

**Testimony for the Children & Family Committee**  
**Chair – Representative Mike Kiegerl**  
**January 24, 2012**

Mr. Chairman and members of the committee thank you for the opportunity to speak to you today about the needs of some very special Kansans. Lakemary Center is a not-for-profit organization based in Paola which has been in existence for over 42 years offering services to children and adults with developmental disabilities. Currently Lakemary offers a wide variety of children's programs from early intervention through our tiny K program to children's case management to our psychiatric residential treatment facility program (PRTF) for children. We also, provide adult HCBS waiver services both day and residential to over 275 adults in both Miami and Johnson counties.

Our residential treatment facility program has been the heart of services offered by Lakemary throughout its history. The PRTF Medicaid program has reached a new level of excellence in that endeavor. Among the PRTF's in the state, Lakemary is the only one to exclusively focus on the needs of children with both developmental disabilities and the acute disabling psychiatric conditions that require a PRTF level of service. The attached brochure briefly summarizes the kinds of services offered in our program. This is an intense 24 hour a day, 7 days a week program with much the same level of care that is offered in a psychiatric inpatient hospital experience.

While I would be happy to go on at length regarding the importance, professionalism, and the outcomes of this program, which are remarkable, I certainly understand that today you may be primarily interested in its cost, efficiency and effectiveness in the use of state dollars. Lakemary currently receives a Medicaid rate of \$266 per day for every child in our PRTF program. This rate compares favorably with the average for other PRTF's around the state which is \$284. Lakemary is in the lower third in terms of program costs and far more favorable than the alternative to this type of program - a psychiatric inpatient hospitalization. As you may know the PRTF rate is based on a state overseen cost audit that is adjusted every six months based on the actual cost experienced by the provider.

Most importantly, we believe that the interventions that are provided to these children at these critical points in their lives are making a long term difference in both the ability to return to a more normalized setting in their communities and to the long term cost which would otherwise be borne by public support for the care and support that these disabling conditions create.

You may be aware of the controversy over the past year that has arisen due to the conflict of interest that has been created by the gatekeeper arrangement for accessing PRTF programs.

The eligibility screens are done by workers of the local mental health centers and expenditures for PRTF's are charged against the Medicaid savings budget of these very same centers. In other words, programs are incentivized to reduce their utilization of PRTF days and service and are penalized by losses to their own budget when they exceed their savings limit. This "managed care" strategy imposed over a year ago has resulted in extremely erratic application of admission standards and a pressure to discharge children back to home communities without adequate preparation or the availability of the support and therapy services necessary for that discharge to not only be effective but to be safe for the child, their family and the community.

The rationale for imposing this self-directed managed care approach was that there was over-utilization in a couple of smaller areas of the state. However this broad based approach to a localized problem has had the predictable results of undercutting the effectiveness of the program resulting in increased recidivism due to failed discharge plans, and, in fact, causing several providers to make the decision to go out of business. In the case of Lakemary, the reduction in our occupancy rates even with the considerable efforts on our part to control costs has depleted cash reserves to the point where we have had to take out a line of credit to meet payroll on several occasions.

Many of you will recall that the PRTF program was created as a replacement to the old level IV, V, and VI children's residential treatment program plan which was considered obsolete. The cost issue here is overblown. The previous program was funded by SGF only. Now there is 60% federal participation. In fact, the far less intense "step-down" option to a PRTF, the YRC, costs the same SGF. This service regardless of its format or method of funding is a fundamental safety net in the infrastructure of basic Kansas services for some of its most challenged and disabled citizens. Whenever that infrastructure is depleted communities are at future risk of not having the resources necessary to respond to the needs of children and families.

I would be happy to answer any questions you may have about the treatment aspects of the program, some of our clinical outcomes, the cost effectiveness, and future budget stability of this program.

Thank you.

Bill Craig, PhD  
Lakemary Center  
President/CEO