

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:17 a.m. on March 10, 2011, in Room 346-S of the Capitol.

All members were present

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
J.G. Scott, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 FY 2012 Budget Committee Reports – Department on Aging, Rainbow Mental Health Facility, Osawatimie State Hospital, Larned State Hospital
- Attachment 2 FY 2012 Minority Report – Kansas Department on Aging

Chairman Rhoades welcomed committee members and reviewed the meeting agenda.

Representative Crum, Chair, Social Services Budget Committee presented the FY 2012 Department on Aging Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following adjustments: reduction of \$1.8 million including \$800,000 from the State General Fund, agency utilizes realized savings through reorganization of agency operations to restore resource items for the Senior Care Act and Nutrition Program, noted that Home and Community Based Services for the Frail Elderly waiver may need to implement a waiting list for available resources or may be served in higher cost nursing facilities, recommended a review of Fire Marshal regulations and codes in nursing facilities and the need for life and safety regulations, and commended the secretary for support of senior population.

Representative Ballard presented the FY 2012 Kansas Department on Aging Minority Report, (Attachment 2). The report contained concerns with the Budget Committee recommendations in regards to the following: sweeping funds resulting in additional agency operations reductions, the Senior Care Act and Nutrition Program reductions, and the elimination of 20 FTE positions which are currently filled.

Representative Ballard made a motion to approve the FY 2012 Minority Report for the Kansas Department on Aging. The motion was seconded by Representative Henry.

Discussion followed by committee members regarding the Minority Report. It was noted that if approved, it would replace the Budget Committee Report, which reverts to the Governor's Budget recommendations. A committee member stated that the Budget Committee Report would represent a \$49.4 million increase for Medicaid caseloads for nursing facilities and Frail Elderly waivers.

J.G. Scott, Office of Revisor of Statutes, responded to questions from committee members. He stated that the Governor's original ending balance was \$7.5 million for FY 2012, the committee added an additional \$2.9 million to the Governor's expenditures, which lowered the ending balance by approximately \$3 million. This recommendation would result in approximately \$4.6 million ending balance. He reported that the taxes from the consensus estimating process were increasing 4.3% and the Governor's recommendations represents an increase of 4.4%.

Discussion continued by committee members regarding the impact of budget reductions and economic trends. To date \$2.88 million for expenditures has been added back in to the FY 2012 budget. It was noted that \$18.4 million has been placed in the FY 2012 budget for the Nutrition Program and seniors are eligible for food stamps if they meet the income guidelines.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:17 a.m. on March 10, 2011, in Room 346-S of the Capitol.

Shawn Sullivan, Secretary, Department on Aging, responded to questions from committee members. He discussed the differences in the Governor's budget as compared to the Budget Committee Report. The total for the Senior Care Act, Meals on Wheels and the additional \$900,000 for the Frail Elderly waiver would be \$2.5 million, \$1.6 million has been identified as a savings due to reorganization and the agency will work with CMS regarding fraud abuse, Secretary Sullivan added.

J.G. Scott, Office of the Revisor of Statutes, responded to additional questions from committee members. He stated that the stimulus dollars would be replaced in FY 2012, and would not continue in FY 2013. This represents a one-time shift in what would be the federal match rate, he added.

Discussion continued by committee members. It was noted that the Budget Committee recommendation would capture the savings of \$1.2 million for the Frail Elderly waiver, which will increase the number of people served over the prior year. However, the \$800,000 that was captured was not recommended to be replaced in the budget and the elimination of 20 FTE positions has not been confirmed to date. The Minority Report would represent the Governor's recommendation, it was noted. Concern was expressed on the impact of reducing nutrition programs.

The motion to approve the Minority Report was renewed. The motion failed.

Representative Crum made a motion to approve the Social Services FY 2012 Budget Committee Report. The motion was seconded by Representative Mast.

Representative Kelley made a substitute motion to review the Minority Report at Omnibus with an update from the secretary on this status of the agency. The motion was seconded by Representative Crum. Motion carried.

Representative Mast stated that the State Fire Marshal is working on safety issues within the nursing homes, hospitals and schools.

Representative Crum renewed the motion. Motion carried.

Representative Crum, Chair, Social Services Budget Committee, presented the Rainbow Mental Health Facility FY 2012 Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following adjustments: noted correction action for alternative plans submitted by the agency were rejected by Centers for Medicare and Medicaid Services (CMS), recommend that the agency pursue public/private partnerships, noted that the mental health system has experienced an increase in services and concern for the strain on the agency by reducing bed space.

Representative Crum made a motion to adopt the FY 2012 Rainbow Mental Health Budget Committee Report. The motion was seconded by Representative Donohoe.

Discussion followed by committee members. It was noted that the 112.2 FTE positions were vacant and unfunded positions and adequate staffing for four units was in place.

Representative Donohoe made a substitute motion to report at Omnibus on the status of the 14 beds that were to be closed. The motion was seconded by Representative DeGraaf. Motion carried.

The motion to adopt the Budget Committee Report as amended was renewed. Motion carried.

Representative Crum, Chair, Social Services Budget Committee, presented the Osawatomie State Hospital FY 2012 Budget Committee Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following adjustment: noted that the mental health system has seen an increase for services and that they will be strained even more by reduction in beds at Rainbow Mental Health Facility.

Representative Crum made a motion to adopt the FY 2012 Osawatomie Budget Committee Report. The motion was seconded by Representative DeGraaf.

Discussion followed by committee members regarding bed space and staffing issues.

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Ray Dalton, Deputy Secretary, responded to questions from committee members regarding Medicaid rates for contractual services at two mental health hospitals, length of stay and clinical review process for referrals. He noted that the hospital is in the process for hiring registered nurses, and the projected cost to open the 30 bed wing is approximately \$3.1 million. The average daily census for last year was 175 at Osawatomie State Hospital, he added.

The motion was renewed. Motion carried.

Representative Crum, Chair, Social Services Budget Committee, presented the Larned State Hospital FY 2012 Budget Committee Report (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following notations: concerned for increased referrals to the Sexual Predator Treatment Program, and noted that the mental health system is seen an increase in demand over last year and will be strained even more by the reduction in beds.

Representative Crum made a motion to adopt the FY 2012 Larned State Hospital Budget Committee Report. The motion was seconded by Representative Mast.

Discussion followed by committee members regarding bed space and rehabilitation efforts.

Ray Dalton responded to questions from committee members regarding the Sexual Treatment program. He stated that treatment is in accordance with standards set by the Supreme Court. The cost per patient in a state institution is \$500 per day and \$700 per day for contracted services, it was noted.

The motion to adopt the Budget Committee Report was renewed. Motion was carried.

The Chairman reviewed the agenda for the next scheduled meeting.

Meeting adjourned at 10:59 a.m.

Marc Rhoades, Chairman