

Approved: April 21, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 30, 1994 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Laura Howard, Legislative Research Department
Scott Rothe, Legislative Research Department
Norm Furse, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

HB 2759 -- APPROPRIATIONS FOR FY 95, DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES AND STATE MENTAL HEALTH AND MENTAL RETARDATION INSTITUTIONS

The Chairman reviewed the FY 94 and FY 95 subcommittee report on the Department of SRS (Attachment 1). It was stated that the Senate subcommittee recommendations add \$7,180,666 from the State General Fund and \$19 million all funds above the House recommendations. In addition, the Senate subcommittee recommended restoring \$108 million in the SRS budget which had been deleted by the House.

Members discussed the following items:

Item 9. (Attachment 1-27) -- Senator Morris expressed concern about the potential loss of 25 slots out of MR/DD with this proposal. The Chairman stated that the subcommittee made the recommendation because \$150,000 would serve 120 clients in vocational education. Senator Morris moved, Senator Petty seconded that the subcommittee report be amended by adding \$135,000 from the SGF to maintain the 25 MR/DD slots that were provided in FY 94. The motion carried on a voice vote.

Item 8. (Attachment 1-27) -- Members of the SRS Community Mental Health Services subcommittee noted that they had supported the capitation of Medicaid mental health services and had recommended that SRS proceed with steps that would be necessary for its implementation in FY 95. Chairman Bogina noted that no new information had been provided, but this subcommittee believed that it was better to implement the capitation of mental health services with a broader capitated managed care program for the entire Medicaid system. Senator Kerr moved, Senator Brady seconded that the subcommittee report be amended by the deletion of item 8. The motion carried on a voice vote.

Senator Vancrum called attention to the House subcommittee's recommendation regarding increasing Medicaid eligibility for children to 100% of the federal poverty level (Attachment 1-14). He pointed out that this recommendation would make children under the age of 18 as of September 30, 1983 Medicaid eligible and questioned accelerating the federal mandate in light of fiscal concerns. Senator Vancrum offered a motion which was seconded by Senator Salisbury to include children who are 15 as of October 1, 1994 as Medicaid eligible at 100% of the federal poverty level. It was noted that this recommendation would include children who are currently not served at this level, and would reduce the House recommendation by \$900,000 by delaying any change until October 1, 1994 and by taking three years of eligibility out of the House recommendation. The motion carried on a voice vote.

Item 12. (Attachment 1-28) -- In response to Senator Brady, Chairman Bogina reviewed the projected decrease in caseloads and projected dramatic increase in monthly costs per person in foster care. He indicated that the subcommittee believed that family preservation costs have been intermingled with foster care, and has urged that the foster care expenditures be separated from family preservation and support costs. Senator Salisbury moved, Senator Vancrum seconded that the subcommittee report be amended by recommending that the \$900,000 be targeted to levels IV, V and Emergency Shelters. The motion carried on a voice vote.

Item 13. (Attachment 1-29) -- Senator Petty moved, Senator Morris seconded, that the subcommittee

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 30, 1994.

report be conceptually amended by requiring that the KSSIS project be interfaced and coordinated with the Judicial Branch, law enforcement, and all other information systems that maintain childrens' records. The motion carried on a voice vote.

Item 18. (Attachment 1-30) -- Senator Kerr noted that he believes funding for long-term care within the Department on Aging budget has merit. The Chairman noted that the recommendation to restore the funding to the SRS budget was made because of the time it would take to shift the project responsibilities.

Senator Vancrum expressed concern about correspondence from the Whole Person Center for Independent Living stating that the Center would not receive FY 93 or FY 94 Title Grant moneys as of April 8, 1994 and that the contract would not be renewed for 1994 or 1995. Secretary Whiteman stated that she had visited with Commissioner Yancey and has asked that a federal counterpart be requested to review the performance issues that have not been resolved to ensure that the Department has been fair. If the federal counterpart disagrees, the decision will be reversed. She indicated, however, that these decisions will have to be made as the Department moves more toward performance based outcomes. Senator Vancrum noted that he expects a response from the Department. The Chairman noted that this issue could be discussed again during Omnibus.

Item 4. (Attachment 1-19) -- Senator Moran noted that with the language in this recommendation SRS has authorization to enter into a contract with one provider if the Department receives the waiver. He expressed his concern over this policy for rural nursing facilities, noting that it would have an emotional impact on families. Senator Moran moved, Senator Morris seconded, that the subcommittee report be amended by including a proviso that SRS not have authorization to negotiate to receive the waiver. The motion carried on a voice vote.

A motion to adopt the FY 94 and FY 95 subcommittee reports was made by Senator Salisbury. The motion was seconded by Senator Rock and carried on a voice vote.

Senator Moran offered a motion to further amend HB 2759 by the following language: "within the limitation imposed by this or any other appropriation act of the 1994 regular session of the legislature on the full-time equivalent number of full-time and regular part-time positions, excluding seasonal and temporary positions, paid from appropriations made for the fiscal year ending June 30, 1995, for Larned state hospital, the following positions shall be in the unclassified service under the Kansas civil service act: Psychiatric nurses." Members expressed concern about unclassifying only those psychiatric nurses at Larned State Hospital. Senator Moran amended his motion to include all mental health institutions. The motion was seconded by Senator Kerr and carried on a voice vote.

Senator Morris offered a motion which was seconded by Senator Kerr to recommend HB 2759 as amended favorable for passage. The motion carried on a roll call vote.

HB 2752 -- APPROPRIATIONS FOR FY 94, SUPPLEMENTAL APPROPRIATIONS FOR VARIOUS STATE AGENCIES

Senator Rock moved, Senator Kerr seconded, that HB 2752 as amended be recommended favorable for passage. The motion carried on a roll call vote.

HB 2929 -- SOCIAL WELFARE ELIGIBILITY STANDARDS AND PROGRAM REQUIREMENTS

The Chairman noted that the subcommittee did not make recommendations regarding expenditures or FTE positions in connection with HB 2929.

Staff reviewed all sections of and subcommittee recommendations for HB 2929 (Attachment 2).

It was moved by Senator Morris and seconded by Senator Kerr HB 2929 be amended by reinserting New Sec. 2 as deleted by the House Committee. In answer to questions, staff stated that this amendment would limit financial aid to two children (except in multiple birth situations or in the instance of a person coming on assistance who is pregnant when they begin to receive assistance) but would allow the parent(s) to keep additional earnings without having the grant reduced. The motion carried on a voice vote.

It was moved by Senator Kerr and seconded by Senator Morris that HB 2929 as amended be recommended favorable for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 1:05 P.M.

The next meeting is scheduled for 1:30 P.M., March 30, 1994.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: March 30, 1994

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Josie Torrez	Topeka	Families Together
Mike Oxford	Topeka	Ks. Assn of Independent Living Centers
Stephanie Cook	Topeka	EDS
Tom Laing	Topeka	Ks. Assoc. of Reh. Facilities
Lela Phibbey	Topeka	The Arc
Anna Koca	DSOB	SRS
Paul M. KIDIZ	Topeka	ASSOC. OF MINDS Ks. Inc.
Melissa Ness	Topeka	Ks. Childrens Serv. Group
Paul Johnson	Topeka	PACK
Chris Graw	Topeka	Corp for Change
Mandy Kennedy	Topeka	DOB
Rarely Proctor	"	SRS/MHRS
John Peterson	Topeka	Glucos
Samuel J Nicoletti	Arma	—
Pam Scott	Topeka	Ks. Financial Directors Assoc.
ALAN COBB	WICHITA	WICHITA HOSPITALS
Steu Whitton	Topeka	EDS
Millie Walter	Topeka	EDS
Clint Combs	Ark City	EDWARD D JONES + CO
Kenneth R Blackburn	Topeka	Phys for Networking
Marque Prosser	Topeka	KAMI Intern
Alex Hamilton Tides	Topeka	KDOH
TLC Shovel	TOPEKA	Ks. LEGAL SERVICES
Niala Ramirez Clanton	Topeka	KDOH
Betty K. Meyers	Topeka	Mental Health Assns in Kansas
Hue Johnson	Topeka	Ks. Alcohol & Drug Program
SYDNEY HARDMAN	Lawrence	Ks Action for Children
Charles Hardman	✓	Guest
Tom Strubley	Manhattan	KAPS
Shirley A Norris	Topeka	KAEYC

**SUBCOMMITTEE REPORT
FOR
DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES**

House Bill Nos. 2759 and 2752



Senator August Bogina, Jr., Chair



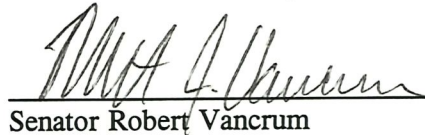
Senator Marge Petty



Senator Richard Rock



Senator Alicia Salisbury



Senator Robert Vancrum

SUBCOMMITTEE REPORT

Agency: SRS

Bill No. 2752

Bill Sec. 17

Analyst: Howard

Analysis Pg. No. 389

Budget Page No. 530

Expenditure	Agency Est. FY 94	Governor's* Rec. FY 94	Subcommittee Adjustments
All Funds:			
State Operations	\$ 226,292,749	\$ 225,197,591	\$ (418,491)
Local Aid	59,141,114	61,089,672	--
Other Assistance	997,831,614	998,318,867	--
Subtotal -- Oper.	\$ 1,283,265,477	\$ 1,284,606,130	\$ (418,491)
Cap. Improvements	5,180,396	5,180,396	--
TOTAL	<u>\$ 1,288,445,873</u>	<u>\$ 1,289,786,526</u>	<u>\$ (418,491)</u>
State General Fund:			
State Operations	\$ 87,666,592	\$ 88,282,470	\$ (221,000)
Local Aid	46,576,056	46,576,056	--
Other Assistance	278,657,480	271,645,499	--
Subtotal -- Oper.	\$ 412,900,128	\$ 406,504,025	\$ (221,000)
Cap. Improvements	--	--	--
TOTAL	<u>\$ 412,900,128</u>	<u>\$ 406,504,025</u>	<u>\$ (221,000)</u>
SRS Fee Fund	\$ 148,447,634	\$ 156,216,215	\$ --
FTE Positions	3,936.9	3,928.7	--

* Includes Governor's Budget Amendment No. 1, issued January 26, 1994.

Agency Estimate/Governor's Recommendation

The FY 1994 estimated operating budget submitted by the Department of Social and Rehabilitation Services (SRS) is an increase of \$22.7 million from the level approved by the 1993 Legislature, including an increase of \$9.7 million from the State General Fund. The revised request would require an additional State General Fund appropriation of \$10.7 million, based on agency expenditure of \$1.0 million in FY 1993 which had been anticipated as a reappropriation to FY 1994. However, agency underexpenditure in other accounts in FY 1993 makes approximately \$1.0 million available for expenditure in FY 1995.

Subsequent to submission of its budget, SRS revised its caseload estimates for cash and medical assistance. Estimates for cash programs and for regular medical assistance were reduced at the agency's November caseload estimating meeting; the estimate for long-term care was increased. Subsequent to submission of its revised budget, the agency also identified a potential shortfall of \$8.2 million in the FY 1994 child care budget, including \$6.6 million from the State General Fund. The agency

also identified a federal funds shortfall of \$3.3 million in the employment preparation (KanWork) program in FY 1994 due to the agency overbudgeting federal Title IV-F funds. In total, these revisions resulted in a net increase in caseloads of \$3.5 million (SGF) from the submitted budget, and increases of \$6.6 million in child care and \$3.3 million in employment preparation from the State General Fund.

The Governor's FY 1994 revised expenditure recommendation is an increase of \$24.3 million (\$3.5 million SGF) from the approved budget as adjusted by State Finance Council action. The recommendation also includes an increase of \$8.1 million from the SRS Fee Fund to finance a portion of the state share of the supplemental.

The following table summarizes changes from the approved budget, as recommended by the Governor.

FY 1994 Governor's Recommendation		
Change from Approved Budget		
	<u>SGF</u>	<u>All Funds</u>
Approved Budget	\$ 403,281,102	\$ 1,260,779,351
Mental Retardation Grants	(3,788,118)	(3,788,118)
Community-based LTC	2,735,676	7,027,145
Adult Care Homes	5,382,050	25,570,034
Regular Medical Assistance	(2,801,164)	(9,542,446)
AFDC & General Assistance	(1,012,817)	(1,674,410)
Child Daycare	3,671,020	3,671,020
Retirement Savings	(139,365)	(311,334)
Title IV-F Funding Shortfall	2,700,000	0
Other Employment Prep Reductions	(1,457,083)	(1,808,989)
Guardianship Program	(371,000)	(371,000)
Youth Salaries Shift to Title XIX	(884,128)	0
Adoption Support Caseload	393,037	743,929
SGF Transfer to Youth Centers	(143,539)	(143,539)
Federal Flood Assistance	0	1,470,000
Mental Health Homeless Grant	0	1,948,558
Federal ADAS Funds	0	1,080,558
All Other	(779,201)	471,250
Subtotal -- Changes	<u>\$ 3,505,368</u>	<u>\$ 24,342,658</u>
Total FY 1994 Recommendation	<u>\$ 406,786,470</u>	<u>\$ 1,285,122,009</u>

House Subcommittee Recommendation

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

1. Delete \$221,000 from the State General Fund (\$418,491 All Funds) in rents. The Subcommittee learned that rent expenditures, particularly for local offices, have

increased substantially since FY 1992. Actual expenditures increased by 15.6 percent from FY 1992 to FY 1993 and the Governor's recommendations assumed an increase of an additional 16.0 percent in FY 1994. The Subcommittee recommendation reduces projected growth in FY 1994 to 10 percent, and allows the agency to proceed in the current year with new leases in its five highest priority areas.

2. The Subcommittee was informed that subsequent to submission of its revised FY 1994 budget, SRS projected a shortfall in the child care budget of \$8.2 million (including \$6.6 million from state funds) in FY 1994 and \$13.7 million in FY 1995. The Governor recommended additional expenditures of \$3.3 million in FY 1994 and directed that the agency make specific policy changes to avert a shortfall. Agency projections submitted to the Governor in November indicate that approximately two-thirds of the projected shortfall is in the non-mandated categories of childcare, that is, for the income-eligible population. The Governor's FY 1994 revised recommendation provides essentially the amount approved by the 1993 Legislature for the AFDC and AFDC-transitional mandated populations, with the approved increase reflected for the non-mandated populations. In response to the shortfall, the agency has instituted a waiting list for non-mandated child care. Program modifications which the agency has implemented to remain within the recommended budget, in addition to instituting a waiting list include: elimination of the current study time allowance for parents participating in education or training programs; elimination of the reduced family fee for transitional child care; limiting total child care to 45 hours per week or 194 hours per child per month; clarification of the 3-hour minimum policy; elimination of the 5-day termination period; reduction in the absent day policy from 5 to 3 days; and a 25 percent increase in the family fee.
3. The Subcommittee reviewed year-to-date expenditures but makes no budget adjustments at this time. The agency estimates a state funds shortfall of \$3.3 million in the foster care program in FY 1994. Excluding the foster care shortfall, and a projected shortfall in child care which is addressed in item 2, the year-to-date expenditures project a net shortfall in all other programs of \$38,063. The Subcommittee recommends that the Senate review expenditures based on more recent data and March caseload projections and recommends that SRS seek a Governor's Budget Amendment if the projected shortfall in the foster care program persists.
4. The Subcommittee heard testimony that the agency is estimating a shortfall in SRS fee fund child support collections of over \$2.9 million in FY 1994 and \$2.5 million in FY 1995 from the Governor's recommendations. The Governor's recommendations hold the agency to projections presented to the Legislature last year when additional staffing was approved for medical support enforcement. The Subcommittee understands that the agency failed to subtract certain federal and state withholding charges and incentives from its projections, but also believes that vacancies in child support enforcement staffing have contributed to this shortfall. The Subcommittee believes that it does not make sense to keep vacant child support enforcement positions to meet forced shrinkage when each position, which costs \$30,000, is expected to bring in approximately \$200,000 in revenue. The Subcommittee requested information on trends in collections per staff member over the last several years and has not yet received that information. We request that SRS provide this information to the House Committee and to the Senate Subcommittee. We

recommend that the Senate review the status of fee fund collections, and that the agency request a Governor's Budget Amendment if the projected shortfall persists.

5. Concur with Governor's Budget Amendment No. 1 which deletes \$282,445 from the State General Fund (\$515,879 All Funds) as a technical adjustment.
6. Make technical adjustments to the appropriations bill.

House Committee Recommendation

The House Committee concurs with the recommendations of the Subcommittee.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendations of the Committee.

<u>Expenditure</u>	<u>House Adj. FY 94</u>	<u>House Rec. FY 94</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (418,491)	\$ 224,779,100	\$ (858,488)
Local Aid	--	61,089,672	--
Other Assistance	--	998,318,867	131,000
Subtotal -- Oper.	\$ (418,491)	\$ 1,284,187,639	\$ (727,488)
Cap. Improvements	--	5,180,396	--
TOTAL	<u>\$ (418,491)</u>	<u>\$ 1,289,368,035</u>	<u>\$ (727,488)</u>
State General Fund:			
State Operations	\$ (221,000)	\$ 88,061,470	\$ (360,849)
Local Aid	--	46,576,056	--
Other Assistance	--	271,645,499	131,000
Subtotal -- Oper.	\$ (221,000)	\$ 406,283,025	\$ (229,849)
Cap. Improvements	--	--	--
TOTAL	<u>\$ (221,000)</u>	<u>\$ 406,283,025</u>	<u>\$ (229,849)</u>
SRS Fee Fund	\$ --	\$ 156,216,215	\$ 285,000
FTE Positions	--	3,928.7	--

Senate Subcommittee Recommendations

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

1. Delete \$110,849 from the State General Fund (\$1,108,488 All Funds) in funding included in the agency's budget for development of a pharmacy electronic claims management system. The Subcommittee heard testimony that the Department will not proceed with this initiative until a new Medicaid fiscal agent is selected in FY 1996.
2. Add \$285,000 from the State Budget Stabilization Fund (\$500,000 All Funds) for a comprehensive agencywide information management plan study designed to develop a coordinated plan for the agency's future information technology direction and programs. This was recommended by the Joint Committee on Computers and Telecommunications.
3. Reappropriate \$250,000 from FY 1994 to FY 1995 in State General Fund savings associated with the agency's contract with Kansas Legal Services for SSI Advocacy for cash assistance recipients.
4. Add \$131,000 from the State General Fund for the guardianship program in FY 1994. This funding is intended to alleviate cashflow problems experienced by Kansas Advocacy and Protective Services pending receipt of funds at the beginning of the state fiscal year.
5. The Subcommittee received information from the agency regarding year-to-date expenditures. We learned that the agency estimates a shortfall of approximately \$4.9 million in state funds in the current year. Of the projected shortfall, \$2.5 million is associated with a technical error in the state financing of the Governor's budget and \$3.2 million is associated with a projected shortfall in foster care. We were informed that SRS, the Division of the Budget and the Legislative Research Department will be meeting on April 7th to prepare consensus caseload estimates. The Subcommittee recommends review of these estimates and year-to-date expenditures during the Omnibus Session.

SUBCOMMITTEE REPORT

Agency: SRS

Bill No. 2759

Bill Sec. 2

Analyst: Howard

Analysis Pg. No. 389

Budget Page No. 530

<u>Expenditure</u>	<u>Agency Req. FY 95</u>	<u>Governor's* Rec. FY 95</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 277,977,266	\$ 225,528,796	\$ (19,378,727)
Local Aid	65,816,613	62,052,171	--
Other Assistance	<u>1,148,264,477</u>	<u>1,073,916,370</u>	<u>(255,009,412)</u>
Subtotal -- Oper.	\$ 1,492,058,356	\$ 1,361,497,337	\$ (274,388,139)
Cap. Improvements	<u>24,217,345</u>	<u>5,132,726</u>	<u>--</u>
TOTAL	<u>\$ 1,516,275,701</u>	<u>\$ 1,366,630,063</u>	<u>\$ (274,388,139)</u>
State General Fund:			
State Operations	\$ 118,496,715	\$ 91,806,038	\$ (13,287,853)
Local Aid	53,342,789	47,905,289	--
Other Assistance	<u>449,175,412</u>	<u>323,633,539</u>	<u>(94,813,573)</u>
Subtotal -- Oper.	\$ 621,014,916	\$ 463,344,866	\$ (108,101,426)
Cap. Improvements	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL	<u>\$ 621,014,916</u>	<u>\$ 463,344,866</u>	<u>\$ (108,101,426)</u>
SRS Fee Fund	\$ 59,672,909	\$ 133,231,130	\$ (12,902,709)
FTE Positions	4,514.9	4,292.7	(394.0)

* Includes Governor's Budget Amendment No. 1, issued January 26, 1994.

Agency Request/Governor's Recommendation

The SRS FY 1995 operating budget request is an increase of \$208.8 million from the revised FY 1994 estimate, including a State General Fund increase of \$208.1 million, and a reduction from the SRS Fee Fund of \$88.8 million. The request reflects a reduction in available disproportionate share funding from FY 1994 to FY 1995. The agency request assumes expenditure of \$25.0 million from the SRS Contingency Fund transferred to the SRS Fee Fund. The agency request includes funding for 4,514.9 FTE positions, an increase of 578 from FY 1994.

The Governor recommends operating expenditures of \$1.36 billion for SRS in FY 1995, an increase of \$75.6 million (5.9 percent) from the FY 1994 recommendation. The Governor does not recommend funding for new staffing requested by the agency; however, the Governor does recommend that 364 current special project and intermittent positions be reclassified as FTE to provide a more accurate count of current staffing levels. Thus, the Governor's recommendation in FY 1995 funds 4,292.7 FTE. The Governor's recommendation is an increase of \$56.4 million from the State General Fund from FY

1994, with a reduction in estimated expenditures from the SRS Fee Fund of \$23.0 million. The Governor's recommendation from the SRS Fee Fund in FY 1995 includes the expenditure of \$25 million in funds transferred from the Social Service Contingency Fund in SRS as requested by the agency. Her recommendation also includes the transfer of \$50.0 million from the Budget Stabilization Fund in the Department of Administration to the SRS Fee Fund and expenditure of that funding for long-term care in FY 1995.

The following table summarizes the changes in the Governor's recommendations for SRS from FY 1994 to FY 1995 by state operations, and by aid and assistance items.

Governor's FY 1995 Recommendations Change from FY 1994			
	SGF	All Funds	FTE
FY 1994 Recommendation	\$ 406,786,470	\$ 1,285,122,009	3,928.7
Salaries and wages	3,308,523	1,902,608	
Other Operating Expenditures	(233,152)	(2,455,723)	
Special Project Switch to FTE	--	--	364.0
Subtotal - State Ops. Changes	\$ 3,075,371	\$ (553,115)	364.0
Aid and Assistance:			
Mental Health Reform	\$ 2,932,611	\$ 2,932,611	
Other Mental Health Grants	(400,000)	(777,068)	
Annualize MR/DD Grants	1,000,000	1,000,000	
Other MR/DD Grants	(720,326)	(720,326)	
AFDC Caseloads	2,769,346	5,712,924	
General Assistance Caseloads	1,128,841	1,020,824	
LIEAP Federal Funds Reduction	--	(1,881,400)	
Regular Medical Caseloads	30,616,882	43,704,158	
Adult Care Home Caseloads	14,286,064	21,579,802	
Community-based Long Term Care	3,663,867	8,052,848	
Foster Care	(513,838)	1,291,065	
Adoption Support	477,256	718,195	
Other Youth Service Grants	(542,185)	(749,060)	
One-time Flood Relief	--	(1,470,000)	
Child Care (Daycare)	(1,083,038)	(3,961,413)	
ADAS Prevention Grants	(352,818)	(97,727)	
ADAS Treatment Grants	(213,520)	(784,815)	
Federal Substance Abuse Grants	--	(603,542)	
Voc. Rehab. Aid and Assistance	17,576	605,584	
All Other	250,555	587,342	
Subtotal Aid and Assist. Changes	\$ 53,317,273	\$ 76,160,002	
Total Changes -- FY 94-FY 95	\$ 56,392,644	\$ 75,606,887	
Total FY 1995 Rec.	\$ 463,179,114	\$ 1,360,728,896	4,292.7

House Subcommittee Recommendation

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

Budget Recommendations

1. The Subcommittee began its review faced with a FY 1995 recommended budget including \$50.0 million from the State Budget Stabilization Fund (BSF) and \$25.0 million from the SRS Contingency Fund -- total one-time funding of \$75.0 million supporting ongoing programs. In reviewing this agency's budget in light of the state's fiscal constraints and directions received from the Chair of the Appropriations Committee to reduce the use of this one-time funding to support ongoing programs, the Subcommittee has struggled to reach consensus. The Subcommittee is not entirely comfortable with all of the budget reductions we are recommending in this report, and express a real concern about the impact these reductions are likely to have on the lives of aged and disabled Kansans and those living in poverty in the state.

In general, the reductions the Subcommittee is recommending are in areas of the budget where costs have been rising most rapidly or in areas of lowest priority for the agency. In addition, the Subcommittee has also identified two priorities for which it recommends additional state funding. The Subcommittee believes that all but four of its reductions should be carried out even in the absence of fiscal constraints simply because they eliminate low priority programs, reduce certain inefficiencies, or provide reasonable opportunities for savings. The other four reductions are recommended solely to reach the requested targeted expenditure level for this agency and should be reinstated if funds are available.

The net effect of the Subcommittee's recommendations is identified State General Fund savings in FY 1994 and FY 1995 totaling \$14.1 million, slightly more than the proportionate share for SRS (excluding MHRS and the state hospitals) of the \$20.0 million reduction target. The Subcommittee recommends that these SGF savings be used to offset BSF funding recommended in the Governor's Budget and that the transfer to SRS from the BSF for support of ongoing programs be reduced accordingly. The Subcommittee also recommends expenditure of \$1.0 million from the BSF for one-time expenditures as described below.

The following table summarizes the changes which the Subcommittee recommends be made to the Governor's budget recommendations. Following the summary table, each adjustment is individually described.

RECOMMENDED SRS BUDGET ADJUSTMENTS

	<u>SGF</u>	<u>All Funds</u>
Reductions Recommended Regardless of Fiscal Constraints:		
FY 1994:		
Reduce Rent Increase	\$ (221,000)	\$ (418,491)
FY 1995:		
Reduce Rent Increase	\$ (248,000)	\$ (469,710)
Unspecified Administrative Reduction	(500,000)	(500,000)
Unbundling Procedure Codes	(245,640)	(600,000)
Reduce Certain Medical Rates to lesser of Medicaid, Medicare, or Private Rates	(2,688,221)	(6,564,642)
Eliminate Burial Assistance	(852,800)	(852,800)
Reduce Pharmacy Dispensing Fee by \$1 effective January 1, 1995	(500,000)	(1,250,000)
Implement Electronic Pharmacy Claims Management System with Prospective DUR	(590,400)	(1,440,000)
Shift One-time Capital Outlay to BSF	<u>(1,000,000)</u>	<u>0</u>
Subtotal	<u>\$ (6,625,061)</u>	<u>\$ (11,677,152)</u>
Additional Reductions to Meet Expenditure Target:		
Increase Pharmacy Copay from \$1 to \$2	\$ (507,898)	\$ (1,240,000)
Increase Drug Prior Authorization	(648,347)	(1,583,304)
Reduce Adult Care Home Income Cap to 250% SSI	(1,696,000)	(4,316,129)
Eliminate Inpatient Hospital Services for MediKan	<u>(6,750,000)</u>	<u>(6,750,000)</u>
Subtotal	<u>\$ (9,602,245)</u>	<u>\$ (13,889,433)</u>
TOTAL FY 1995 REDUCTIONS	<u><u>\$ (16,227,306)</u></u>	<u><u>\$ (25,566,585)</u></u>
Recommended Priority Enhancements to Budget:		
Increase Medicaid Eligibility for Children to 100% FPL	\$ 1,324,507	\$ 3,093,378
Child Day Care	<u>1,000,000</u>	<u>1,000,000</u>
Total Additions to Budget	<u><u>\$ 2,324,507</u></u>	<u><u>\$ 4,093,378</u></u>
NET REDUCTION -- BOTH YEARS	<u><u>\$ (14,123,799)</u></u>	<u><u>\$ (21,891,698)</u></u>

Reductions Recommended Regardless of Fiscal Constraints:

- a. **Reduce Rent Increase.** Delete \$221,000 SGF in FY 1994 (\$418,491 All Funds), and \$248,000 SGF in FY 1995 (\$469,710 All Funds) in agency rent expenditures. The Subcommittee was informed that rent expenditures, primarily at the area office level, have grown significantly since FY 1992. Actual expenditures increased by 15.6 percent from FY 1992 to FY 1993 and the Governor's recommendations assumed an increase of an additional 16.0 percent in FY 1994 and 3.8 percent in FY 1995. Our recommendations reduce projected growth in FY 1994 to approximately 10.0 percent and still provide 3.8 percent growth in FY 1995. We received testimony from the agency regarding leases which are currently being renegotiated and adjusted our recommendation to allow the agency to proceed with its five highest priorities.
- b. **Unspecified Administrative Reduction.** Delete \$500,000 from the State General Fund from agency administration. The Subcommittee believes that administration must share in the hardships created by budget reductions and decided that rather than arbitrarily increasing agency shrinkage the decision as to how to make this reduction should be left to the Secretary. Depending on the Secretary's decision, the actual all funds reduction could be closer to \$1.0 million, depending on the level of federal funds budgeted in the designated area.
- c. **Unbundling Procedure Codes.** Delete \$245,640 from the State General Fund (\$600,000 All Funds) in savings from actions to be taken to prevent providers from unbundling procedure codes. The Subcommittee learned that providers sometimes bill for services under separate codes for each procedure performed, when another code exists which combines the separate procedures. This results in higher costs to the Medicaid program because the reimbursement for unbundled procedures is higher than when the appropriate bundled code is billed. The Subcommittee recommends that software be installed to detect this practice. Annualized savings in FY 1996 will increase to approximately \$1.2 million, including \$490,000 from the State General Fund.
- d. **Reduce Certain Medical Rates to Lower of Private Rates or Medicare.** Delete \$2,688,221 from the State General Fund (\$6,564,642 All Funds) to reduce certain provider payment rates to the lesser of Medicaid, Medicare or private rates. The Subcommittee received an agency analysis of current procedure codes and would note that the estimated savings reflects a preliminary analysis by the agency based on limited private sector information.
- e. **Eliminate Burial Assistance.** Delete \$852,800 from the State General Fund to eliminate the burial assistance program. As a result

of this recommendation, the state would not reimburse for an estimated 1,020 burials of indigent individuals in FY 1995.

- f. **Reduce Pharmacy Dispensing Fee by \$1 effective January 1, 1995.** Delete \$500,000 from the State General Fund (\$1,250,000 All Funds) for projected half-year savings in FY 1995. The Subcommittee heard testimony that the mean pharmacy dispensing fee under the Medicaid program is \$5.08, compared to a Blue Cross Blue Shield rate of \$3.50-\$4.05. The Subcommittee learned that the state of Missouri experienced significant savings from changes in its Medicaid dispensing fee. We would note that several questions remain to be answered regarding the feasibility of this reduction, including the impact on small Medicaid pharmacies, how all reimbursement components paid to pharmacies compare with actual costs, and how many times each drug is reimbursed. The Subcommittee recommends that the Senate Subcommittee review this additional information, and that this Subcommittee review this recommendation during the Omnibus Session if Senate review does not occur. The Subcommittee also recommends that the Senate Subcommittee review an alternative option of reducing the maximum percentile pharmacy reimbursement from the 80th to the 70th percentile.
- g. **Implement Electronic Pharmacy Claims Management System with Prospective Drug Utilization Review.** Delete \$590,400 from the State General Fund (\$1,440,000 All Funds) in projected savings in the medical assistance program due to implementation of an electronic pharmacy claims management system effective October 1, 1994. Annualized savings would be expected to total \$787,000 SGF (\$1.9 million All Funds). The Subcommittee heard testimony that the Legislature has included funding of \$1.1 million in the agency's budget for three years for an electronic pharmacy claims management system. SRS reported that it did not intend to proceed with this project until after a new Medicaid Management Information System is installed in FY 1996. The Subcommittee reviewed information received from Blue Cross Blue Shield of Kansas which indicated that an on-line claims processing and prospective drug utilization review system could be implemented at this time without tying the state to the current information system contract with EDS-federal. The Subcommittee understands that such a system could be on-line within 90 days, and Blue Cross Blue Shield estimates the state could experience savings of three percent in the pharmacy. The Subcommittee recommends that the agency proceed with seeking federal approval to put a system in place, and that they provide additional information to the Senate regarding potential savings. We encourage SRS to proceed with implementation in FY 1994 if it is feasible to do so since funding is currently in their budget.
- h. **Shift Capital Outlay to Budget Stabilization Fund.** Delete \$1.0 million from the State General Fund and add \$1.0 million from the BSF for capital outlay recommended by the Governor.

Additional Reductions to Meet Expenditure Target:

The following four items reflect reductions recommended reluctantly by the Subcommittee to meet the targeted expenditures level. The reductions are in long-term care, where expenditures have increased significantly in recent years with little change in the number of clients served, and in MediKan, which is a state program. The Subcommittee reiterates its position that if funds are available, these items should be restored during the Omnibus Session.

- i. **Increase Pharmacy Copay from \$1 to \$2.** Delete \$507,898 from the State General Fund (\$1,240,000 All Funds) in savings from increasing the pharmacy recipient copayment from \$1 to \$2 per prescription, the maximum allowable under the Medicaid program. SRS estimates that 32,578 recipients would be affected by the increase in the copayment.
- j. **Increase Drug Prior Authorization.** Delete \$648,347 from the State General Fund (\$1,583,304 All Funds) from the medical assistance budget to add prior authorization requirements for four additional categories of drugs (medicines to treat allergies, ulcers, arthritis and pain relief, and schizophrenia and psychosis). The Subcommittee further recommends that the agency cease the prior authorization for anti-depressant medication (which began in January, 1994) based on the small level of projected savings and recommendations of the Drug Utilization Review (DUR) committee. The Subcommittee further recommends that prior authorization for the four new classes be instituted **only if recommended by the Drug Utilization Review Committee.** The Subcommittee received assurances from the Secretary that she would not implement this recommendation in the absence of a recommendation to do so by the DUR committee. The Subcommittee recommends that a recommendation from the DUR committee be sought prior to Senate Subcommittee review of this item.
- k. **Reduce Adult Care Home Income Cap to 250% SSI.** Delete \$1,696,000 from the State General Fund (\$4,316,129 All Funds) and reduce the income eligibility for adult care home services from 300 percent of the income level for Supplemental Security Income (SSI) to 250 percent of SSI. The recommendation would decrease the income cap for Medicaid nursing home eligibility from \$1,338 per month to \$1,115 per month. The agency estimates that 370 aged and 25 disabled persons who currently receive Medicaid assistance for a portion of their nursing home costs would lose their Medicaid eligibility for nursing home services. They would retain eligibility for regular medical assistance and community-based services.
- l. **Eliminate Inpatient Hospital Services for MediKan Clients.** Delete \$6,750,000 from the State General Fund associated with inpatient

hospital services for MediKan clients. SRS estimates that hospital services would no longer be reimbursed under this recommendation for approximately 2,387 disabled persons and adult family members currently receiving General Assistance. Children and pregnant women covered through the General Assistance program would continue to receive these services through the Medicaid program. We further recommend that if additional funding is not available to restore this entire service, that the Senate consider, or we consider during the Omnibus Session, program modifications which might allow reinstatement of a partial program.

Recommended Additions to the Budget:

- m. **Increase Medicaid Eligibility for Children to 100% of the Federal Poverty Level.** Add \$1,324,507 from the State General Fund (\$3,093,378 All Funds) to increase Medicaid eligibility for children born before October 1, 1983 to 100 percent of the federal poverty level. The Subcommittee recommendation increases Medicaid eligibility for children ages 10 through 17. The recommendation essentially accelerates a current federal mandate which would phase in such coverage by the year 2001. The Subcommittee would note that under current policy, children ages 10-17 born before October 1, 1983, are only Medicaid-eligible if the household income is 46 percent of the federal poverty level (FPL) or less, or the family has excessive medical expenses which allows the family to "spend down" to that much remaining income. The Subcommittee notes that current policy results in two children in the same family having different eligibility for Medicaid based only on their age. SRS and the Subcommittee place a high priority on health care access for children and believe this recommendation is a cost-effective way to increase access to primary care. We believe that in the long-term this recommendation will actually result in savings in the health care system. The recommendation would provide services to over 6,000 additional children, at an estimated average monthly cost of \$52 per child, of which the federal government pays \$31.

The following table summarizes current and proposed eligibility for pregnant women and children.

<u>Age of Child</u>	<u>Current Eligibility</u>	<u>Proposed Eligibility</u>
Pregnant Women and Infants up to age 1	150% FPL	150% FPL
Children ages 1 to 5	133% FPL	133% FPL
Children born after September 30, 1983 (currently children aged 10 and under)	100% FPL	100% FPL
Children under 18 born before September 30, 1983; eligibility tied to AFDC or spenddown	46% FPL	100% FPL

- n. **Child Day Care.** Add \$1.0 million from the State General Fund for child day care in FY 1995. As described in the FY 1994 report, the agency has made certain modifications to its child care program and instituted a waiting list for non-mandated client groups. The Governor's FY 1995 recommendation reduced expenditures for child day care by approximately \$3.6 million from the recommended level for FY 1994. Her recommendations assume full-year implementation of these modifications designed to reduce expenditures. The Subcommittee recommends this addition in order to partially mitigate these reductions. It is the Subcommittee's understanding that the agency should also be able to access additional federal matching funds for certain populations.

Medical Assistance and Long-term Care

2. The Subcommittee reviewed the growth in the regular medical assistance budget, which is projected to increase over 150 percent from FY 1989 to FY 1995, compared to projected growth in State General Fund receipts of 37.0 percent over that same time period. We are convinced that the state cannot continue to afford this level of growth in the medical program. In discussing long-term policy, the Subcommittee agrees that its desired mission for health services is **to provide and adequately fund a basic package of primary health care services for needy and vulnerable Kansans.**

Based on fiscal reality and the need to set into place a process designed to both contain growth in the Medicaid budget and provide adequate access to services for the Medicaid population, the Subcommittee is recommending a **long-term plan to shift the Medicaid program from its current fee-for-service system to a capitated, managed care plan.** The Subcommittee believes that the shift to such a system is appropriate based on some of the following considerations:

- At the current time, adequate primary care services are not provided to recipients, and current primary care reimbursement rates are inadequate, thus resulting in a shift to more costly treatment and inpatient expenses.

- In addition to reimbursement rates, physicians cite the amount of paperwork (the "hassle factor") and difficulties in dealing with this population as reasons for not participating in the Medicaid program.
- As an example, in FY 1993, 13.8 percent of urban recipients in counties where the primary care network is available did not have a primary care physician.
- It is time for the state to learn from the private sector and to translate its models and modes of health care delivery to state-funded systems. Managed care and capitation are becoming the norm in the private sector and are common components in health care reform proposals.

The Subcommittee believes that an adequately funded capitated managed care system will lessen bureaucracy, increase primary care provider satisfaction, and increase client access to preventive and primary care services. We believe that a capitated managed care system is the best way to both improve the quality of patient care, resulting in improved health outcomes (and long-term health care savings), and to control escalating costs in the Medicaid program.

The Subcommittee reviewed the provisions of 1993 S.B. 119, enacted by the 1993 Legislature, which directs the Secretary of SRS to negotiate and enter into contracts for a pilot managed care project "to be conducted in two counties of this state during the fiscal year ending June 30, 1995." During the appropriations process last year, it was also recommended that an additional project be implemented in conjunction with the University of Kansas Medical Center. The Subcommittee learned that based on the current status of the planning process, SRS will not be able to begin implementation of the pilot projects prior to July 1, 1995, and will be unable to meet the statutory timeframe.

Recommended Legislation

The Subcommittee recommends introduction of Medicaid reform legislation which would implement a more comprehensive managed care system than that envisioned in 1993 S.B. 119. The Subcommittee recommends that legislation be introduced to require the Secretary of SRS to implement a capitated, managed care system for the AFDC and pregnant women and children population beginning July 1, 1995, to be phased in statewide over the course of FY 1996. The recommendation would result in coverage of 80.8 percent of the Medicaid population. The current provisions relating to the pilot projects would be repealed in the proposed legislation. The Subcommittee believes that there is a lot of experience in the private sector and in other state Medicaid programs and that managed care and capitation are not untried concepts. Commencing a statewide phase-in of the AFDC and pregnant women and children population at the beginning of FY 1996 provides the agency with an additional year, and a total of two years since the pilot project planning process began, to prepare for implementation. We recommend that the legislation also include provisions relating to the establishment of a managed care implementation committee described in greater detail in the following

paragraphs. We recommend that the legislation exempt managed care contracts from the competitive bid requirements of K.S.A. 75-3739 and related amendments, in order to allow flexibility to negotiate and/or competitively bid contracts to obtain the best managed care plans.

The Subcommittee believes that other populations could be covered through a capitated managed care system in the future but we include no specific timeframe in this legislation to address the aged and disabled populations.

Monitoring Mechanisms and Program Design Issues

The Subcommittee does not believe that a shift to a capitated managed care system can be accomplished solely by SRS. Rather, it will require a cooperative effort with providers, clients and the Legislature. Thus, the Subcommittee is recommending the creation of certain advisory and oversight bodies.

- **Legislative Oversight Committee.** The Subcommittee recommends that the LCC designate the SRS subcommittees of the House Appropriations and Senate Ways and Means Committees to serve as a special committee meeting jointly during the interim to provide oversight as SRS moves through the difficult changes necessary to accomplish a shift to a capitated managed care system. The responsibilities of this oversight committee would include: ensuring compliance with statutory design and direction; facilitating collaboration between providers, the public and consultants; and ensuring that SRS meets designated timeframes for implementation. Although the primary focus of this oversight committee during the 1994 interim would be managed care and the Medicaid program, the Subcommittee recommends that the charge be sufficiently broad to allow exploration of other Medicaid issues and active work with the agency on the continued development of outcome measures. The Subcommittee believes that if successful, the use of the joint subcommittees in future interim periods would provide an ongoing opportunity to meld continuity into the public policy discussion surrounding social services issues.
- **Managed Care Implementation Committee.** The Subcommittee has heard widespread dissatisfaction regarding the current planning process for implementation of the proposed pilot projects. The Subcommittee believes there is shared responsibility between the Legislature, providers and SRS for these problems. The Subcommittee does not believe that the current managed care task force established pursuant to 1993 S.B. 119 provides the representation and expertise necessary to accomplish the massive tasks involved in undertaking such a systems transformation. The Subcommittee recommends the establishment of a state-level managed care implementation committee to include membership from the private sector, SRS and providers. Private sector membership should include persons experienced in the area of managed care, as well as public members representative of the populations served or advocacy groups. Each group (state agency, private sector, and providers) shall comprise one-third of the membership of the committee and shall be appointed by the Secretary of SRS. The Secretary shall also facilitate the

development of local task forces to address issues specific to geographic regions of the state.

In its review of managed care and capitation, the Subcommittee has identified several questions which must be addressed and issues which must be resolved prior to implementation. We believe the agency should take advantage of expertise available from the private sector in this state and from other states in designing the system. We recommend that SRS redirect a portion of funding currently allocated for administrative expenses associated with implementation of the pilot projects to contract for the assistance it will need in carrying out these recommendations. The Subcommittee further recommends that any consultants retained by SRS provide independent reports directly to the implementation committee and the Legislative Oversight Committee.

In the following paragraphs, the Subcommittee attempts to further clarify its direction to the agency regarding the design of a managed care plan, and to identify questions to be answered and tasks to be completed prior to implementation in FY 1996. Information requested below and agency responses to questions raised should be presented to the implementation and oversight committees.

Program Design Issues

In moving to a capitated, managed care system, the Subcommittee makes the following recommendations:

- Through a prioritization process, SRS should develop a basic benefit package for the populations to be served through a capitated, managed care system.
- It is the Subcommittee's intent that all populations and all services, including mental health, will be included in a comprehensive managed care plan; the Subcommittee directs SRS to work with all providers, including local health departments, private non-profit entities, community mental health centers and others involved in the health care delivery system.
- The Subcommittee believes that there are communities where providers are willing to join together to form a local health service delivery system for the Medicaid population, and recommends that SRS include this option as a part of its plan.
- The Subcommittee recognizes that demographic and geographic considerations may mean that a capitated managed care system will not be feasible in every community. However, to the extent that capitation is not possible, the Subcommittee still recommends that the agency look to other managed care options for these parts of the state, rather than staying with the current fee-for-service arrangement.
- SRS is directed to develop specific strategies for cost-control for high-cost populations (e.g. AIDS, pregnant women) and recommendations as to how

to address these populations in a managed care plan, and to propose those strategies to the Implementation and Oversight Committees (See also item 8 below).

- The Subcommittee recommends that SRS provide a recommendation on a timeframe for expansion of managed care to other populations, including the aged and disabled.
 - The Subcommittee recommends that SRS provide information on its capacity to fund a capitated managed care system within the current level of funding and reimbursement in the regular medical assistance program.
 - As an option, the State should consider contracting out the administration of health care services under the Medicaid program to a private entity.
 - The Subcommittee recommends the agency conduct an analysis, with the assistance of consultants if necessary, which addresses the impact of such a shift on information systems, including the agency's current arrangement with EDS as the fiscal agent and electronic claims management operations, including options to contract out these functions to a private entity. The Subcommittee recommends that the Oversight Committee review these issues during the 1994 interim before a new contract for a Medicaid Management Information System.
3. The Subcommittee wants to further review the potential for consolidation of all long-term care programs under one agency when it reviews the Department on Aging budget. We believe it makes financial and programmatic sense to consolidate these programs. The 1993 Legislature recommended funding in the KDOA budget for a consultants' report. Preliminary recommendations from those consultants should be available in early March. Pending our review of the consultants' study and the recent Post Audit report, we recommend the deletion of all funding associated with long-term care from the SRS budget. The effect of this recommendation is to delete \$108,101,425 from the State General Fund (\$252,914,932 All Funds) and 30.0 FTE, including the nursing home program, community-based long-term care, adult protective services, and guardianship, as well as administrative costs associated with these programs.
4. The Subcommittee reviewed the agency's recommendations regarding contracting for nursing facility (adult care home) services and was informed that SRS has submitted a waiver request to the federal government to begin such a contracting process. The Subcommittee recognizes that there are serious concerns regarding such a process which must be addressed prior to implementation, but we also believe this waiver may be a mechanism to control long-term care costs and would place Kansas as a frontrunner in reform of long-term care. The Subcommittee believes that the Oversight Committee discussed in item 2 should also monitor the implementation of this waiver.
5. The Subcommittee was informed that the agency's current contract with EDS-federal for a Management Information System will expire in FY 1995, and that the

agency is in the process of developing a request for proposal to be issued in September for system reprourement. The Subcommittee believes that there is a gross discrepancy between what the current Medicaid Management Information System can provide and what both the agency and the Subcommittee need to make respective management and policy decisions. The Subcommittee also believes there are grave problems with the quality of the information in the current system. As an example, the agency requested information from EDS-federal in order to make certain comparisons with the Oregon prioritization plan. This information included costs for certain diagnoses which appeared either unreasonably high or low; assigned over half of all payments to just three of the ranked diagnoses; linked procedures to diagnoses for which such procedures would be inconsistent; and could only identify 40 percent of all claims to a ranked diagnosis. The Subcommittee expects the new contract to ensure better information access, and requests that the agency keep in mind the information the legislature will be seeking, particularly as we move to performance-based budgeting. As noted in item 2 above, the Subcommittee believes it is essential for the Oversight Committee to review these issues before SRS proceeds with reprourement of the system.

6. The Subcommittee solicited and received suggestions from Blue Cross Blue Shield of Kansas regarding technologies which now exist in the health care industry which might be used to facilitate the processing of Medicaid claims. The Subcommittee received suggestions designed to assist providers in submitting claims and accessing information. All of the recommendations are currently used or planned for use by Blue Cross and Blue Shield, including standardized electronic format, plastic identification cards, on-line claims adjudication, on-line pre-certification, electronic mail for communication between providers and the fiscal agent, and electronic funds transfer. The Subcommittee did not have time to receive an agency response and recommends that SRS report both to the House Committee and the Senate Subcommittee on implementation costs and potential savings and other benefits from implementing any or all of these initiatives.
7. The Subcommittee spent a considerable amount of time discussing the question of whether the state ought to be obliged to fund the costs of the consequences of high-risk behavior on the part of individuals. We believe that the state spends an inordinate amount of money on health care for conditions arising due to such behaviors. The Subcommittee believes that continued requirements to fund such treatment contributes to the current bias against early intervention and prevention services. The Subcommittee recommends that SRS apply for a federal waiver to allow it to discontinue coverage for smoking-related illnesses under the Medicaid program, with costs saved to be shifted to managed care, primary health care for children, and prevention services.
8. The Subcommittee recommends that SRS develop specific intervention strategies for certain special high-cost populations, such as AIDS patients and problem pregnancies. The Subcommittee included this recommendation in item 2 as it relates to how to address special populations in a managed care plan, but believes that, even prior to implementation of managed care, the agency can take steps to design specific strategies in these areas. For example, the Subcommittee received information regarding the high cost to the Medicaid program of low birthweight babies and information on the higher rates of infant mortality and low birthweight

for the Medicaid population compared to the state as a whole. Although the agency includes specific measurable reductions in this rate as a part of its performance objectives, it does not have a strategy in place at the current time to ensure achievement of these reductions. The Subcommittee recommends that the agency develop specific strategies for high-cost populations and make those available to the Oversight Committee recommended in item 2 during the 1994 interim, and to the 1995 Legislature.

9. The Subcommittee discussed fraud, particularly recipient fraud as it relates to increased efforts proposed under the agency's welfare reform package. The Subcommittee urges the agency to make fraud prevention and recovery a priority, but also recommends that the agency continue to increase its efforts to detect provider fraud. Several national studies indicate that in terms of actual costs, provider fraud far exceeds recipient fraud.

Caseloads

10. The Subcommittee makes no adjustments to caseloads included in the Governor's budget recommendations at this time. The Subcommittee was informed that a consensus caseload meeting between SRS, the Legislative Research Department, and the Division of the Budget will be held in March. The Senate should review the consensus estimates after that meeting. The Subcommittee would note that based on trends in FY 1994, the agency is projecting a foster care shortfall of up to \$10.8 million from All Funds in FY 1995. The Subcommittee recommends that the agency seek a Governor's Budget Amendment if caseload projections indicate a continued shortfall. As noted in the FY 1994 report, cash assistance caseloads are currently growing at a lesser rate than budgeted, while medical caseload costs are slightly over projections.

Child Support Enforcement

11. The Subcommittee learned of two bills (S.B. 452 and 583) which are necessary to meet requirements regarding establishment of paternity and medical support enforcement mandated by the federal Omnibus Budget Reconciliation Act of 1993. The agency estimates State General Fund savings in the Medicaid program of \$555,656 in FY 1995 and \$1,025,765 in FY 1996 from S.B. 452, the medical support enforcement bill. The Subcommittee also supports passage of S.B. 797 which would allow a district court finding a person in contempt for nonpayment of child support to direct licensing bodies to notify the person that their professional license will not be renewed or will be suspended. The bill provides for a six-month temporary licensing period, during which period the individual would have the opportunity to obtain a release from the court allowing renewal or reissuance of the professional license.
12. The Subcommittee heard testimony that the agency is estimating a shortfall in SRS fee fund child support collections of over \$2.9 million in FY 1994 and \$2.5 million in FY 1995 from the Governor's recommendations. The Governor's recommendations hold the agency to projections presented to the Legislature last year when

additional medical support enforcement staff were approved. The Subcommittee understands that the agency failed to subtract certain federal and state withholding charges and incentives from its projections, but also believes that vacancies in child support enforcement staffing have contributed to this shortfall. The Subcommittee believes that it does not make sense to keep vacant child support enforcement positions to meet forced shrinkage when each position, which costs \$30,000, is expected to bring in approximately \$200,000 in revenue. The Subcommittee requested information on trends in collections per staff member over the last several years and has not yet received that information. We request that SRS provide this information to the House Committee and to the Senate Subcommittee. We recommend that the Senate review the status of fee fund collections, and that the agency request a Governor's Budget Amendment if the projected shortfall persists.

13. For the third year in a row, the Subcommittee compared the performance of the Kansas child support enforcement system to others in this region, particularly the state of Iowa which continues to have an impressive collection record. The Subcommittee notes that while progress has improved substantially in Kansas, the state still lags behind Iowa. The Collections to Expenditures ratio in Kansas is 3.65 while in Iowa it is 5.54. The Subcommittee recognizes that there are certain administrative processes in place in Iowa which do not exist in Kansas which contribute to Iowa's success, but recommends that SRS again review which features of the Iowa program could be adapted to Kansas to further increase collections and cost-effectiveness.

KanWork and Employment Preparation

14. As discussed in item 1, the Subcommittee has recommended the addition of \$1.0 million from the State General Fund for child care programs in FY 1995, in an effort to partially mitigate recommended program reductions. Although the Subcommittee continues to receive testimony that child care assistance is crucial for self-sufficiency and an effective component in keeping persons off of welfare, we have never seen any specific studies or indicators to measure this effectiveness. The Subcommittee recommends that the agency begin to develop specific performance measures for the child care program designed to test these widely held assumptions, and in particular to determine the effectiveness of child care assistance in successfully transitioning and keeping persons off of welfare.
15. The Subcommittee commends SRS for the modifications it has made in the KanWork program this fiscal year, many of which were in direct response to concerns raised by this Subcommittee and other legislators during the 1993 Session. In particular, the Subcommittee is pleased that the agency is attempting to target its resources and has refined its assessment process. The KsCares information system is nearing completion and the Subcommittee expects next year to see better data which can be used to measure real client outcomes over time, including information on average wages, percent of clients entering and remaining in the workplace, percent returning to public assistance, and other data to better evaluate the program. The Subcommittee reviewed outcome measures which the University of Kansas is assisting the agency in developing for its cash assistance and income support programs and believes that developing baselines for and beginning to keep

these types of measures will provide valuable management information to the agency and policymaking information to the Legislature.

16. Concur with Governor's Budget Amendment No. 1 which adds \$400,000 from federal Title IV-E funds for child care, as a technical adjustment to accurately reflect the Governor's recommendations.
17. The Subcommittee makes no adjustments to the budget for any pending welfare reform proposals. We will make separate recommendations on a welfare reform package and recommend that the fiscal impact be reviewed and the budget adjusted, if necessary, during the Omnibus Session.

Administration

18. Concur with Governor's Budget Amendment No. 1 which recommends the addition of \$165,752 from the State General Fund (\$368,441 All Funds) in salaries erroneously omitted from the Governor's recommendation.
19. Delete 364 FTE positions recommended by the Governor and retain these positions as special project positions. The Governor recommended that 364 special project positions be made limited-term FTE positions. The Subcommittee heard testimony from the agency requesting that only 204.5 of the positions be made FTE. The Subcommittee recommends further study of the impact of switching these staff to FTE positions, including the fiscal impact. We recommend the addition of a proviso as a technical adjustment to the appropriations bill, based on our recommendation to retain these as special projects.

Youth and Adult Services

20. The Subcommittee heard testimony from providers regarding the inadequacy of foster care rates but received no evaluation comparing actual costs to reimbursement rates. The Subcommittee does know, however, that the last foster care rate increase was in January, 1990. The Subcommittee believes that it is time to reassess the entire rate structure and recommends that SRS submit information to the Senate Subcommittee which compares the reimbursement rates to actual costs incurred by providers. In addition, we recommend that the Senate Subcommittee review the potential for emergency shelters to receive some type of federal reimbursement for their services. If federal matching funds are available, this might be a mechanism to restructure and increase rates for categories of providers where the data shows great disparities between costs and rates.
21. The Subcommittee reviewed original projections provided to the 1992 Legislature regarding status quo projections for youth services expenditures and custody trends, and projections based on implementation of the Family Agenda initiatives. Several hundred new staff and other enhancements were approved by the 1992 Legislature. At the current time, the number of children in custody is beginning to decline, although not as fast as initially planned, but expenditures in the foster care program have not declined but rather have continued to increase. The Subcommittee has

learned that certain expenditures which are reported in the foster care budget, possibly up to ten percent of reported expenditures, are actually for services designed to prevent out-of-home placement. The Subcommittee is frustrated at the lack of data and the inconsistency between the existing reporting systems and believes it is essential to be able to determine whether the shift in focus to principles enunciated in the Family Agenda, and the investment of additional resources are resulting in better outcomes for children and families. The Subcommittee is supportive of the move towards family preservation and away from out-of-home care ("beds") and believes this is probably an effective model so long as sufficient community-based alternatives are available. We believe that this premise must be proven in a verifiable way through sound evaluation of our system. It is for this reason that the Subcommittee recommends an independent evaluation of the Family Agenda. Because of our serious concerns regarding the data available from the Youth and Adult Services Commission, we believe it is essential to determine whether the lives of children have been improved by the change of direction and financial investment the state has made in this area. The Subcommittee recommends that SRS work with the Corporation for Change in designing the scope of such a study and present that information to this Subcommittee. We plan to recommend \$100,000 from the Budget Stabilization Fund in the Corporation for Change Budget for this study and request that the Corporation for Change and SRS come back to us with more refined cost estimates. The Subcommittee is cognizant of the agency's frustrations with its data and its desire to move ahead with an information system; however, the Subcommittee is unwilling to invest in a new data system without the type of independent evaluation of our progress which we describe in this recommendation.

Mission and Performance Information

22. To the extent that the information has been available, the Subcommittee has reviewed agency performance measures. We reviewed business plans for each Commission articulating goals, strategies, identified barriers and performance measures. The Subcommittee also received and reviewed at length the agency's prioritization of its programs. The priority list and a summary of the agency's mission and performance measures for each Commission are attached to this document. The Subcommittee spent a considerable amount of time discussing the material provided by the agency and whether the material met the needs of the Subcommittee in making outcomes-based decisions. The Subcommittee believes that this dialogue has been beneficial both to the agency and the Subcommittee. We have provided clear direction to the agency regarding our needs as policy-makers and our expectation that the agency be prepared next year to provide **concise measurable outcomes-based performance measures**, which the Subcommittee can use to prioritize programs and evaluate the merit and effectiveness of each agency program.
23. Make technical adjustments as needed to accurately reflect the Governor's recommendations.

House Committee Recommendation

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

1. Add \$1,696,000 from the State General Fund (\$4,316,129 All Funds) to delete item 1(k), on p. 7 which proposed reducing the adult care home income cap from 300% SSI to 250% SSI. The Committee recommendation maintains Medicaid eligibility for nursing home services at 300% of the Supplemental Security Income level.
2. Delete \$800,000 from the State General Fund (\$2.0 million All Funds) in projected savings from the recommended implementation of a capitated managed care plan for the mental health portion of the Medicaid budget. This recommendation assumes an approximate savings of 3 percent from current mental health expenditures. The recommendation makes no assumption regarding the provider of services under this capitated plan, but recommends that the agency follow an open process in selecting who shall deliver these services.
3. Amend item 6 on p. 14 to include a recommendation that SRS report to the Senate Subcommittee concerning the utilization of "smart card" technology.
4. Amend item 7 on p. 14 to direct that the SRS waiver request to the federal government regarding non-coverage of consequences of high-risk behavior include not only smoking-related illnesses, but also those related to the use of alcohol and illicit drugs.
5. Amend item 21 on p. 17 to recommend that the scope of the study regarding the Family Agenda be broadened to include an analysis of child protective services, to determine whether these services are functioning effectively to protect children from abuse and neglect.

House Committee of the Whole Recommendation

The House Committee of the Whole concurs with the recommendations of the Committee with the following adjustments:

1. Add a proviso requiring that the Secretary of Social and Rehabilitation Services study the benefits of implementing a program of subacute care services for special needs clients and evaluate the potential cost savings in establishing such a program. Require that the Secretary report to the Legislature on or before December 31, 1994, the findings of such study and any recommendations of the Secretary concerning the implementation of a program of subacute care services for special needs clients.
2. Add a proviso requiring that the Secretary collect data regarding persons who were receiving child care assistance under any assistance program of the Department of Social and Rehabilitation Services, who become ineligible for such child care assistance and who subsequently become recipients of assistance to families with

dependent children, and to submit such data to appropriate committees of the Legislature during the 1995 regular Session.

3. Shift \$150,000 SGF from vocational rehabilitation to mental health and retardation services to serve 25 new MR/DD clients with vocational rehabilitation supported employment services in FY 1995. The funding will drawdown an additional \$565,000 in federal funds.

Expenditure	House Adj. FY 95	House Rec. FY 95	Senate Subcommittee Adjustments
All Funds:			
State Operations	\$ (19,378,727)	\$ 206,150,069	\$ 27,358,360
Local Aid	--	62,052,171	(150,000)
Other Assistance	(252,843,283)	821,073,087	\$ 244,845,862
Subtotal -- Oper.	\$ (272,222,010)	\$ 1,089,275,327	\$ 272,054,222
Cap. Improvements	--	5,132,726	--
TOTAL	<u>\$ (272,222,010)</u>	<u>\$ 1,094,408,053</u>	<u>\$ 272,054,222</u>
State General Fund:			
State Operations	\$ (13,287,853)	\$ 78,518,185	\$ 12,061,604
Local Aid	--	47,905,289	(150,000)
Other Assistance	(94,067,573)	229,565,966	103,370,488
Subtotal -- Oper.	\$ (107,355,426)	\$ 355,989,440	\$ 115,282,092
Cap. Improvements	--	--	--
TOTAL	<u>\$ (107,355,426)</u>	<u>\$ 355,989,440</u>	<u>\$ 115,282,092</u>
SRS Fee Fund	\$ (12,902,709)	\$ 120,328,421	\$ 2,381,771
FTE Positions	(394.0)	3,898.7	30.0

Senate Subcommittee Recommendations

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

1. Add \$852,800 from the State General Fund to restore the burial assistance program which the House recommended be deleted.
2. Add \$590,400 from the State General Fund (\$1,440,000 All Funds) which the House deleted in projected savings in the medical assistance budget based on implementation of an electronic pharmacy claims management system effective October 1, 1994. The Subcommittee heard testimony that the Department does not intend to proceed with this initiative until a new Medicaid fiscal agent is selected

in FY 1996. In conjunction, the Subcommittee recommends deletion of \$222,032 from the State General Fund (\$1,525,049 All Funds) in the agency's state operations budget for costs associated with implementing such a system.

3. Add \$250,000 from the State General Fund to restore one-half of the unspecified administrative reduction recommended by the House. We further recommend that this reduction be made from the agency's general administration program (PCA Code 1560) and that the agency not make deletions which will result in the loss of federal funds.
4. Add \$500,000 from the State General Fund (\$1,250,000 All Funds) to restore funding deleted by the House based their recommendation to reduce the pharmacy dispensing fee by \$1. The Subcommittee recommends, however, that the Secretary review options for modifying the current reimbursement structure, including variable dispensing fees for pharmacies with volume differentials, and report that information to the 1995 Legislature.
5. Add \$648,347 from the State General Fund (\$1,583,304 All Funds) to restore funding deleted by the House associated with expansion of the pharmaceutical prior authorization program. We do concur with the House recommendation that the agency cease prior authorization of antidepressants (began in January, 1994). The Subcommittee has doubts regarding the cost-effectiveness of prior authorization, and is concerned that no cost-benefit analysis has been done to determine if in fact such a requirement is cost-effective.
6. Add \$2,336,951 from the State General Fund for the MediKan program. The House deleted \$6,750,000 (SGF) to eliminate inpatient hospital services. Subsequent information from the agency indicated that these savings were overstated. The Senate Subcommittee recommendation results in a program reduction of \$4,413,049 associated with the elimination of funding for inpatient hospital services and one-half of miscellaneous services from the MediKan program. The recommendation retains funding for physician, pharmacy and community mental health services.
7. The Senate Subcommittee concurs with the addition of \$1.0 million from the State General Fund recommended by the House for the child daycare program. However, we recommend that this additional funding be targeted towards working families with incomes at or below 115 percent of the federal poverty level in order to assist these families in maintaining employment.
8. Restore \$800,000 from the State General Fund (\$2.0 million All Funds) deleted by the House in projected savings based on implementation of a capitated managed care program for the mental health portion of the Medicaid budget in FY 1995. The Subcommittee believes that capitation of mental health services should be implemented in concert with a broader capitated managed care program for the entire Medicaid system.
9. Shift \$150,000 from the State General Fund from mental health and retardation services to vocational rehabilitation services. The Subcommittee recommendation

reverses the House recommendation which recommended this funding be shifted to fund additional vocational services for MR/DD clients.

10. The Subcommittee concurs with the recommendations of the House to retain 364 SRS staff as special project appointments. The Governor's recommendation had shifted these staff to FTE positions. We further recommend an interim study of the entire personnel classification system, including FTE, limited-term FTE and special project appointments.
11. Delete a proviso added by the House which would have required the Secretary of SRS to study the benefits of implementing a program of subacute care services for special needs clients, with a report to the 1995 Legislature.
12. The Subcommittee reviewed the foster care program and budget. We express extreme frustration with the quality and availability of data and budget information regarding youth services programs. Essentially, the Subcommittee was informed that the agency's foster care budget includes funding not only for family and residential foster care, but also for services designed to keep children from out-of-home placement. We direct that the agency take the steps necessary to separate foster care expenditures from family preservation and support costs which are currently reported in the program. In order to make appropriation decisions regarding the allocation of resources to foster care and to family preservation and support, we simply must know how appropriated dollars are being expended.

The Subcommittee also heard testimony from residential providers regarding the current payment rates for residential foster care services. This testimony indicated that at the current time, the reimbursement for certain levels of residential care is at the 29th and 31st percentiles. However, we noted wide disparity in the actual costs experienced by providers at any given level of care, and believe that some of the difference is likely due to the types of services provided by each facility.

We reviewed a proposal designed by a residential task force during meetings from March to September, 1993. This task force was a collaborative effort between SRS staff, residential providers and placement coordinators. The task force focused on the establishment of a reimbursement rate for an unleveled residential services system. This proposed reimbursement system would include a basic reimbursement to include budget categories which would be present in any level of service (administration, food service, facility costs, transportation, housekeeping and direct program costs), and certain "core" services (room, board and daily living; counseling services, intake and assessment, service planning documentation and discharge planning; crisis intervention; and support of family relationships). The basic rates for the unleveled services would include basic budget categories and "core" services as described above. Additional services -- termed "add-on" services (family therapy, psychological evaluations, prescribed individual or group therapy, in-home family services, reintegration and visitation, or other services to meet the needs of the individual child or family as included in the SRS Handbook of Services) would be reimbursed separately above the base rates. The task force recommended a three-year phase-in of the base rates. No information was available for the Subcommittee to review the projected costs of shifting to such a reimbursement system or the effect upon providers of services.

The Subcommittee recommends the addition of \$1.0 million from the State General Fund for the foster care program in FY 1995. Of this amount, we recommend that \$100,000 be expended to improve training and selection of foster families. The remainder (\$900,000) is to be expended to enhance foster care reimbursement rates. We also recommend that SRS move ahead with the proposal to modify the residential foster care reimbursement system from a levels system to an unlevelled system as described above. The plan is to be implemented on a three-year phase-in basis beginning during FY 1995. The Subcommittee further recommends that SRS provide information to the 1995 Legislature to allow us to assess whether adequate funding is included in the budget to fund this shift or if supplemental appropriations are necessary.

13. Add \$2,381,771 from the State Budget Stabilization Fund (\$9,527,084 All Funds) for first-year funding of the agency's Kansas Social Services Information System (KSSIS) project. The Subcommittee was informed that under the provisions of the Omnibus Budget Reconciliation Act of 1993, states have a three-year window to claim 75 percent federal matching funds for the development of information systems for children's services. The Subcommittee concurs with the recommendation of the Joint Committee on Computers and Telecommunications (JCCT) that this funding be appropriated in a separate line-item subject to release by the State Finance Council after review by the JCCT.
14. Reappropriate \$250,000 from FY 1994 to FY 1995 in State General Fund savings associated with the agency's contract with Kansas Legal Services for SSI Advocacy for cash assistance recipients.
15. Add \$174,200 from the State General Fund for the guardianship program to provide total funding of \$1,074,200 in FY 1995, compared to a recommended level of \$900,000 in FY 1994. We also recommend the addition of a proviso directing that Kansas Advocacy and Protective Services (KAPS) interface with providers of services to the mentally ill, and mentally retarded and developmentally disabled. We recommend that the proviso direct a report to the 1995 Legislature regarding linkages established between these programs.
16. The Subcommittee concurs with the request of the Senate Committee on Governmental Organization for an interim study of substance abuse programs and funding. We recommend that the scope of this study include the current allocation of funding between programs for adults and children, including the potential for Medicaid reimbursement for these services. The Subcommittee commends ADAS for its work on risk factors, and believes this information is a valuable resource for persons at the state and local level in developing prevention strategies to address substance abuse as well as other problems which share these common risk factors.
17. The Subcommittee recommends the introduction of legislation to allow administrative procedures to establish and enforce child support orders. We reviewed information comparing performance of the child support enforcement program in Kansas with that of Iowa, and were struck with the wide disparity in the cost-benefit ratio between the two programs. The Subcommittee was informed that a major difference between the programs is the administrative process in Iowa. We

believe establishment of an administrative process could be beneficial and would help to achieve improved results in the child support system, while diminishing the need for additional child support staff.

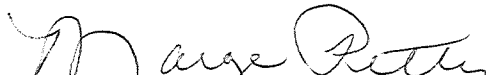
18. Restore \$108,101,425 from the State General Fund (\$252,914,932 All Funds) and 30.0 FTE positions associated with long-term care. The House recommendation had deleted all long-term care funding from the SRS budget pending review of the budget of the Department on Aging. We recommend restoration of this funding to the SRS budget.
19. The Subcommittee makes no adjustments to caseloads at this time pending receipt of caseload estimates from a consensus meeting between SRS, the Budget Division and the Legislative Research Department. This information will be available for the Omnibus Session.

**SUBCOMMITTEE REPORT
FOR
H.B. 2929 -- WELFARE REFORM**

The Subcommittee reviewed H.B. 2929, as amended by the Senate Committee on Public Health and Welfare. We recommend several additional amendments to this bill as described on the attached chart. Although fiscal impact estimates prepared by the Department of Social and Rehabilitation Services are included on the attached chart, the Subcommittee makes no recommendations regarding budget adjustments at this time. We recommend that the fiscal impact of this legislation be reviewed during the Omnibus Session. We further recommend that Omnibus review include items in the attached chart which are not included in H.B. 2929, but which could be implemented without statutory authorization, including a review of the shared living penalty.




Senator August Bogina, Jr., Chair



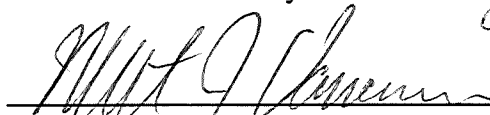
Senator Marge Petty



Senator Richard Rock



Senator Alicia Salisbury



Senator Robert Vancrum

ADDENDUM

This Subcommittee does not recommend any expenditures or FTE positions in connection with this bill. These will be addressed during the Omnibus Session.

Comparison of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
Kansas Legislative Research Department

Final Sec #	Topic	Current SRS Policy	ACT Provision	Final House Action	As Amended by SPHW Committee	Ways & Means Subcomm. Rec.
1	Minors Must Live with Parents	Minors must live with family/adult or be determined self-responsible.	No Provision	Minors who have a child or are pregnant must live with parent, legal guardian, or other relative, except if whereabouts unknown; health or safety would be jeopardized; or the child has lived apart one year <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0
2,3	Family Support Tax Credit	None	No Provision	Establishes means by which extended family members may contribute to the support of AFDC recipients and receive a partial tax credit. Of money received 80% to be credited to SGF, 15% to federally-matchable benefits to family, and 5% to administration. Contributor may receive a tax credit of 70% of contribution. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0 22 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0 22 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0 22 FTE
4	School Attendance Policies	Children over 15 must attend school or participate in KanWork.	Pilots paying incentives to students for satisfactory attendance. <u>SRS Fiscal Note:</u> FY 1995 \$211,330 FY 1996 \$572,311	10% cash penalty if dependent child is not attending school. The application of this penalty is at the discretion of the Secretary. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Delete House provision, and insert instead a pilot project providing both mandatory incentives and penalties, based on H.B. 2188 and proposed amendments to that bill. <u>SRS Fiscal Note:</u> FY 1995 \$335,954 FY 1996 \$311,225 10 FTE
5	Child's Earnings	Child's earnings exempt as income, but counted as a resource.	Child's earnings exempt as income and as resource. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Exempt child's earnings as income and resource, if saved for education in an IDA. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopt House Provision, except delete the requirement that the income earned by the minor be placed in an individual development account. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0

Comparison of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
Kansas Legislative Research Department

Final Sec #	Topic	Current SRS Policy	ACT Provision	Final House Action	As Amended by SPHW Committee	Ways & Means Subcomm. Rec.
6 and 22	Individual Development Account	No Provision	No Provision	Any Kansas resident may deposit up to \$2,000 for each holder, plus \$1,000 for each dependent child, to be established with fiduciary, used for education. Interest exempt from state income tax. Dept. of Revenue Fiscal Note: No estimate; only interest exempt.	Adopted House Provision. Dept. of Revenue Fiscal Note: No estimate; only interest exempt.	Adopted House Provision. Dept. of Revenue Fiscal Note: No estimate; only interest exempt.
7	Elimination of Marriage Penalty, Coverage through Pregnancy, and Foster Care issues.	Two parent families not eligible for AFDC, certain pregnant women in their first 6 months of pregnancy, and certain foster children receive 100% state-funded GA.	Waives rigid AFDC unemployed parent criteria and bases criteria on need. Also covers pregnant women in first 2 trimesters and foster children living with guardian or conservator. <u>SRS Fiscal Note:</u> FY 1995 (\$2,526,336) FY 1996 (\$3,225,587)	Waives rigid AFDC unemployed parent criteria and bases criteria on need. Also covers pregnant women in first 2 trimesters and foster children living with guardian or conservator. <u>SRS Fiscal Note:</u> FY 1995 (\$2,526,335) FY 1996 (\$3,225,587)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$2,526,335) FY 1996 (\$3,225,587)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$2,526,335) FY 1996 (\$3,225,587)
8	Electronic Benefit Transfer	SRS is developing a system for electronic transfer of assistance benefits.	Supports current development. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	EBT Pilot in KanWork counties selected by Secretary, to include cash, food stamps, and medical assistance. FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Delete this section from the bill.
9(a)	Exempt one vehicle as a resource.	Cash and food stamps limit exemptions by equity, market value, or use of vehicle.	One vehicle exempt in all programs. <u>SRS Fiscal Note:</u> FY 1995 \$118,746 FY 1996 \$249,308	One vehicle exempt in all programs. <u>SRS Fiscal Note:</u> FY 1995 \$118,746 FY 1996 \$249,308	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$118,746 FY 1996 \$249,308	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$118,746 FY 1996 \$249,308
9(b)	Two Parent Work Registration	Both parents must register except AFDC Unemployed Parent cases in remote areas.	Both parents must register, including those in remote areas. <u>SRS Fiscal Note:</u> FY 1995 (\$28,391) FY 1996 (\$58,661)	Both parents must register, including those in remote areas. <u>SRS Fiscal Note:</u> FY 1995 (\$28,391) FY 1996 (\$58,661)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$28,391) FY 1996 (\$58,661)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$28,391) FY 1996 (\$58,661)

Comparison of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
Kansas Legislative Research Department

Final Sec #	Topic	Current SRS Policy	ACT Provision	Final House Action	As Amended by SPHW Committee	Ways & Means Subcomm. Rec.
9(j)	Paternity Identification	In AFDC, absent parents must be identified and paternity established for in-home fathers.	Current policy was initiated as a result of A.C.T. <u>SRS Fiscal Note:</u> FY 1995 (\$57,039) FY 1996 (\$58,927)	Requires identity of absent parent in all AFDC cases. <u>SRS Fiscal Note:</u> FY 1995 (\$57,039) FY 1996 (\$58,927)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$57,039) FY 1996 (\$58,927)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$57,039) FY 1996 (\$58,927)
9(i)	Fugitives Ineligible	No Provision	No Provision	Fugitives from felony charges ineligible. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0
9(i)	Voluntary Job Quit	AFDC mandatory work program registrants receive progressive penalties up to 6 months. 1st penalty waived if cooperative. Also, applicants lose earnings disregards.	Applicant or recipient family ineligible for 3 months if voluntary quit or fired due to gross misconduct as defined by rules & regs. Good Cause provisions available. <u>SRS Fiscal Note:</u> FY 1995 (\$224,874) FY 1996 (\$464,635)	Individual applicant or recipient ineligible if voluntarily quitting or fired due to gross misconduct as defined by R & R. <u>SRS Fiscal Note:</u> FY 1995 (\$54,112) FY 1996 (\$112,553)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$54,112) FY 1996 (\$112,553)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$54,112) FY 1996 (\$112,553)
9(i)	Late Monthly Reporting Penalty	Late reporters with earnings receive no income disregards. Only families with earnings are penalized.	Percentage reduction of benefits to all late reporters. <u>SRS Fiscal Note:</u> FY 1995 (\$246,445) FY 1996 (\$509,205)	Percentage reduction of benefits to all late reporters. <u>SRS Fiscal Note:</u> FY 1995 (\$246,445) FY 1996 (\$509,205)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$246,445) FY 1996 (\$509,205)	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$246,445) FY 1996 (\$509,205)
10 Also 13	Transitional Medical Assistance	12 months of transitional medical available after loss of AFDC due to employment. Present eligibility based upon income remaining under 185% of FPL. Requires intermittent client reporting as a condition of continued eligibility.	Increases Transitional Medical to 24 months. <u>SRS Fiscal Note:</u> FY 1995 \$217,522 FY 1996 \$461,580 Eliminate income limits and mo. reports. <u>SRS Fiscal Note:</u> FY 1995 \$107,162 FY 1996 \$113,698	Transitional Medical for 24 mos, with recipient co-pay of 25% in the months 13-16; 50% in months 17-20, and 75% in months 21-24. Requires restructured eligibility and reprogramming in FY95. No income limits imposed. <u>SRS Fiscal Note:</u> FY 1995 \$376,198 FY 1996 \$344,488	Transitional Medical for 24 mos, with recipient co-pay of 25% in the second year. Requires restructured eligibility and claims payment systems reprogramming in FY95. No income limits imposed. <u>SRS Fiscal Note:</u> FY 1995 \$430,579 FY 1996 \$459,883	Concur with Senate Public Health and Welfare <u>SRS Fiscal Note:</u> FY 1995 \$430,579 FY 1996 \$459,883

Comparison of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
Kansas Legislative Research Department

Final Sec #	Topic	Current SRS Policy	ACT Provision	Final House Action	As Amended by SPHW Committee	Ways & Means Subcomm. Rec.
11-13	KanWork Changes	Pregnant women and single parents of children up to age 3 are exempt from work and training.	Removes exemption for pregnancy and reduces exemption for child from 3 yrs. to 3 months. <u>SRS Fiscal Note:</u> FY 1995 \$1,110,300 FY 1996 \$2,089,743 56 FTE	30-month limit for education and training under KanWork, for those deemed employable" by the Secretary. Of that 30 months, no more than 9 months are to be for attainment of GED. There is a 3 year ban on return to Public Asst. No change in child age exemption. <u>SRS Fiscal Note:</u> FY 1995 (\$43,678) FY 1996 (\$213,385)	30-month limit for education and training under KanWork, for those deemed employable" by the Secretary. Of that 30 months, no more than 9 months are to be for attainment of GED. There is a 3 year ban on return to Cash Asst. for anyone penalized or who finds work and exits program. Hardship provisions allowed. <u>SRS Fiscal Note:</u> FY 1995 (\$51,581) FY 1996 (\$237,094)	Concur with Senate Public Health and Welfare <u>SRS Fiscal Note:</u> FY 1995 (\$51,581) FY 1996 (\$237,094)
14	Earned Income Disregard	\$90, \$30, and one-third of remaining income on time-limited basis.	\$90 & 40% of gross monthly earned income without time limit. <u>SRS Fiscal Note:</u> FY 1995 (\$138,726) FY 1996 (\$785,520) * 7 FTE	\$90 & 40% of gross monthly earned income without time limit. <u>SRS Fiscal Note:</u> FY 1995 (\$138,726) FY 1996 (\$785,520) 7 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$138,726) FY 1996 (\$785,520) 7 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$138,726) FY 1996 (\$785,520) 7 FTE
15	Individual Assistance Support Trust	No Provision	No Provision * Included in Needs-Based Staffing provision	Individual assistance support trusts could be created by 501(c)(3)'s. The Secretary of SRS can accept money from such a trust for deposit in a state support trust fund. The 501(c)(3) may retain 5% of any grant received; the Secretary shall deposit 10% in SGF; 5% to credit of social welfare fund; and the balance (80%) used to match federal funds in accordance with the terms of the agreement. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$0 FY 1996 \$0
16	Required Immunizations	No Provision	No Provision	Establishes required child immunizations as a condition of continued eligibility. At minimum, these would be those required by school and day care regulations. <u>SRS Fiscal Note:</u> FY 1995 \$108,807 FY 1996 \$153,796 21 FTE	Adopted House Provision, with clarifying language limiting requirements to those immunizations and vaccinations required by law. <u>SRS Fiscal Note:</u> FY 1995 \$108,807 FY 1996 \$153,796 21 FTE	Concur with Senate Public Health and Welfare Committee. <u>SRS Fiscal Note:</u> FY 1995 \$108,807 FY 1996 \$153,796 21 FTE

Comparision of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
Kansas Legislative Research Department

Final Sec #	Topic	Current SRS Policy	ACT Provision	Final House Action	As Amended by SPHW Committee	Ways & Means Subcomm. Rec.
17	Medicare Buy-In Unit	Buy-In Medicare premiums is a sumbersome process causing loss of 3rd party coverage and reimbursement.	Enhances efficient identification and processing of Medicare-payable claims. <u>SRS Fiscal Note:</u> FY 1995 (\$104,130) FY 1996 (\$208,424) 33 FTE	Enhances efficient identification and processing of Medicare-payable claims. FY 1995 (\$104,130) FY 1996 (\$208,424) 33 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$104,130) FY 1996 (\$208,424) 33 FTE	Delete this section from the bill.
17	Claims Collection Unit	No staff dedicated to collection of overpayments.	Establish an overpayment recovery network. <u>SRS Fiscal Note:</u> FY 1995 \$53,990 FY 1996 (\$81,905) 25 FTE	Establish an overpayment recovery network. FY 1995 \$53,990 FY 1996 (\$81,905) 25 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$53,990 FY 1996 (\$81,905) 25 FTE	Delete this section from the bill.
17	Estate Recovery Expansion	Current resources insufficient to pursue all possible estate recoveries.	Provides resources to adequately pursue estate recoveries. <u>SRS Fiscal Note:</u> FY 1995 (\$321,158) FY 1996 (\$440,784) 3 FTE	Provides resources to adequately pursue estate recoveries. FY 1995 (\$321,158) FY 1996 (\$440,784) 3 FTE	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 (\$321,158) FY 1996 (\$440,784) 3 FTE	Delete this section from the bill.
20	Teen Pregnancy	Family Planning a covered SRS Medicaid servie -- KDHE has 4 pilot projects; KS Health Foundation funds others.	Funding for case management & media campaign. <u>SRS Fiscal Note:</u> FY 1995 \$400,627 FY 1996 \$416,652	Recommend appropriation to KDHE for teen pregnancy prevention, with a recommendation that KDHE give a high priority to AFDC recipients to receive matching federal funds. Review current allocation when consider KDHE budget. FY 1995 \$400,627 FY 1996 \$416,652	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$400,627 FY 1996 \$416,652	Delete this section from the bill.
21	Paternity Outreach Program	No Provision	Grants to hospitals to establish paternity at time of birth. <u>SRS Fiscal Note:</u> FY 1995 \$213,190 FY 1996 \$213,190	Grants to hospitals to establish paternity at time of birth. FY 1995 \$213,190 FY 1996 \$213,190	Adopted House Provision. <u>SRS Fiscal Note:</u> FY 1995 \$213,190 FY 1996 \$213,190	Delete this section from the bill.

Comparision of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
Kansas Legislative Research Department

Final Sec #	Topic	Current SRS Policy	ACT Provision	Final House Action	As Amended by SPHW Committee	Ways & Means Subcomm. Rec.
Comm Rpt	System Automation	Resources unavailable for essential improvements to KAECSSES system.	Resources to update KAECSSES. SRS Fiscal Note: FY 1995 \$359,699 FY 1996 \$319,828 15 FTE	Resources to update KAECSSES. FY 1995 \$359,699 FY 1996 \$319,828 15 FTE	Adopted House Provision. SRS Fiscal Note: FY 1995 \$359,699 FY 1996 \$319,828 15 FTE	Not in bill, no recommendation at this time.
Comm Rpt	Employment Security Cross-Match	Existing corssmatch with automated systems is insufficient contingent on passage of H.B. 2503. H.B. 2503 FN: Net savings to state due to increase in CSE collections, but 1.0 FTE	Improves corss-match and new-hire information availability (W-4). SRS Fiscal Note: FY 1995 (\$105,866) FY 1996 (\$105,866)	Improves corss-match and new-hire information availability (W-4). FY 1995 (\$105,866) FY 1996 (\$105,866)	Adopted House Provision. SRS Fiscal Note: FY 1995 (\$105,866) FY 1996 (\$105,866)	Not in bill, no recommendation at this time.
New Sec	AFDC Child Support Enforcement Non-Cooperation Penalties.	Non-cooperating individuals are penalized.	Penalty progresses to ineligibility for family after 3 months of non-cooperation. SRS Fiscal Note FY 1995 (\$28,170) FY 1996 (\$58,206)	No Provision.	No Provision.	Recommend inclusion of ACT Provision in Bill SRS Fiscal Note FY 1995 (\$28,170) FY 1996 (\$58,206)
New Sec	Child Support Enforcement in the Food Stamp Program	No Provision.	Require FS recipients to cooperate with Child Support Enforcement program. SRS Fiscal Note FY 1995 \$70,986 FY 1996 \$141,970	No Provision.	No Provision.	Recommend inclusion of ACT provision, which requires food stamp recipients to cooperate with CSE; also require recipients of day care assistance to do so. SRS Fiscal Note FY 1995 \$19,967 FY 1996 \$39,932
Total HB 2929				FY 1995 (\$1,994,623) FY 1996 (\$4,103,555) 126 FTE	FY 1995 (\$1,948,145) FY 1996 (\$4,011,869) 126 FTE	FY 1995 (\$2,116,746) FY 1996 (\$3,831,609) 60 FTE

Comparision of HB 2929 as Amended by SWAM Subcommittee with Current SRS Policy, ACT, House-Passed Version, and SPHW Version
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Other 1	Family Investment Agreement (Responsibility Contracts)	No Provision	Contracts establishing client and agency responsibilities and expectations. SRS Fiscal Note: FY 1995 \$203,637 FY 1996 \$306,377 28 FTE	No Provision	No Provision	No Provision
Other 2	CWEP Expansion to Private Sector	CWEP in private non-profit or government entities only.	Expands CWEP to private enterprise. SRS Fiscal Note FY 1995 \$102,613 FY 1996 \$183,390	No Provision.	No Provision.	No Provision.
Other 3	Custody and Visitation.	No Provision.	Contract for custody and visitation services. SRS Fiscal Note FY 1995 \$70,277 FY 1996 \$70,277	No Provision.	No Provision.	No Provision.
Other 4	Needs Based Staffing	No Provision.	Baseline increase with adjustments made according to caseload study. SRS Fiscal Note FY 1995 \$709,001 FY 1996 \$924,079 130 FTE	No Provision.	No Provision.	No Provision.
Other 5	Needs Standard Evaluation	Required every 3 years for AFDC under federal law.	Provides for contract to conduct study. SRS Fiscal Note FY 1995 \$40,875 FY 1996 \$0	No Provision.	No Provision.	No Provision.
Other 6	Public Service Employment	No Provision.	PSE projects developed with government and businesses. SRS Fiscal Note FY 1995 \$56,841 FY 1996 \$107,155	No Provision.	No Provision.	No Provision.

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Other 7	Increased OJT Opportunities	Limited OJT	Increase OJT availability. SRS Fiscal Note FY 1995 \$684,643 FY 1996 \$846,617	No Provision.	No Provision.	No Provision.
Other 8	Work Programs for Absent Parents	No Provision.	Abdent parents failing child support obligations assigned to work programs. SRS Fiscal Note FY 1995 \$486,878 FY 1996 \$905,430	No Provision.	No Provision.	No Provision.
Other 9	Class and Activity Fees	No Provision.	Provides class and activities fees for school children's special activities. SRS Fiscal Note FY 1995 \$78,760 FY 1996 \$169,325	No Provision.	No Provision.	No Provision.
Other 10	Service Delivery	Cash assistance and work programs are handled by different staff.	Pilot alternative service delivery. SRS Fiscal Note FY 1995 \$112,109 FY 1996 \$109,494 7 FTE	No Provision.	No Provision.	No Provision.
Other 11	Develop Program Guides	Current material out-of -date.	Support material and staff to develop effective program information. SRS Fiscal Note FY 1995 \$35,256 FY 1996 \$36,684	No Provision.	No Provision.	No Provision.
Other 12	Transportation Costs in Work Prgms.	\$25 of \$30 dollar standard, based on activity.	Pay actual transportation costs at state mileage rates. SRS Fiscal Note FY 1995 \$892,434 FY 1996 \$1,834,965	No Provision.	No Provision.	No Provision.
Other 13	Eliminate Shared Living Penalty	Cash assistance families living with others received reduced benefits.	Eliminate shared living penalty. SRS Fiscal Note FY 1995 \$1,965,585 FY 1996 \$4,061,291	No Provision.	No Provision.	No Provision.
Totals ACT			FY 1995 \$4,521,326 FY 1996 \$8,135,644 314 FTE			