcommittee reviewed the agency's strategic plan presented regarding the adult services program within the Division of Youth and Adult Services. The Subcommittee is concerned that there is no clearly defined mission or priorities regarding this program. The agency does not appear to have clearly defined goals, specifically with regard to the relationship of adult protective services to guardianship, long-term care and other adult services programs. The Subcommittee recommends that the agency assess this program in light of the agency's overall mission and develop a clear sense of direction and goals for the adult services program.

Alcohol and Drug Abuse Services

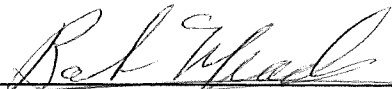
36. The Subcommittee commends the Commissioner of Alcohol and Drug Abuse Services and his staff for their work on risk factors and prevention and commends them for their clear strategic vision, direction, goals and measurable results. The Subcommittee would note that additional federal funds have been made available for substance abuse purposes, and that these additional funds will allow expansion of both prevention and treatment services in order to meet identified programming needs.
37. The Subcommittee received testimony regarding reductions in State General Fund dollars for substance abuse treatment services in FY 1994. The Subcommittee believes there is sufficient flexibility within the State General Fund dollars and the enhanced federal funds allocated to substance abuse to prevent shortfalls in any existing programs. The Subcommittee recommends that the Senate review these allocations to ensure that reductions in current programs do not occur.

Vocational Rehabilitation

38. Add \$100,000 from the State General Fund to match \$400,000 in federal vocational rehabilitation funds to provide vocational services for the mentally ill. Along with funding recommended by the Subcommittee on Community Mental Health, this recommendation will provide a total of \$200,000 in state funds to match federal vocational rehabilitation funds as requested by the agency.

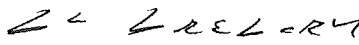
General Budget Issues

39. The Subcommittee reviewed the agency's budget for information resources and heard testimony regarding several new systems in various stages of development or proposed for the agency. The Subcommittee believes that a needs analysis is essential to determine how best to integrate systems and access information from the multitude of data collected by the agency. The Subcommittee believes it is essential that the agency develop a comprehensive vision of where it needs to go in the future to meet its information needs. The Subcommittee also believes that management system integration is essential in moving towards performance based measurements of program results and agency efficiencies and is a critical piece in moving the budget process to a performance based system. Evaluation is an essential component in designing outcomes, goals, and strategies to accomplish clear policy objectives and evaluation is in many cases impossible at the current time due to the unavailability of data. The Subcommittee further recommends that the Joint Committee on Computers and Telecommunications focus its attention on the overall coordination of the state's information resources system in light of management and policy information needed by both the executive and legislative branch.
40. The Subcommittee has identified several areas of the budget that need further consideration and review including welfare reform, managed care, and community-based long-term care. The Subcommittee recommends that the House and Senate Subcommittees on SRS meet jointly during the 1993 interim to review these and other topics in greater detail in preparation for the 1994 Session. Such work should be done in cooperation with and is intended to complement activities of the Joint Committee on Children and Families, the Joint Committee on Health Care Decisions for the 1990's, and the Corporation for Change.
41. The Subcommittee reviewed future budget projects for SRS and reports that additional state funds of approximately \$46.4 million are anticipated in FY 1995 and of \$120.7 million are anticipated in FY 1996 to maintain current populations and services. The Subcommittee would point out that static budget growth in a human services agency like SRS would actually result in a hard cut in direct client services. For these reasons, the Subcommittee believes it is essential to attempt to recoup as many expenditures as possible in programs such as General Assistance and Child Support Enforcement, and to maximize the receipt of funds from federal and other sources.
42. Make technical adjustments to the bill as needed to reflect the Governor's recommendation.

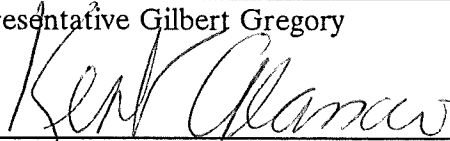


Representative Bob Mead
Subcommittee Chair

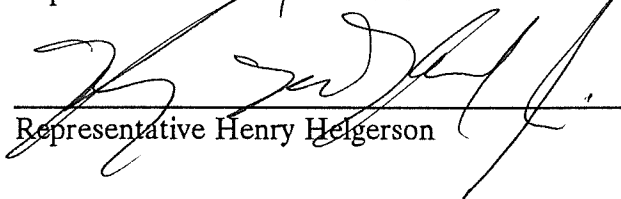
Representative Wanda Fuller



Representative Gilbert Gregory



Representative Kent Glasscock



Representative Henry Helgersen

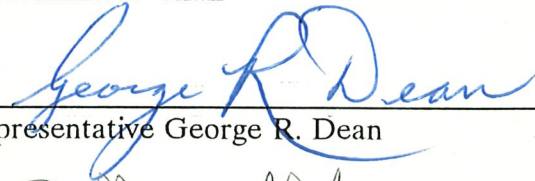
HOUSE SUBCOMMITTEE ON SRS COMMUNITY MENTAL HEALTH SERVICES

and

LARNED STATE HOSPITAL
OSAWATOMIE STATE HOSPITAL
RAINBOW MENTAL HEALTH FACILITY
TOPEKA STATE HOSPITAL



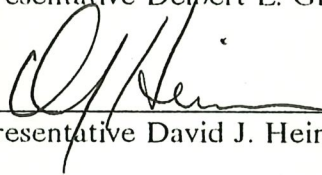
Representative James E. Lowther
Subcommittee Chair



Representative George R. Dean



Representative Delbert L. Gross



Representative David J. Heinemann

SUBCOMMITTEE REPORT

Agency: SRS -- *Community Mental Health Services*

Bill No. 2047

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 582

Budget Page No. 546

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	House Sub. Adjustments
All Funds:			
State Operations	\$ 251,376,577	\$ 213,255,017	\$ --
Local Aid	69,610,613	61,809,212	1,000,000
Other Assistance	1,083,190,497	990,200,803	(200,000)
Subtotal -- Operating	1,404,177,687	\$ 1,265,265,032	\$ 800,000
Capital Improvements	16,657,656	4,002,648	--
TOTAL	<u>\$ 1,420,835,343</u>	<u>\$ 1,269,267,680</u>	<u>\$ 800,000</u>
State General Fund:			
State Operations	\$ 104,010,489	\$ 86,898,538	\$ --
Local Aid	66,002,398	49,174,617	589,557
Other Assistance	341,901,740	282,497,384	(200,000)
Subtotal -- Operating	511,914,627	\$ 418,570,539	\$ 389,557
Capital Improvements	6,957,759	73,313	--
TOTAL	<u>\$ 518,872,386</u>	<u>\$ 418,643,852</u>	<u>\$ 389,557</u>
FTE Positions	4,375.2	3,903.5	--

Agency Request/Governor's Recommendation

The Division of Mental Health and Retardation Services requests \$30,224,675 for mental health services in FY 1994, including \$26.6 million from the State General Fund. The request includes funding for 2.0 FTE new positions. The request also includes funding to expand mental health reform to the Larned catchment area, and includes a request of \$622,564 for various grant enhancements. The request is an increase of \$5,568,685 from the FY 1993 estimate.

The Governor recommends expenditures of \$28,890,555 for mental health services in FY 1994, a reduction of \$1.3 million from the agency request. The recommendation includes funding of \$4.3 million associated with the expansion of mental health reform to the Larned catchment area. The other requested new initiatives are not recommended.

ATTACHMENT 2

House Subcommittee Recommendation

FY 1993. The House Subcommittee concurs with the recommendations of the Governor.

FY 1994. The House Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Add \$289,557 from the State General Fund to mental health reform and reduce \$289,557 from federal block grant funds. The Subcommittee received information that there is a shortfall in mental health block grant funds of \$342,821, including \$289,557 for mental health reform and \$53,264 for administration.
2. Add \$200,000 from the State General Fund in mental health grants, and delete \$200,000 from the State General Fund in medical assistance to shift funding for the Emergency Treatment Center in Sedgwick County to the Division of Mental Health and Retardation Services. The Emergency Treatment Center is a holding unit in Wichita which has been very effective in keeping persons out of Topeka State Hospital. This budget recommendation reflects the transfer of administrative responsibilities over the grant funds to the Division of Mental Health and Retardation Services.
3. Add \$100,000 from the State General Fund to match \$400,000 in federal vocational rehabilitation funds to provide funding to expand vocational services for adults with severe and persistent mental illness. This recommendation would allow for the development of vocational services in the community to assist the mentally ill in acquiring and maintaining employment.
4. The Subcommittee reviewed a report from SRS prepared in response to recommendations from the 1992 House Subcommittee. The Department was directed to report to the 1993 Legislature regarding a plan to downsize Nursing Facility for Mental Health (NF-MH) beds. This report, as well as recommendations by Dr. Charles Rapp, in his evaluation of the Kansas Mental Health Reform Act, suggest study of the inclusion of NF-MH facilities into mental health reform.

The NF-MH program began in the early 1980s as an alternative to placing individuals with mental illness in psychiatric hospitals or traditional nursing homes. As originally conceived, these facilities were to have provided care for elderly Kansans with mental illness. Currently, over half of the patients served in NF-MH facilities are under the age of 65. Current annual costs in the SRS Medical Assistance budget exceed \$7.0 million from the State General Fund for clients under the age of 65 (for whom no federal Medicaid matching funds are available) in NF-MH facilities. Kansas currently licenses 24 NF-MH facilities with an approximate bed capacity of 1,200. Except for an NF-MH operated by the Johnson County Mental Health Center, all of the facilities are private for profit facilities with admission and discharge decisions made by private physicians.

The Subcommittee recognizes that this is a complex issue needed much greater in depth study. The Subcommittee therefore recommends the following:

- a. Add \$700,000 from the SRS Contingency Fund (retroactive disproportionate share funds) for a pilot project to close an NF-MH facility in FY 1993 and reduce the number of beds in the system by approximately 39. The community mental health center in the catchment area would be responsible for screening and provision of community-based services. This recommendation amounts to double funding of a facility for one-year after which time the NF-MH would be closed and the existing funding would be diverted to community services. The Subcommittee believes the pilot project would provide an opportunity to learn how to downsize nursing homes in a responsible fashion and would have the added benefit of reducing the number of NF-MH facilities in the state by one by the end of FY 1994. In addition, there would be actual savings in the second year because of the receipt of federal match for certain services in the community currently funded entirely from State General Fund dollars.
5. The Subcommittee recommends that the Senate Subcommittee review the status of mental health reform in the Topeka catchment area to determine whether additional resources or acceleration of mental health reform is necessary to meet targeted census goals at Topeka State Hospital.

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 2087

Bill Sec. 20

Analyst: Porter

Analysis Pg. No. 613

Budget Page No. 416

<u>Expenditure Summary</u>	<u>Agency Est. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 21,218,308	\$ 20,579,182	\$ --
General Fees Fund	1,305,139	1,468,436	--
Title XIX Fund	9,295,446	9,295,446	--
Fed. Education Fund	99,741	99,741	--
Subtotal -- Operating	\$ 31,918,634	\$ 31,442,805	\$ --
Capital Improvements:			
State Inst. Bldg. Fund	799,071	799,071	--
Title XIX Fund	50,000	50,000	--
GRAND TOTAL	<u>\$ 32,767,705</u>	<u>\$ 32,291,876</u>	<u>\$ --</u>
FTE Positions	928.1	928.1	--
Average Daily Census	542	532	--

Agency Estimate/Governor's Recommendation

Larned State Hospital estimates FY 1993 operating expenditures of \$31,918,634, a decrease of \$3,072 in federal education funds from the amount approved by the 1992 Legislature. State General Fund financing is in the amount appropriated by the 1992 Legislature as adjusted by Finance Council action. Estimated expenditures from the hospital fee fund are \$296,243 less than the approved amount, with a corresponding increase in estimated expenditures from Title XIX funds. Federal Title XIX funding of \$50,000 appropriated as an operating expenditure for physical modifications to the Special Security Program is reflected as capital improvement funding rather than as an operating expenditure.

The Governor recommends FY 1993 expenditures for state operations of \$31,442,805, a reduction of \$475,829 from the agency estimate. A reduction of \$639,126 is recommended from the agency expenditure estimate from the State General Fund and the agency fee fund expenditure limitation is increased by \$163,297, from the estimate of \$1,305,139 to \$1,468,436. The Governor concurs with the agency estimate for capital improvement projects.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

93-5201

ATTACHMENT 3

SUBCOMMITTEE REPORT

Agency: Larned State Hospital

Bill No. 2047

Bill Sec. 4

Analyst: Porter

Analysis Pg. No. 613

Budget Page No. 416

<u>Expenditure Summary</u>	<u>Agency Req. FY 94</u>	<u>Gov. Rec. FY 94</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 21,673,983	\$ 17,284,848*	\$ 136,387
General Fees Fund	1,147,849	1,407,947	--
Title XIX Fund	11,479,367	13,798,694	--
Fed. Education Fund	99,741	99,741	--
SRS Contingency Fund	--	--	109,910
Subtotal -- Operating	\$ 34,400,940	\$ 32,591,230	\$ 246,297
Capital Improvements:			
State Inst. Bldg. Fund	895,700	750,000	--
Title XIX Fund	--	--	--
GRAND TOTAL	<u>\$ 35,296,640</u>	<u>\$ 33,341,230</u>	<u>\$ 246,297</u>
FTE Positions	953.1	928.1	10.0
Average Daily Census	532	532	--

* Includes adjustment for Budget Amendment No. 1, Item 21, which adds \$51,658 from the State General Fund to correct the salaries and wages recommendation.

Agency Request/Governor's Recommendation

Larned State Hospital requests an FY 1994 operating budget of \$34,400,940, an increase of \$2,482,306, or 7.8 percent, above the FY 1993 estimate. The requested amount would include funding for the following initiatives and program modifications for FY 1994: funding for 10.0 FTE position associated with the hospital's attempt to attain certification of the Adult Treatment Facility; funding for the addition of a Family Services Program for the Youth Center at Larned (YCAL), including 5.0 additional FTE positions; and funding for 8.0 additional FTE positions for YCAL and 2.0 additional FTE positions for the hospital.

The Governor's recommendation for state operations in FY 1994 of \$32,539,572 is a reduction of \$1,861,368 from the agency request. The recommendation includes a reduction of \$4,440,793 from the agency request for State General Fund expenditures, and increases in expenditures from the fee fund (\$260,098) and the Title XIX fund (\$2,319,327). Reductions are from the requests for salaries and wages (\$992,196), contractual services (\$285,702), commodities (\$207,388), and capital outlay (\$376,082).

The Governor does not recommend any of the positions associated with the agency's proposal to seek certification of the Adult Treatment Center. The Governor's recommendation

includes a downward adjustment of \$216,000 to the agency estimate for fee fund receipts, which is the amount the agency had anticipated would be generated in additional Medicare receipts if the Adult Treatment Facility were certified. Although the Governor's recommendation includes an increase of \$2,319,327 in Title XIX expenditures rather than reducing Title XIX receipts by the \$476,856 the agency estimated would be generated by certification, the increase appears unrelated to this issue. Receipts to the SRS Title XIX pool and transfers from the pool appear to have been adjusted on a systemwide basis, rather than on an institution by institution basis.

The Governor does not recommend any of the positions or operating expenditures associated with YCAL Family Services Component, the additional 8.0 FTE requested for the YCAL program, or the 2.0 additional positions requested for the hospital.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor, with the following adjustments:

1. Add \$109,910 from the SRS Contingency Fund (retroactive disproportionate share funds) and 10.0 FTE positions to allow the hospital to seek certification of the 90-bed Adult Treatment Center. Although the entire hospital is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), only a portion of the hospital is certified by the federal Health Care Financing Administration (HCFA) and is currently eligible to receive full federal Medicare and Medicaid funding. The amount recommended would fund the 10.0 FTE positions for the second half of FY 1994, allowing the hospital time to prepare for its annual HCFA survey, which the hospital anticipates would occur in March, 1994.

The agency appeal included a request for full year funding of \$219,820 (including 5.5 percent turnover) for the positions, which include 2.0 RN III positions, 3.0 Licensed Mental Health Technician (LMHT) positions, and 5.0 Mental Health Aide positions. The agency estimates that certification of the adult facility would generate additional annual federal funding of \$692,586 (\$216,000 from Medicare and \$476,856 from Medicaid), for a projected net monetary gain of approximately \$472,766 per year. The additional federal funding generated by certification of the adult treatment facility would not be received by the hospital until several months after attaining certification. The Subcommittee notes that the recommended funding would provide one-time start-up costs for certification of the adult facility; assuming the adult facility attains certification, the positions can be funded in the future from the increased Medicare and Medicaid receipts.

2. Add \$112,853 from the State General Fund for drugs and pharmaceutical supplies, which would increase the amount recommended for this purpose to \$512,853. The Subcommittee notes that the Governor's recommendation of \$400,000 for drugs and pharmaceutical supplies is a reduction of \$151,103 from the agency request of \$551,103 and is below FY 1992 actual expenditures of \$491,635. The Subcommittee recommendation would fund the agency request of \$155,925 for Clozapine (Clozaril), which is considered to be a treatment

breakthrough for severely ill schizophrenic patients. The Subcommittee's recommendation also would provide funding of \$356,928 for other drugs, which is the amount the agency had requested for FY 1993.

The Subcommittee recommends that a proviso be added to the appropriations bill stating that \$155,925 of the amount appropriated for the agency may be used only for the purchase of Clozaril and that this amount of funding shall not be used for any other purpose. This same proviso was included in the FY 1993 appropriations bill approved by the 1992 Legislature.

3. The Subcommittee notes that the Subcommittee report approved by the 1992 Legislature noted several reasons for increasing expenditures for pharmaceuticals and directed the mental health hospitals to review the issue of drug utilization and report any findings and suggestions to the 1993 Legislature. The Subcommittee was informed that several additional factors are impacting the cost of drugs, including the federal Food and Drug Administration's (FDA) elimination of a number of manufacturers of generic drugs and an associated reduction in the number of generic drugs available; an increase in the number of medications available from a single source, such as Clozaril; and the impact of Omnibus Budget and Reconciliation Act of 1990 (OBRA 90) provisions requiring that the discounted, or "best price" for drugs which was traditionally offered to hospitals must also be offered to the Medicaid program. Instead of decreasing the prices paid for pharmaceuticals by government agencies, manufacturers eliminated or significantly reduced the discounted prices formerly offered to hospitals. The Subcommittee recommends that the agency continue to monitor drug utilization and prices.
4. The Subcommittee recommends the introduction of legislation allowing the state mental health hospitals to establish key deposit funds. The Subcommittee was informed that, for many years, Larned State Hospital has required new employees to pay a security deposit when they are issued keys to the hospital buildings. The deposit is returned to those employees who return their keys upon termination of employment, and interest from the key deposit fund is periodically transferred to the hospital fee fund. The deposit charged was increased from \$1 to \$10 on April 1, 1992. A subsequent Legislative Post Audit compliance and control audit noted that the key deposit fund was not authorized by statute and recommended that the fund be closed out.

Hospital officials stated that the deposit has encouraged employees to safeguard keys and has helped to control access to hospital buildings. The Subcommittee notes that some of the other mental health hospitals expressed interest in establishing a key deposit fund, and recommends that the proposed legislation be drafted so that a key deposit fund may be established by any of the hospitals finding such a fund to be beneficial. The Subcommittee further recommends that \$10 be established as the maximum deposit allowed.

5. Add \$23,534 from the State General Fund to allow the agency to employ one or more additional pharmacists on a temporary basis. The agency had requested \$47,069 and an additional FTE pharmacist position to assist the agency's three pharmacists, who currently average 300 work units per day, including filling prescriptions, reviewing monthly rewritten prescriptions, and other duties. According to the agency, industry recommended standards for work units are 100 to 125 per day.
6. The Subcommittee received information regarding steps taken by the hospital to enhance the therapeutic environment of the Special Security Program buildings, as recommended in a July 1991 JCAHO survey of the hospital. One of the objections noted by surveyors was that doors to patient rooms on the security units were locked at night. The Subcommittee notes that hospital officials have determined that, with the present level of staffing, five of the thirty patient rooms on each of the four units of Dillon building can remain unlocked at night. The Subcommittee notes that, if this effort toward compliance with federal survey requirements is not sufficient for surveyors, this issue may need further consideration.
7. The Subcommittee concurs with Budget Amendment No. 1, Item 21, which would add \$51,658 from the State General Fund to correct the amount recommended for employee retirement benefits.
8. The Subcommittee notes that the amounts recommended by the Governor for the school contracts negotiated by each of the hospitals with local school districts include no funding for a teacher salary increase in FY 1994. The Subcommittee anticipates that this issue and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

SUBCOMMITTEE REPORT

Agency: Osawatomie State Hospital

Bill No. 2087

Bill Sec. 21

Analyst: Porter

Analysis Pg. No. 626

Budget Page No. 456

<u>Expenditure</u>	<u>Agency Est. FY 93</u>	<u>Governor's Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 11,009,643	\$ 10,492,086	\$ --
General Fees Fund	2,389,092	2,820,130	--
Title XIX Fund	7,824,935	7,824,935	--
Fed. Education Funds	51,900	51,900	--
Subtotal	<u>\$ 21,275,570</u>	<u>\$ 21,189,051</u>	<u>\$ --</u>
Capital Improvements:			
State Inst. Bldg. Fund	252,494	120,594	--
GRAND TOTAL	<u><u>\$ 21,528,064</u></u>	<u><u>\$ 21,309,645</u></u>	<u><u>\$ --</u></u>
FTE Positions	621.5	621.5	--
Average Daily Census	270	260	--

Agency Estimate/Governor's Recommendation

Osawatomie State Hospital estimates FY 1993 operating expenditures of \$21,275,570, which reflects an increase of \$4,646 in federal education funds from the amount approved by the 1992 Legislature as adjusted by State Finance Council action. State General Fund financing is as approved. Estimated expenditures from the hospital fee fund are \$633,202 more than the approved amount with a corresponding decrease of \$633,202 in estimated expenditures from the federal Title XIX fund.

The Governor recommends FY 1993 operating expenditures of \$21,189,051, a net reduction of \$86,519 from the agency estimate. The recommendation includes a reduction of \$517,557 from the agency estimate for State General Fund financing and an increase of \$431,038 from the agency estimate for Fee Fund financing. Reductions are recommended from the agency estimates for salaries and wages (\$17,445), contractual services (\$8,450), and commodities (\$60,624).

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations.

SUBCOMMITTEE REPORT

Agency: Osawatomie State Hospital

Bill No. 2047

Bill Sec. 5

Analyst: Porter

Analysis Pg. No. 626

Budget Page No. 456

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 10,666,897	\$ 9,584,904	\$ 87,809
General Fees Fund	1,701,043	1,776,971	--
Title XIX Fund	9,709,579	10,119,579	--
Fed. Education Funds	40,900	40,900	--
Subtotal	<u>\$ 22,118,419</u>	<u>\$ 21,522,354</u>	<u>\$ 87,809</u>
Capital Improvements:			
State Inst. Bldg. Fund	--	--	--
GRAND TOTAL	<u><u>\$ 22,118,419</u></u>	<u><u>\$ 21,522,354</u></u>	<u><u>\$ 87,809</u></u>
FTE Positions	602.5	601.5	--
Average Daily Census	270	260	--

Agency Request/Governor's Recommendation

The FY 1994 request of \$22,118,419 for operating expenditures is an increase of \$842,849, or 4.0 percent, above the FY 1993 estimate. The majority of the increase, or \$605,300, is for salaries and wages. One new FTE position, an Office Assistant III, is requested for FY 1994 at a cost of \$20,200 only if payroll payments are changed from monthly to biweekly. No major new programs or initiatives are anticipated for FY 1994. Twenty FTE positions will be eliminated for FY 1994 because of the closing of a 20-bed adult ward by the end of FY 1993.

The Governor recommends FY 1994 funding of \$21,522,354 for operating expenditures, a reduction of \$596,065 from the agency request. The recommendation includes a reduction of \$1,081,993 from the request for State General Fund financing and increases of \$75,928 from the request for Fee Fund financing and \$410,000 from the request for Title XIX financing. Reductions are recommended from the agency requests for salaries and wages (\$305,663), contractual services (\$67,922), commodities (\$88,210), and capital outlay (\$134,270). The Governor does not recommend the additional 1.0 FTE position requested for FY 1994 and concurs with the elimination of 20.0 FTE positions in conjunction with the FY 1993 closure of a 20-bed adult ward.

House Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. The Subcommittee received testimony from the agency regarding the 5.5 percent turnover rate included in the Governor's recommendation for FY 1994. The agency stated that it anticipates a turnover rate of 4.0 to 5.0 percent, similar to the rates it experienced prior to the staffing reductions associated with mental health reform which occurred in the last three years and prior to the time the agency began holding positions open to force turnover savings. The Subcommittee shares the agency's concern regarding the FY 1994 turnover rate, but agrees with the agency that it can address the issue in its FY 1994 budget appeals to the Governor and to the 1994 Legislature if it finds it cannot meet the rate recommended by the Governor.
2. Add \$87,809 from the State General Fund for drugs and pharmaceutical supplies, which would increase the amount recommended for this purpose to \$437,640. The Subcommittee recommendation would restore the \$37,809 reduction from the agency request for pharmaceuticals recommended by the Governor and would provide an additional \$50,000 for the prescription drug Clozapine (Clozaril), which is considered to be a treatment breakthrough for severely ill schizophrenic patients. The agency noted that, although its FY 1994 budget submission included funding of \$50,000 for Clozaril, current year usage and a review of patients who could potentially benefit from the drug indicate that a total of \$183,960 would be a more realistic FY 1994 request.

In addition to the funding added for Clozaril, the Subcommittee recommends that funding of \$35,000 included in the Governor's recommendation for two capital outlay items (carpeting for the central medical records office [\$10,000] and a diagnostic engine analyzer [\$25,000]) be shifted from capital improvements and used for the purchase of Clozaril. The recommendations of the Subcommittee result in total funding of \$135,000 for Clozaril in FY 1994 (\$50,000 included in the Governor's recommendation; \$50,000 added for this purpose by the Subcommittee; and \$35,000 shifted from capital outlay items).

The Subcommittee recommends that a proviso be added to the appropriations bill stating that \$135,000 of the amount appropriated for the agency may be used only for the purchase of Clozaril and that this amount of funding shall not be used for any other purpose. This same proviso was included in the FY 1993 appropriations bill approved by the 1992 Legislature.

3. The Subcommittee notes that the amounts recommended by the Governor for the school contracts negotiated by each of the hospitals with local school districts include no funding for a teacher salary increase in FY 1994. The Subcommittee anticipates that this issue and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility

Bill No. 2087

Bill Sec. 22

Analyst: Porter

Analysis Pg. No.

Budget Page No.

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ 1,582,549	\$ 1,763,706	\$ --
General Fees Fund	235,022	235,022	--
Title XIX Fund	3,011,362	3,011,362	--
Federal Education Funds	37,880	37,880	--
Subtotal	<u>\$ 4,866,813</u>	<u>\$ 5,047,970</u>	<u>\$ --</u>
Capital Improvements:			
State Institutions Building Fund	\$ 8,513	\$ 8,513	\$ --
GRAND TOTAL	<u><u>\$ 4,875,326</u></u>	<u><u>\$ 5,056,483</u></u>	<u><u>\$ --</u></u>
FTE Positions	129.0	129.0	--
Average Daily Census (Inpatient Only)	48	48	--

Agency Estimate/Governor's Recommendation

Rainbow Mental Health Facility estimates FY 1993 expenditures of \$4,866,812, as approved by the 1992 Legislature. The FY 1993 estimate reflects the shift of 7.0 FTE positions from Osawatomie State Hospital (6.0 positions) and Larned State Hospital (1.0 position), but does not reflect the transfer of \$100,000 in State General Fund financing from Larned State Hospital. The transfers are described below.

Transfers of Positions and Funding from Larned and Osawatomie State Hospitals. In July, 1992, a Health Care Financing Administration (HCFA) survey cited Rainbow as deficient in the area of nursing personnel. An analysis of Rainbow staffing determined that five additional registered nurse (RN) positions, seven additional mental health aide positions, and one additional office assistant would be necessary to maintain HCFA certification. SRS chose to reallocate staffing among the institutions as an alternative to requesting a supplemental appropriation for Rainbow in FY 1993.

The Governor recommends FY 1993 state operations funding of \$5,047,970, an increase of \$181,157 in State General Fund financing above the agency estimate. The seven positions shifted from the Osawatomie and Larned budgets are included in the Rainbow budget.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor.

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SUBCOMMITTEE REPORT

Agency: Rainbow Mental Health Facility

Bill No. 2047

Bill Sec. 7

Analyst: Porter

Analysis Pg. No.

Budget Page No.

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures			
State General Fund	\$ 1,929,195	\$ 1,632,969	\$ --
General Fees Fund	219,494	219,494	--
Title XIX Fund	3,391,168	3,414,544	--
Federal Education Funds	37,880	37,880	--
Subtotal	\$ 5,577,737	\$ 5,304,887	\$ --
Capital Improvements:			
State Institutions Building Fund	\$ --	\$ --	--
GRAND TOTAL	\$ 5,577,737	\$ 5,304,887	\$ --
FTE Positions	136.5	130.0	--
Average Daily Census (Inpatient Only)	48	48	--

Agency Request/Governor's Recommendation

The FY 1994 request of \$5,577,737 is an increase of \$710,925, or 14.6 percent, above the FY 1993 estimate. The agency requests a total of 136.5 FTE positions. The request includes 7.5 new positions in addition to retaining the 7.0 positions shifted from Larned and Osawatomie in FY 1993. The 6.0 positions shifted from Osawatomie are deleted from the Osawatomie budget in FY 1994 because of the closure of an adult unit. The 1.0 position shifted from Larned to Rainbow for FY 1993 is included in the Larned budget in FY 1994. Rainbow requests three new direct care positions for FY 1994: 1.0 FTE RN III (\$31,100, excluding fringe benefits), and 2.0 FTE Mental Health Aides (\$15,138 each, excluding fringe benefits, for a total of \$30,276). (Staff Note: These positions are included in the agency's salaries and wages base, as are all positions transferred in FY 1993.)

Rainbow also requests 4.5 additional positions, as follows: a Management Analyst II (\$25,919, excluding fringe benefits) for technology planning, acquisition, coordination, and training; a Keyboard Operator III (\$17,550, excluding fringe benefits) for the Reimbursement Office; a 0.5 FTE Physician (\$50,000, excluding fringe benefits) to provide physical examinations on patients admitted to Rainbow and to provide other medical care; a Custodial Worker (\$13,077, excluding fringe benefits) and a Maintenance and Repair Technician I (\$15,908), excluding fringe benefits) for the Engineering and Protection Department.

The Governor recommends FY 1994 state operations funding of \$5,304,887, a reduction of \$272,850 from the agency request. Financing from the agency Fee Fund is as requested, with a

reduction of \$296,226 from the agency's request for State General Fund financing and an increase of \$23,376 in Title XIX financing. The seven positions shifted from the Osawatomie and Larned budgets in FY 1993 remain in Rainbow's salaries and wages base in FY 1994. One additional new position, an RN III, is included in the recommendation. The Governor does not recommend the remaining 6.5 new positions requested for FY 1994.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor with the following adjustment:

1. The Subcommittee notes that the amounts recommended by the Governor for the school contracts negotiated by each of the hospitals with local school districts include no funding for a teacher salary increase in FY 1994. The Subcommittee anticipates that this issue and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 2087

Bill Sec. 23

Analyst: Porter

Analysis Pg. No. 652

Budget Page No. 568

Expenditure	Agency Est. FY 93	Governor's Rec. FY 93	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 8,023,783	\$ 7,999,739	\$ --
General Fees Fund	4,198,602	4,198,602	--
Title XIX Fund	9,099,822	9,099,822	--
Federal Education Funds	100,818	100,818	--
Subtotal -- Operating	\$ 21,423,025	\$ 21,398,981	\$ --
Capital Improvements:			
State Institutions Bldg. Fund	\$ 232,034	\$ 232,034	\$ --
Title XIX Fund	337,066	337,066	--
Rental Property Rehab. and Repair Fund ^(a)	159,861	159,861	--
TOTAL	\$ 22,151,986	\$ 22,127,942	\$ --
FTE Positions	605.5	605.5	--
Average Daily Census	300	270	

a) The Rental Property Rehabilitation and Repair Fund was created by the 1991 Legislature to allow the hospital to spend a portion of the rent paid to it to finance repair work done to the hospital buildings rented by various components of Social and Rehabilitation Services (SRS). The fund is included in the SRS budget in FY the approved 1993 budget. The Governor's recommendation transfers the fund back to the Topeka State budget in FY 1993 and FY 1994.

Agency Estimate/Governor's Recommendation

Topeka State Hospital estimates FY 1993 operating expenditures of \$21,423,025, a reduction of \$525,741 from the amount approved by the 1992 Legislature as adjusted by Finance Council action. The reduction reflects several funding shifts rather than a decrease in operating expenditures and includes the following funding shifts: a reduction of \$188,674 in State General Fund financing because the SRS Division of Youth Services will pay for its portion of the cost of the school contract rather than later reimbursing Topeka State for the cost; a shift from state operations to capital improvements of \$337,067 in Title XIX funding authorized for hospital lighting (\$259,700) and rekeying (\$77,367); and a reduction of \$336,959 from fee fund approved expenditures with a corresponding increase of \$336,959 in Title XIX expenditures.

1. Federal Surveys. Topeka State is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and is certified by the Health Care Financing

ATTACHMENT 6

Administration (HCFA). In May 1992, Topeka State was surveyed by JCAHO and was awarded accreditation for three years, contingent upon compliance with several recommendations noted in the report. These include some references to medical records issues, such as monitoring and analyzing patterns and trends in several areas; limited resources and space in the pharmacy and some documentation issues in regard to pharmacy related areas; and references to treatment plans and daily living and learning needs of the mentally retarded patient population. In reference to staffing, the accreditation decision report states that "there is insufficient staff coverage by physicians, registered nurses, social workers, rehabilitation, and pharmacy staff." The hospital is scheduled for a focused, or limited, survey in April 1993.

In June 1992, the hospital passed its annual HCFA survey. According to hospital officials, the surveyors expressed significant concerns about the adequacy of staff coverage on all wards with the current number of staff.

2. Average Daily Census. Although the FY 1993 approved budget was based on an average daily census of 250, the agency estimates an FY 1993 average daily census of 300. For the first four months of FY 1993, the hospital has averaged the following daily census numbers: July, 290; August, 274; September, 276; and October, 278. It should be noted, however, that the census on patient wards may fluctuate from day to day and that staffing may be adjusted to accommodate for patient population changes. The high and low daily census numbers for the first four months of FY 1993 are as follows: July, 310 and 255; August, 289 and 259; September, 289 and 250; and October, 289 and 252.

The Governor recommends FY 1993 operating funds of \$21,398,981, a reduction of \$24,044 from the agency estimate for State General Fund financing. The Governor recommends that the Rental Property Rehabilitation and Repair Fund be included in the Topeka State Hospital budget rather than in the SRS budget. The Governor recommends an FY 1993 average daily census of 270.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor with the following observation:

1. The Subcommittee observes that the Subcommittee report approved by the 1992 Legislature noted a concern with the hospital's average daily census and that the census appears to remain a problem in the current year. The FY 1993 budget approved by the 1992 Legislature included an average daily census of 250. Although the Governor's recommendation for FY 1993 includes a reduction of \$24,044 from budget approved by the 1992 Legislature, the current year recommendation increases the average daily census to 270. For the first seven months of FY 1993 the hospital has averaged the following daily census numbers: July, 290; August, 274; September, 276; October, 278; November, 263; December, 271; and January, 288.

Both a May 1992 Joint Commission on Accreditation of Healthcare Organizations (JCAHO) survey and a June 1992 Health Care Financing Administration (HCFA) survey noted concerns about the adequacy of staff coverage on all wards. The Subcommittee was informed that JCAHO surveyors will return for a focused survey of the hospital's staffing on March 12, 1993. The hospital and

the Department of Social and Rehabilitation Services (SRS) are attempting to address the staffing issue by reallocating 6.0 FTE positions and an amount of funding to be determined by SRS and the institutions from Osawatomie State Hospital to Topeka State Hospital. The 6.0 FTE positions and funding to be reallocated from Osawatomie are not positions which would have been eliminated because of mental health reform and would represent a real reduction from the Osawatomie salaries and wages base.

SUBCOMMITTEE REPORT

Agency: Topeka State Hospital

Bill No. 2047

Bill Sec. 8

Analyst: Porter

Analysis Pg. No. 652

Budget Page No. 568

Expenditure	Agency Req. FY 94	Governor's Rec. FY 94	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 7,887,392	\$ 6,796,983	\$ 771,798
General Fees Fund	3,621,512	3,621,512	59,319
Title XIX Fund	10,951,104	11,101,104	--
Federal Education Funds	100,818	100,818	--
SRS Contingency Fund	--	--	787,414
Subtotal -- Operating	\$ 22,560,826	\$ 21,620,417	\$ 1,618,531
Capital Improvements:			
State Institutions Bldg. Fund	\$ 18,900	\$ --	\$ --
Title XIX Fund	--	--	--
Rental Property Rehab. and Repair Fund ^a	--	135,788	--
TOTAL	\$ 22,579,726	\$ 21,756,205	\$ 1,618,531
FTE Positions	609.5	594.5	15.0
Average Daily Census	291	250	*

a) The Rental Property Rehabilitation and Repair Fund was created by the 1991 Legislature to allow the hospital to spend a portion of the rent paid to it to finance repair work done to the hospital buildings rented by various components of Social and Rehabilitation Services (SRS). The fund is included in the SRS budget in FY the approved 1993 budget. The Governor's recommendation transfers the fund back to the Topeka State budget in FY 1993 and FY 1994.

* The Subcommittee recommends an FY 1994 ending census of 268 or fewer patients.

Agency Request/Governor's Recommendation

The FY 1994 funding request for state operations of \$22,560,826 is an increase of \$1,137,801, or 5.3 percent, above the FY 1993 state operations estimate of \$21,423,025. Requested funding for FY 1994 includes the following program modifications and staffing increases:

1. Mental Health Reform. Pursuant to mental health reform legislation enacted by the 1990 Legislature (1990 Sub. for H.B. 2586), Topeka State Hospital will reduce its adolescent population by 20 beds prior to the end of FY 1993. By the end of FY 1994, the hospital is scheduled to eliminate 20 to 30 adult beds.

2. Staffing. The FY 1994 request includes funding for 609.5 FTE positions, an increase of 4.0 FTE positions above the FY 1993 limitation of 605.5 FTE positions. The 4.0 new positions requested are 3.0 Safety and Security Officer I positions and a Secretary I position, at a cost of \$74,647, excluding fringe benefits. The agency states that the three additional officers would allow the hospital to have three security officers per shift, which, allowing for training, vacation, and sick leave time, would ensure that the hospital has two or more officers on the grounds at all times. The 1992 Legislature approved funding of \$100,000 for enhanced security staffing at the hospital, but did not approve additional FTE positions.

Although the hospital's bed capacity will be reduced by 20 adolescent beds by the end of FY 1993, the agency requests no reduction in FTE for FY 1994 because of staffing concerns cited in JCAHO and HCFA surveys. Staffing would be shifted from the adolescent to the adult program. Approximately 21.5 FTE staff positions are associated with each of the four adolescent units.

3. Average Daily Census. Although the budget document states that the FY 1994 budget is based on an average daily census of 273, the agency projects an FY 1994 average daily census of 291.

The Governor recommends FY 1994 operating expenditures funding of \$21,620,417, a reduction of \$940,409 from the agency request. Reductions are from the agency requests for salaries and wages (\$304,819), contractual services (\$195,297), commodities (\$275,074), and capital outlay (\$165,219). State General Fund financing of \$6,796,983 is a reduction of \$1,090,409 from the agency request and Title XIX financing of \$11,101,104 is an increase of \$150,000 above the agency request. The Governor does not recommend the 4.0 positions requested for security staffing and recommends a further reduction of 11.0 FTE positions from the agency request. The Governor recommends an FY 1994 average daily census of 250.

House Subcommittee Recommendation

The Subcommittee concurs with the recommendations of the Governor with the following adjustments:

1. Add \$203,117 (\$143,798 State General Fund and \$59,319 Fee Fund) and restore 11.0 FTE direct care positions. Although the hospital's bed capacity will be reduced by 20 adolescent beds by the end of FY 1993 as a result of mental health reform legislation enacted by the 1990 Legislature (1990 Sub. for H.B. 2586), the hospital requested that it be allowed to retain the FTE positions associated with the adolescent unit scheduled for closure. The Governor's recommendation eliminates 11.0 of these positions. The Subcommittee concurs that the staffing and average daily census concerns noted in the FY 1993 Subcommittee report justify restoration of these positions. The Subcommittee further notes that FY 1993 is the first year of mental health reform in the Topeka State Hospital catchment area and that a reduction in the number of adolescent beds was specified as a target for this year. The Subcommittee observes that the majority of the census problem has been on the adult wards and that the problem could have been alleviated somewhat if the first year of mental health reform had focused on reduction of the adult census.

The Subcommittee's recommendation concerning all staffing and funding issues noted in this report are based on both a concern for patient treatment issues and retention of accreditation and certification. Loss of accreditation or certification would result in a potential loss of approximately \$4,088,000 in Medicaid funding. Because of the current disproportionate share cap, loss of accreditation or certification would result in only a minimal loss or no loss of disproportionate share funds. However, if the cap were lifted, the potential loss of disproportionate share funds could be in excess of \$53,000,000.

The Subcommittee notes that this funding and funding added in item 3 to reduce the turnover rate would give the hospital the staffing and resources to adequately serve an average of 270 patients in FY 1994. The Subcommittee notes that these adjustments are necessary because the hospital's census for the current year is in excess of that recommended by the Governor, and that the increased census on the adult wards is expected to continue in FY 1994. The Subcommittee explored adding funding to accelerate community mental health programs so that the Topeka State census could be reduced to the FY 1994 average daily census of 250 recommended by the Governor. However, the Subcommittee was informed that, even if an additional \$1,500,000 were added for community services in FY 1994, those services could not be in place in time to accommodate the reduction from Topeka State anticipated by the Governor's recommendation.

2. Add \$787,414 from the SRS Contingency Fund (retroactive disproportionate share funds) and allow the hospital authority for 27.0 FTE special projects positions for direct care and activities therapies staffing in FY 1994. The special projects positions and funding will be eliminated from the hospital budget at the end of FY 1994. The Subcommittee was informed that this amount of funding is necessary both for certification and accreditation concerns and to address the average daily census issue. As noted previously, other funding added for staffing issues is intended to provide adequate staffing for an average daily census of 270; funding and staffing added in this item is intended to provide adequate services for the hospital's actual and anticipated average daily census of approximately 288 patients. The Subcommittee expects that the hospital will reduce at least 20 beds by the end of FY 1994 from its January 1993 census of 288. This would result in an FY 1994 ending census of 268. The Subcommittee received testimony that a reduction of an additional 10 beds could be possible, and encourages the hospital to work toward that goal.

The Subcommittee intends that the positions and funding be added only for FY 1994, until census reductions can be made through mental health reform. The Subcommittee stresses that it intends to reduce census, not to increase the salaries and wages base for the hospital.

3. Add \$237,485 from the State General Fund to reduce the turnover rate from 6.7 percent (\$1,302,583) to 5.5 percent (\$1,065,098). The agency stated that the imposition of a 6.7 percent turnover rate would mean that approximately 40 positions (at an average cost of \$32,565 per position) would have to remain open for the entire fiscal year.

The Subcommittee intends that this funding, as well as other amounts added for staffing, be spent for no purpose other than for salaries and wages. The Subcommittee recommends that the agency report on its staffing efforts and expenditures from the additional funding to the 1994 Legislature.

4. Add \$24,432 from the State General Fund and 4.0 FTE positions to allow the hospital to hire three safety and security officers and 1.0 FTE for clerical support rather than using temporary employees for this purpose. The Governor's recommendation includes funding of \$64,813 (without fringe benefits) to hire temporary workers for this purpose. The 1992 Legislature added \$100,000 for safety and security staffing, but did not recommend additional FTE positions. The Subcommittee was informed that the hospital is using temporary safety and security personnel for FY 1993, but that permanent FTE positions are preferable for a number of reasons. The agency states that, while 200 hours of training are necessary for safety and security officers, temporary employees are allowed to work only 999 hours per year. Therefore, approximately 20 percent of the hours the employee would be allowed to work in the first year in this position would be spent in training. Moreover, the hospital anticipates that a permanent and stable safety and security staff would be more familiar with hospital facilities, procedures, and patient issues.
5. Add \$96,464 from the State General Fund for the FY 1994 school contract. The Governor's recommendation for FY 1994 is a reduction of \$105,958 from the amount recommended for FY 1993 and a reduction of \$97,371 from the agency request. The FY 1994 agency request included a reduction of two teachers from all school programs associated with the FY 1993 reduction of 20 adolescent beds. Although it appears that the Governor intended to fund the school contracts for each of the mental health hospitals at the FY 1993 level and make a later recommendation for a teacher salary increase, the amount recommended by the Governor is well below the FY 1993 level of funding and would not allow the hospital sufficient funding for the FY 1994 contract.

The Subcommittee anticipates that the issue of teacher salary increases and any adjustments made necessary by a change in the categorical aid rate will be addressed either as a Governor's Budget Amendment item or as an Omnibus item.

6. Add \$269,619 from the State General Fund for drugs and pharmaceutical supplies. The Subcommittee notes that the agency appeal included a request for an additional \$56,117 for drugs, including Clozaril. The Subcommittee recommendation would provide total funding in the amount of \$692,117, which was the amount included in the agency budget request.

The Subcommittee recommends that a proviso be added to the appropriations bill stating that \$380,462 of the amount appropriated for the agency may be used only for the purchase of Clozaril and that this amount of funding shall not be used for any other purpose. This same proviso was included in the FY 1993 appropriations bill approved by the 1992 Legislature.

7. The Subcommittee notes that it received a request from the agency for additional staffing and funding for a 20 bed behavior treatment unit for patients who have been assessed as presenting a danger to themselves and others because of violent or destructive behaviors. The request included 35.0 additional FTE positions, FY 1993 funding of \$297,519, and FY 1994 funding of \$1,057,694. The Subcommittee notes that it did not receive this request in time to sufficiently address this issue and recommends that the hospital address this concern to the Senate Subcommittee and as a Governor's Budget Amendment request.
8. Make a technical adjustment to add expenditure authority of \$151,646 to the Topeka State Hospital budget for the Topeka State Hospital rehabilitation and repair fund. Although this fund was included in the Topeka State budget in the Governor's recommendation, the fund is included in the SRS budget in the bill.