

Approved: January 30, 2010
(Date)

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Marc Rhoades at 9:00 AM on Thursday, January 19, 2012 in 346-S of the Capitol.

All members were present except:

Richard Carlson-excused
Lana Gordon-excused
Marvin Kleeb-excused
Sharon Schwartz-excused

Committee staff present:

Alan Conroy, Director, Legislative Research Department
J.G. Scott, Chief Fiscal Analyst, Legislative Research Department
Dylan Dear, Senior Fiscal Analyst, Legislative Research Department
Michael Wales, Fiscal Analyst, Legislative Research Department
Jim Wilson, First Assistant, Office of Revisor of Statutes
Jill Wolters, Senior Assistant Revisor, Office of Revisor of Statutes
Nobuko Folmsbee, Senior Assistant Revisor, Office of Revisor of Statutes
Kathy Holscher, Committee Assistant

Others in attendance:

See attached list.

Chairman Rhoades welcomed members and presenters, and reviewed the committee agenda.

Katrin Osterhaus, Principal Auditor, Legislative Division of Post Audit, presented an overview of the Kansas Neurological Institute (KNI) performance audit ([Attachment 1](#)). In response to legislators concerns, the following areas were reviewed: how KNI could operate more efficiently, increase revenues and the impact moving residents into communities. She noted that KNI has experienced a decrease in the number of residents served and staff, and an increase of expenditures per resident of 40% over the past 10 years. Areas were identified that would reduce cost or increase revenues with little or no effect on KNI residents or services. KNI savings could be realized by billing Medicare for durable medical equipment, sell unused land tracts and 14 under-utilized vehicles, staff reductions in medical services, direct care and staff education, consolidation of residential buildings, and the closure of the KNI medical unit. Approximately \$550,000 in one-time revenues and \$1 million in unduplicated potential cost savings annually was identified. The cost of safety implications involved with moving current KNI residents to local communities was reviewed. KNI is a centralized institution

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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which employs specialists providing resident treatment of which almost all expenses are reimbursed by Medicare. Community providers are decentralized, transport clients and have more restrictive Medicaid reimbursement rates.

Katrin Osterhaus and Barney Hubert, Superintendent, KNI responded to questions from committee members. The potential closure of the Cottonwood building at KNI was considered based on efficiencies and would meet CMS minimum space requirements. The process for closure of the Sunflower residential building was reviewed. It was noted that as with the Sunflower building, building closures would take place over an extended period of time. A review of the flood zones and land values for property located near the Shunga Creek followed. The staff positions indicated represents actual employees and all are filled positions. A review of the Honeybee pilot project followed.

Pedro Moreno, Deputy Secretary, Social and Rehabilitation Services, reported that a Stakeholders meeting will be held on Wednesday, February 1, 2012, and the list of participating Stakeholders was reviewed ([Attachment 2](#)). The department will report back to the Legislature any consensus recommendations for the stakeholders, he noted.

Pedro Moreno and Barney Hubert responded to questions from committee members. It was noted that the stakeholders will review all options and issues concerning KNI in order to make recommendations for consideration by the legislature. Discussion followed by committee members regarding inclusion of a broader base from other counties and parents of former KNI residents.

Lieutenant Governor, Jeff Colyer, presented an overview of the Medicaid trends and an update on KanCare, ([Attachment 3](#)). He stated that Medicaid trends were driven by increased enrollment and increased medical expenses resulting in a need to identify better outcomes and manage costs. The federal reduction of \$72 billion over the next few years will reflect approximately \$720 million Medicaid reduction to Kansas. The impact of declining resources and increased human service caseloads was discussed. With the involvement of stakeholders, ideas for long-term reform and improved Medicaid services would be identified with the focus of concern on eligible children & families, pregnant women, seniors and disabled individuals. As a result KanCare evolved with the intent to identify health outcomes and manage health costs. Emphasis was placed on care for the whole person by producing quality results to improve lives by improving health outcomes, reducing costs, and no eligibility or provider cuts. A review of person-centered care coordination for contractual services for community partners and home and community based services followed. The pay for performance program identifies operational and quality of care measures which are tied to monetary incentives, he added. The strategic realignment of health and human services agencies would sustain programs and address inefficiencies to improve coordination of services and programs.

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Lt. Governor Colyer responded to questions from committee members. He stated that the interim step to a global waiver would include defining outcomes and plans to achieve targeted outcomes. Discussion followed concerning transitioning hospital care to in-home care by aligning incentives with patient needs and interest.

Chairman Rhoades reviewed the agenda for the next committee meeting.

Chairman Rhoades made a motion to introduce a supplemental budget HB 2493 to the Governor's Budget Recommendation. The motion was seconded by Representative Mast. Motion carried.

Meeting adjourned at 10:53 a.m.