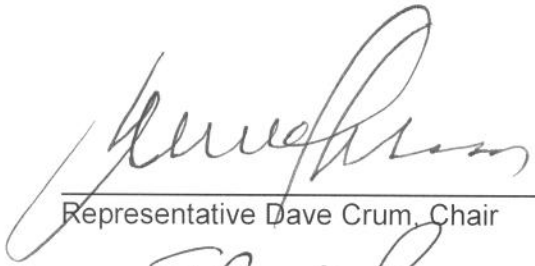


FY 2013

Social Services Budget Committee

Department of Social and Rehabilitation Services
Kansas Department on Aging




Representative Dave Crum, Chair



Representative Elaine Bowers, Vice-Chair

Representative Jerry Henry, Ranking
Minority Member

Representative Barbara Ballard



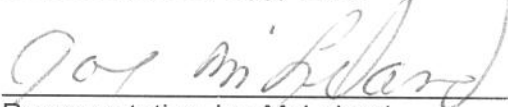
Representative Jana Goodman



Representative Mike Kiegerl



Representative Peggy Mast



Representative Joe McLeland



Representative Bill Wolf

House Budget Committee Report

Agency: Department of Social and Rehabilitation Services

Bill No. HB 2760

Bill Sec. 33

Analyst: Deckard

Analysis Pg. No. 781

Budget Page No. 186

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013*	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 644,693,955	\$ 234,256,385	\$ 0
Other Funds	907,707,238	377,385,505	0
Subtotal	<u>\$ 1,552,401,193</u>	<u>\$ 611,641,890</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	5,737,629	200,000	0
Subtotal	<u>\$ 5,737,629</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 1,558,138,822</u></u>	<u><u>\$ 611,841,890</u></u>	<u><u>\$ 0</u></u>
FTE positions	3,119.1	3,010.6	0.0
Non FTE Uncl. Perm. Pos.	62.8	49.8	0.0
TOTAL	<u><u>3,181.9</u></u>	<u><u>3,060.4</u></u>	<u><u>0.0</u></u>

* Includes GBA No. 1, Item 3, regarding reorganization of state agencies.

Agency Request

The **agency** requests an FY 2013 operating budget of of \$1.6 billion, a decrease of \$33.7 million, or 2.1 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$644.7 million, an increase of \$5.4 million, or 0.8 percent, above the revised current year estimate. The request includes 3,119.1 FTE positions and 62.8 non-FTE positions, the same number of FTE positions, and a decrease of 1.5 non-FTE positions below the revised current year estimate.

The request includes enhancement funding of \$6.3 million, including \$6.1 million from the State General Fund. Absent the enhancement requests, the request in FY 2013 would total \$1.5 billion, including \$638.6 million from the State General Fund, representing an overall decrease of \$40.0 million, or 2.5 percent, and a State General Fund decrease of \$682,612, or 0.1 percent, below the FY 2012 revised estimate.

Governor's Recommendation

The **Governor** recommends FY 2013 operating expenditures of \$611.7 million, including \$235.2 million from the State General Fund. The recommendation is a decrease of \$956.2 million, or 61.0 percent, below the FY 2012 recommendation. The Governor's recommendation

includes 3,012.6 FTE positions and 49.8 non-FTE positions for FY 2013, a reduction of 106.5 FTE positions and 20.0 non-FTE positions below the FY 2012 recommendation.

The Governor recommends reductions of \$14,380,631, including \$7,789,569 from the State General Fund in savings from reduced resources. These reductions are partially offset by the addition of \$815,182, including \$442,081 from the State General Fund to fund operating expenditures at five local offices which had previously been designated for closure, and the addition of \$2,573,997, including \$1,098,412 from the State General Fund to adjust for the decreased federal match anticipated for non-consensus caseload programs.

The Governor further recommends that the Division of Disability and Behavioral Health Services be transferred to the Department on Aging. This recommendation decreases expenditures by \$927.8 million, including \$399.9 million from the State General Fund, and 106.5 FTE positions and 13.0 non-FTE positions.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notations:

1. The Budget Committee notes information received concerning recent policy changes made by the Department in respect to the Supplemental Nutrition Assistance Program (SNAP). The Budget Committee requests the Department provide additional information prior to Omnibus concerning how the policy changes have affected community providers and recipients.
2. The Budget Committee commends the foster care contractors for their efforts in maintaining service levels with recent reductions in the contract rates. The Budget Committee further notes that the Department is close to finalizing its recent audits of these contractors and notes it desire to review the audit results.

House Budget Committee Report

Agency: Kansas Department on Aging

Bill No. HB 433

Bill Sec. 32

Analyst: Duffy

Analysis Pg. No. 515

Budget Page No. 210

Expenditure Summary	Agency Request FY 2013	Governor Recommendation FY 2013*	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 213,984,539	\$ 618,937,970	\$ 0
Other Funds	347,586,005	862,094,535	0
Subtotal	<u>\$ 561,570,544</u>	<u>\$ 1,481,032,505</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	5,537,629	0
Subtotal	<u>\$ 0</u>	<u>\$ 5,537,629</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 561,570,544</u></u>	 <u><u>\$ 1,486,570,134</u></u>	 <u><u>\$ 0</u></u>
 FTE positions	 164.0	 277.3	 0.0
Non FTE Uncl. Perm. Pos.	17.3	30.3	0.0
TOTAL	<u><u>181.3</u></u>	<u><u>307.6</u></u>	<u><u>0.0</u></u>

*Includes a reduction of \$750,034 and 4.75 FTE positions for GBA No.1, Item 3 Reorganization of State Agencies.

Agency Request

The **agency** requests FY 2013 operating expenditures of \$561.6 million, a decrease of \$4.5 million, or 0.8 percent, below the revised current year estimate. The request includes State General Fund expenditures of \$214.0 million, an increase of \$2.4 million, or 1.1 percent, above the revised current year estimate. The request includes 164.0 FTE positions and 17.3 non-FTE positions, the same as the revised current year estimate. The request includes one enhancement request totaling \$119,200 including \$32,864 from the State General Fund. Absent the enhancement, the request would be a decrease of \$4.6 million, or 0.8 percent, from all funding sources below the FY 2012 revised estimate and an increase of \$2.3 million, or 1.1 percent, above the FY 2012 revised estimate.

Governor's Recommendation

The **Governor** recommends expenditures totaling \$1.5 billion of which \$617.6 million is from the State General Fund. The recommendation is an increase in all funds of \$920,211,995 or 163.9 percent, and a State General Fund increase of \$403,584,129, or 188.6 percent, above the agency request. The recommendation reflects the policy decision to transfer many programs from the Department of Social and Rehabilitation Services and the Kansas Department of

Health and Environment and the administration of the state hospitals to the Department on Aging.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following notations:

1. The Budget Committee notes there are significant opportunities for improvement in the Kansas system of Home and Community Based Services for the following reasons:
 - At the present time services provided by Medicaid are fragmented and unaccountable. Silos in the system result in no one being accountable for the overall care of the state's most vulnerable. Improved care coordination will result in better physical and behavioral health outcomes. Managed Care Organizations will have to demonstrate an ability to be effective in reducing problems and symptoms stemming from physical or behavior health issues reducing disparities in life expectancy and preserving services that improve the recipients quality of life.
 - Conflicts of interest built into the current system of Home and Community Based Services has resulted in large waiting lists for services. This means that individuals who require significant help many times don't have access to care.
 - It has become apparent with the closure of the Center for Independent Living of Southwest Kansas, and testimony by Loren Snell, Director of the Attorney General Medicaid Fraud and Abuse Division, there is considerable fraud in the system of Home and Community Based Services. Unfortunately, this has resulted in a misdirection of care and larger waiting lists for services. Although the Independent Living Centers provide important care to the disabled, recent audits have revealed poor documentation, internal controls and compliance with the Centers for Medicaid and Medicare Services requirement. The citizens of Kansas expect accountability in the state Medicaid system. Reforms could help reduce the Physical Disability Medicaid Waiver waiting list while at the same time reduce the number of individuals that require nursing facility care.

The Budget Committee requests the Department on Social and Rehabilitation Services present the findings of the completed Independent Living Center audits prior to Omnibus to determine whether policy changes are necessary as result of the findings.

2. The Budget Committee supports the following reforms to the system of Medicaid Home and Community Based Services:
 - Person centered care coordination based on the individuals needs and choices with the coordination of care provided through the case manager.
 - Separation of the administration and service payment as directed by the Centers for Medicare and Medicaid Services (CMS) through the Financial Management System (FMS) used by self directed care payroll agents.
 - Implementation of the Electronic Visit Verification System.

- Establishment of the Aging and Disability Resource Centers as the gatekeeper to the Medicaid Waiver System.
- Separation of the disability determination and the disability service provision function within the Medicaid Home and Community Based Services Waiver systems.

The Budget Committees notes that savings have accrued due to implementation of the Financial Management Systems (FMS) and the Electronic Visit Verification system. The Department on Social and Rehabilitation Services stated these savings are being used to offset operating reductions in the current year. The Department on Aging stated the savings are being used to avoid creation of waiting lists. The Committee requests the agencies report back prior to Omnibus with specific information on the amount of savings to date and where the savings are being applied.

The Budget Committee received additional information about the Financial Management System (FMS) and is interested in learning how other states are reacting to the implementation of the Financial Management System (FMS). The Committee requests that the agencies report back prior to Omnibus.

3. The Budget Committee notes there are 3,573 clients on the Home and Community Based Services waiver for individuals with physical disabilities waiting list. As the responsibility for all home and community based waivers shifts to the Kansas Department on Aging with Executive Reorganization Order No. 41, the Budget Committee was pleased to learn the agency is planning to continue the policy of the rolling waiting list for the HCBS waiver for individuals with physical disabilities. The rolling waiting list allows one individual to start services once one individual has discontinued receiving services, again with exceptions made for crisis situations.
4. The Budget Committee notes there are 245 children currently waiting for services from the Home and Community Based Services waiver for individuals with autism. The agency estimates the cost to eliminate the waiting list is \$4,745,000 including \$2,039,000 from the State General Fund. However, the agency stated that would be issues with service capacity and that the elimination of the waiting list could not be accomplished in one year.

The Budget Committee notes that it is generally accepted when treating autism, to begin treatment as early as possible (by age 2 1/2) in order to have the best chance of affecting a positive treatment outcome for the child.

The Committee requests the agency provide additional information prior to Omnibus as to how autism services are currently provided and the capacity, or the ability, of the agency to eliminate the current waiting list.

5. The Budget Committee expressed concern that the majority of funding for the Family Centered System of Care was deleted in the Governor's budget recommendation for the Department on Aging. The Committee notes the latest tobacco settlement revenue estimates will be available at Omnibus and requests review at Omnibus of Children's Initiative Fund (CIF) expenditures.

**Minority Report for
Department on Aging
Department of Social and Rehabilitation Services**

We have major concerns regarding the massive level of reductions being recommended by the Governor in the budgets of the Department on Aging and the Department of Social and Rehabilitation Services. These reductions have the very real possibility of impacting service delivery to those individuals in our state which need assistance the most. Items of concerns include:

1. **Foster Care Rate Reduction.** The Governor's recommendation includes a reduction of \$2.6 million, including \$2.3 million from the State General Fund, associated with reducing FY 2013 foster care contract rates by 1.83 percent. This reduction would require a contract renegotiation with the contractors.
2. **Foster Parent Training Reduction.** The Governor's recommendation includes a reduction totaling \$121,810, including \$111,808 from the State General Fund, associated with the 13 percent reduction of funding for foster parent training classes. The reduction would result in 48 fewer classes, serving approximately 243 fewer families, for which reimbursement will not be provided. The reduction may result in fewer families completing the required training and becoming eligible to become foster or adoptive families.
3. **Home and Community Based Services Waiver Waiting List.** The funding included in the Governor's recommendation leaves the HCBS waivers with significant waiting lists for individuals waiting for services from the Developmental Disabilities Waiver, the Physical Disabilities Waiver, and the Autism waiver. Representatives of the Department of Social and Rehabilitation Services recently met with officials from the Federal Centers for Medicare and Medicaid Services concerning complaints regarding the length of the waiting lists.
4. **Financial Management System Rates.** The original negotiation for the rates to be paid to payroll agents for individuals who self direct their care, resulted in a rate of \$140 per individual per month. When the system was implemented, the actual rate was \$115 per individual per month. Reconsideration of the appropriate reimbursement for this service deserves further review with particular emphasis on Kansas specific data.
5. **Children's Initiatives Fund Reduction.** The Governor's budget contains significant reductions to programs funded by the Children's Initiatives Fund compared to historic levels. Specifically, the FY 2013 recommendation for the Department of Aging and the Department of Social and Rehabilitation Services is a reduction of \$14.8 million below the FY 2012 recommendation. A review of the consensus estimate for tobacco receipts, \$55.8 million, should be considered in place of the \$40.0 million included in the Governor's recommendation. Recognition of the estimate would allow for increased expenditures more in line with historical expenditure levels.
6. **Family Preservation Reduction.** Included in the Children's Initiatives Fund changes is a reduction of \$654,357 in family preservation services. These services are provided to families to keep families together and prevent out-of-home placements.
7. **Family Centered System of Care Reduction.** The Governor's budget recommendation includes the elimination of all Children's Initiatives Fund moneys for the Family Centered System of Care program. The program funds grants to Community Mental Health Centers for community based wrap-around services for children with serious emotional disturbance and their families.
8. **Non-Medicaid Mental Health Screening Reduction.** An additional reduction to the Community Mental Centers was the elimination of funding for mental health screening for non-

Medicaid eligible recipients, resulting in a reduction of \$1.8 million for FY 2013.

9. **Supplemental Nutrition Assistance Program Policy Change.** Kansas recently adopted an eligibility policy for the supplemental nutrition program which eliminated the option to allocate a portion of the household members income to members which were not eligible for benefits. The effect of this modification was that individuals, mostly children, which had previously received nutrition assistance are no longer eligible. Kansas is currently one of only four states currently utilizing this eligibility policy, which is one of two eligibility options available under federal United States Department of Agriculture regulations.
10. **Addiction and Prevention Services Treatment Grants Reduction.** The Governor's recommendation includes a reduction totaling \$157,623, all from the State General Fund, associated with a reduction of funding for Addiction and Prevention Services Treatment grants. The reduction would result in 100 people with Substance Use Disorders, who are not covered by Medicaid, not receiving treatment.
11. **Voluntary Retirement Incentive Program Reductions.** The Governor's recommendation includes a reduction totaling \$5.8 million, including \$3.1 million from the State General Fund, to account for the savings associated with participation from employees of the Department of Social and Rehabilitation Services and the state hospitals in the State of Kansas Voluntary Retirement Incentive Program (VRIP). The Governor's recommendation does not make any reductions in FTE positions for the Department of Social and Rehabilitation Services. The Governor's estimated savings of \$22.0 million, including \$6.6 million from the State General Fund, were deleted from all agency budgets. The amount reduced from the Department of Social and Rehabilitation Services is extreme when compared to reductions which occurred in other agencies. The reduction has the potential to negatively impact the Department's ability to adequately staff the areas which provide needed services to the citizens of Kansas.
12. **Fraud, Waste and Abuse Initiative.** The Governor's recommendation includes savings totaling \$2.2 million, including \$1.0 million from the State General Fund, to account for estimated savings from centralizing the agency initiatives to reduce fraud, waste and abuse across all agency programs. Inherent concerns with recognizing savings in anticipation of actions without any assurances that the savings will occur. A more appropriate course of action would include recognizing savings in the budget only after they occur.


Representative Jerry Henry


Representative Barbara Ballard