

MINUTES

LEGISLATIVE BUDGET COMMITTEE

October 10, 2011
Room 346-S—Statehouse

Members Present

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

Member Absent

Representative Kasha Kelley

Staff Present

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor of Statutes
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Ellen Martinez, Committee Assistant

Conferees

Dale Dennis, Deputy Commissioner, Department of Education
Jason Glasrud, Special Assistant, Department of Commerce
Kristey Williams, Mayor, City of Augusta; and Chair, Regional Economic Area Partnership (REAP)
Barb Langner, Medicaid Director, Department of Health and Environment
Tanya Dorf Brunner, Executive Director, Oral Health Kansas Coalition
Karlene Ketola, Executive Director, Michigan Oral Health Coalition
David Sanford, CEO, GraceMed Health Clinic
Letty Seidl, Nursing Home Dental Hygienist
Chad Austin, Vice President Government Relation, Kansas Hospital Association

Morning Session

The meeting was called to order at 10:10 a.m. by Chairperson Rhoades.

State General Fund Up-Date

Alan Conroy, Director, Kansas Legislative Research Department (KLRD), provided tables on State General Fund (SGF) receipts (Attachments 1 and 2), but indicated there was no memorandum, yet. SGF receipts through September were 3.9 percent above the estimate, while total taxes were 5.0 percent above the estimate. This was attributed to an increase in individual income taxes and retail sales. There was some concern over individual income tax withholding, which was the largest source of revenue for the SGF, being flat. Transfers are down \$7.0 million. The State Finance Council authorized a \$10.0 million transfer to the State Emergency Fund that was not budgeted. The State Finance Council has the authority to move up to \$10.0 million out of the SGF to meet obligations. The Committee learned that \$5.0 million was transferred to the School District Capital Improvement Fund. Overall, there was about a 4.0 percent increase above the estimate for SGF tax collections. For FY 2013, there is an assumption of only 3.0 percent growth in receipts, instead of the usual 4.0 percent due to the sluggish economy. There will be a new set of revenue estimates available on November 4.

Responding to a question from the Committee, Mr. Conroy indicated that the decision to assume only a 3.0 percent growth in receipts for FY 2013 was his, due to economic uncertainty. On November 4, there will be a consensus number which will be more accurate.

School Funding for Out-of-State Children

Dale Dennis, Deputy Commissioner, Department of Education, provided information regarding numbers of students attending school in Kansas during the 2010-11 school year from bordering states, as well as where these students were attending school (Attachment 3).

Mr. Dennis discussed the bill from a previous session regarding phasing out the program. Also, other states do not collect the same information on Kansas students attending other states' schools. Approximately \$3.0 million is spent subsidizing these students. Some districts will not accept any out-of-state students. These students are counted for enrollment numbers for state general aid. The Committee requested a copy of a breakdown of specific counties which Mr. Dennis will provide.

Statutory Review of Affordable Airfares Program

Michael Steiner, KLRD, reviewed Affordable Airfares Grant Program (Fair Fares) (Attachment 4). This was created by the 2006 Legislature to provide affordable air fares for south-central and western Kansas. The funds are made available through annual grants to the Regional Economic Area Partnership (REAP). Oversight of REAP is provided by reports on the effectiveness of the program to House Appropriations and Senate Ways and Means committees and a report to the Legislature on the expenditures of the grant and matching monies and the results obtained at the beginning of each regular session and during the interim. The Legislative Budget Committee will study and review the activities of REAP. As a result of an audit conducted by the Kansas Legislative Division of Post Audit, REAP will submit an annual report on or before May 1, 2012, and appear in person to House Appropriations and Senate Ways and Means committees. Also, the Secretary of Commerce shall conduct an independent

audit review of the the financial reports, as well as analysis of the data used. The Secretary of Commerce will submit a report and appear in person to House Appropriations and Senate Ways and Means committees. Lastly, the Secretary of Commerce will develop and implement procedures to carry out such a review.

Jason Glasrud, Special Assistant, Department of Commerce, presented testimony on the Affordable Airfares program and the Department's role in administering the grant to REAP ([Attachment 5](#)). The Department of Commerce is in the final stages of certification of the report submitted by REAP in July 2011, and is preparing to distribute a portion of the FY 2012 allocation. The Department is exploring an independent, third-party review process of evaluating the data and methodology contained in the report.

Mr. Glasrud explained the process of review and certification of the report from the Department of Commerce. The Committee requested a copy of the REAP report which was provided by the next conferee. Bob North, Chief Counsel, Department of Commerce, provided information regarding the plan for Garden City.

Kristey Williams, Mayor of Augusta and REAP Chairman, detailed the actions taken by REAP over the past year and provided specific information on the performance and effectiveness of the program ([Attachment 6](#)). REAP is responsible for administering the Kansas Affordable Airfares Program (KAAP). Their commitment is to provide more air flight options, more competition for air travel, and affordable air fares for Kansans, including a regional airport in Western Kansas, while providing transparency and financial integrity in program administration. In FY 2011, funds were awarded to Sedgwick County to provide a one-year revenue guarantee for AirTran Airlines to maintain affordable airfares to eastern destinations and a one-year revenue guarantee for Frontier Airlines to maintain affordable airfares to western U.S. destinations. A report by Kansas Legislative Post Audit was released February 8, 2011, stating, in part, the program appears to have had the desired effect. There were also suggestions to enhance program performance and financial reporting. Mayor Williams also distributed the Kansas Affordable Airfares Program Fiscal Year 2011 Report: Executive Summary ([Attachment 7](#)).

The Committee questioned the impact on local, municipal and county revenues. Joe Yager, CEO, REAP, indicated there is a study regarding the impact. The Committee expressed concerns regarding the investment by the state to impact the economic environment of Wichita, but not set it up to go on forever. The rewards of REAP go not only to the state, but also to the cities and counties. Mayor Williams responded every audit has shown a positive return on investment to the state, as well as on a local level. The Committee would like to know the specific returns. There is some difference of returns depending on the different reports. Mr. Yager felt it was a result of different methodology and data sources. There is some disagreement on the wide difference on the reports.

Study the Cost Effectiveness and Health Benefits of Providing Dental Benefits to Adult Medicaid Recipients

Amy Deckard, Assistant Director of Information Management, KLRD, provided an overview of the potential cost effectiveness and potential health benefits of providing adult Medicaid recipients with dental benefits ([Attachment 8](#)). Coverage of certain benefits are considered optional under the Medicaid program, including most dental procedures for adults. Currently, Kansas only provides emergency dental services for adults enrolled in the Medicaid program. 2011 SB 132 created the Kansas Comprehensive Oral Health Initiative Act, which would have required the Kansas Medicaid program to provide dental coverage for all persons

enrolled in the program. The bill did not receive a hearing during the 2011 Session. The estimated cost of the expansion of dental benefits for FY 2013 is \$11,066,728 from all funding sources, including \$4,591,586 from the SGF.

Ms. Deckard was asked about the number of people eligible to receive service, those who currently do, and what the projected number would be. She will provide additional information to the Committee.

Barb Langner, Medicaid Director, KDHE, offered a brief overview of the Medicaid program ([Attachment 9](#)). The State Children's Health Insurance Program (SCHIP) provides a comprehensive dental benefit package for children and youth under age 21 in Medicaid and under 19 in SCHIP. Adult Medicaid beneficiaries are eligible for emergency dental benefits only. During the past five years, expansion was made to the dental program that lasted for a limited time. Budget cuts eliminated funding for the expansion. The dental workforce of Kansas is below the national average and shrinking. The Medicaid agency knows that improving access for Medicaid beneficiaries is dependent on addressing multiple barriers to care. The current fiscal climate coupled with dental workforce issues makes their resolution difficult.

Tanya Dorf Brunner, Executive Director, Oral Health Kansas Coalition, presented an overview of the program and the critical need for oral care and health in Kansas ([Attachment 10](#)). Lack of dental care is a mark of poverty. In both FY 2009 and FY 2010, over 17,500 people visited Kansas emergency rooms with dental pain, which often does not address the overall problem and ends up costing more for treatment. Many delayed dental care because of cost or availability of services. Ms. Brunner testified about the cost to Kansas through personal accounts of persons receiving dental services. Adults with dental disease face challenges that impair their productivity and wellbeing. Providing access to dental care is critical in improving health, especially for people with diabetes, heart disease, and pregnant women.

The meeting was recessed.

Afternoon Session

Representative Rhoades reconvened the meeting. A 2011 Federal Poverty Guidelines sheet was distributed ([Attachment 11](#)). The discussion on adult Medicaid benefits continued.

Karlene Ketola, Executive Director, Michigan Oral Health Coalition, testified about the Michigan program ([Attachment 12](#)). Over the past three years, Michigan experienced the worst economic downturn since the Great Depression; the state's unemployment rate was 14.1 percent with Detroit, the state's largest city, experiencing a jobless rate of nearly 30.0 percent. The state also suffered a dramatic workforce exodus as taxpayers and homeowners left the state in search of work. Michigan has approximately 1.9 million residents enrolled in the state Medicaid program; this is a 73.0 percent increase since 2001. Currently, Michigan provides a comprehensive adult dental benefit; it serves as a commitment to the Medicaid adult population that oral health is integral to their overall health. In the FY 2011-2012 budget, a new 1.0 percent tax on most health insurance claims in Michigan will generate \$390 million to be used to match \$800.0 million in federal aid for the state's Medicaid program.

The Committee questioned Ms. Ketola about shifting funds from programs and if that showed an increase in other programs.

David Sanford, CEO, GraceMed Health Clinic, spoke about the GraceMed Health Clinic and the impact on the underinsured or uninsured in Wichita ([Attachment 13](#)). Separating coverage for medical care from dental care is not logical. Health care is enhanced by better coverage for dental care. Mr. Sanford stated it is possible to estimate how much currently is being spent on costs related to oral health care problems presented by adult Medicaid beneficiaries.

The Committee asked whether it would be beneficial for a health foundation to fund a study that provided dental care for one group and no care for a control group to measure the medical costs for both groups. There currently is no study proving that benefits outweigh the cost of the program here in Kansas. Mr. Sanford answered questions regarding specific services offered by GraceMed. There is a sliding scale of payment for the uninsured based on income.

Letty Seidl, nursing home dental hygienist, testified about the Oral Health Training Program. The Kansas Health Care Association received a grant that helped to fund a project to improve the overall health of residents in nursing homes by providing oral care and assessments ([Attachment 14](#)). Ms. Seidl offered testimony citing four personal stories of elderly nursing home residents and how receiving care improved their situations. The program trained staff to implement the care and monitor the program.

Chad Austin, Vice-President, Government Relations, Kansas Hospital Association, testified that during FY 2009 and FY 2010, Kansas community hospitals treated approximately 17,500 people with dental related conditions ([Attachment 15](#)). Mr. Austin stated it is important to ensure emergency room resources are reserved for true non-dental, medical emergencies. Mr. Austin informed the Committee the Association is applying for a grant for small community hospitals to have dental clinics.

Written testimony

- Krista Postai, CEO Community Health Center of Southeast Kansas ([Attachment 16](#));
- Anna Lambertson, Executive Director, Kansas Health Consumer Coalition ([Attachment 17](#));
- Cindy Luxem, President and CEO, Kansas Health Care Association ([Attachment 18](#));
- Ron Gaches, Kansas Dental Hygienists' Association ([Attachment 19](#));
- Kevin Robertson, Executive Director, Kansas Dental Association ([Attachment 20](#)).
- DeDe Behrens, DDS ([Attachment 21](#));
- John Fales, DDS ([Attachment 22](#));

- Brenda Sharpe, President, The REACH Healthcare Foundation ([Attachment 23](#)); and
- Jessica Hembree,, Program and Policy Officer, Health Care Foundation of Greater Kansas City ([Attachment 24](#)).

The 2010-2011 Out-of-State Enrollment by District table was distributed ([Attachment 25](#)).

An e-mail from Jack Taylor, Chief, Emporia Fire Department, was distributed, which provided the draft document the Committee previously had requested ([Attachment 26](#)). It lists qualifications for State Fire Marshal, job description for State Fire Marshal, and the formation of a Board of Fire Services. The Committee will discuss the qualifications of the State Fire Marshal at the next Committee meeting.

The meeting was adjourned at 2:45 p.m. The next meeting of the Committee will be November 14, 2011.

Prepared by Ellen Martinez
Edited by Audrey Dunkel

Approved by the Committee on:

November 14, 2011
(Date)