

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:10 a.m. on March 16, 2009, in Room 143-N of the Capitol.

All members were present except:

Representative Joe McLeland- excused
Representative Tom Sawyer- excused

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
Christina Butler, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
JG Scott, Kansas Legislative Research Department
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the Committee:

None

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on Kansas Health Policy Authority, Department of Social and Rehabilitation Services
- Attachment 2 FY 2009 Federal Poverty Guidelines
- Attachment 3 Scope Statement - Community Living Opportunities

Representative Henry, member of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Health Policy Authority FY 2010 and moved for the adoption of the FY 2010 Budget Committee report, (Attachment 1). The motion was seconded by Representative Mast.

Responding to questions from Committee members concerning the State Children's Health Insurance Program (SHIP), the Budget Committee noted that approximately 8,000 additional children would receive health insurance benefits in the state. The difference in the adjusted FY 2010 budget represents federal dollars. The grant for funding health epidemic situations was referred to the Kansas Department of Health and Environment for review at Omnibus. The FY 2009 Federal Poverty Guidelines was distributed to Committee members, (Attachment 2).

Marcos Nielsen, Executive Director, Health Policy Authority, responded to questions from Committee members regarding: budget cuts, which includes a 10 percent salary reductions; program cuts, and changes to contracts. Discussion followed concerning the percent of budget funded through SGF and federal match dollars. It was noted that Medicaid is the primary focus of the stimulus package.

Committee members expressed a need for salary review.

Marcos Nielsen, discussed the transfer of employees between departments and job classifications. Dr. Nielsen noted that she is a contractual employee, hired by the board.

● Additional Information Requested

List of top positions and their wage increases since the agency's inception

Representative Henry renewed the motion to adopt the FY 2010 Health Policy Authority Budget Committee Report. Motion carried.

Representative Crum, member of the Social Services Budget Committee, presented the Budget Committee

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:10 a.m. on March 16, 2009, in Room 143-N of the Capitol.

report on the Governor's budget recommendation for the Department of Social and Rehabilitation Services for FY 2010 and moved for the adoption of the Budget Committee recommendation for FY 2010, (Attachment 1). The motion was seconded by Representative Mast.

Committee members reviewed the total dollars from the stimulus package. \$111 million from the stimulus package for FY 2009, \$200 million for FY 2010 and \$111 million for FY 2011, which will be used to divert money back into the SGF and reassessed at Omnibus. At this time, the AREA requirement states that a reduction in eligibility requirements can not be reduced lower than what was in effect on July 1, 2008. The community based services are not a part of the entitlement portion of medicaid, therefore not affected by the Medicaid requirements or the AREA. Services for physically disabled or mentally disabled are considered waiver programs under Medicaid. As a provision, of the Budget Committee Report, the possibility of expanding these waivers using stimulus dollars would be reviewed at Omnibus.

Amy Decorate, Legislative Research Department staff, responded to questions from Committee members. She stated that the G.A. addresses the medicaid increase of 6.1 percent.

Additional questions followed by Committee members regarding the policy for determining eligibility to receive Home and Community Based Services for individuals with developmental disability and waiver payments at the extraordinary funding level. The Scope Statement was distributed to Committee Members, (Attachment 3).

Don Jordan, Secretary, Department of Social & Rehabilitation Services, presented background information on Community Living Opportunities, Inc (CLO). Annual operating losses and lack of revenues resulted in the need for additional fund raising and consulting activities. He noted that the funding for Home Community Based waivers was presented in a five tier approach, with five needing the least support. SRS staff was directed to contact CLO to see if there were individuals who qualified for extraordinary funding, in mid-September. Following their review of 56-58 records, 43 individual were eligible and 10 individuals were on a waiting list for extraordinary funding, which Secretary Jordan approved. This resulted in a higher reimbursement rate than the normal tier structure. The annualized budget for FY 2010 was approximately \$400,000 with 40 percent of this amount in state dollars and 60 percent in federal dollars. Savings from the administrative account was withdrawn, as the least disruptive measure. Communities expressed concern for the length of time for placing individuals, and higher funding levels for tiers 1 and 2. No extraordinary funding was requested, he noted. There are 300 agencies offering similar programs to CLO. A majority of these are not-for-profit agencies with fund raising activities organized to strengthen their organization and to improve the quality of life for those they serve. Of the community service providers, CLO was the only agency to inform Secretary Jordan of their financial difficulties. One other agency contacted SRS, and they have agreed upon some changes they are in the process of making. Meetings with staff and board members of CLO, and the Governor's staff regarding the rationale for approving the extraordinary funding was discussed. It was noted that approximately \$180,000 will be written off.

Committee members stated that the CLO have requested a hearing, which will be held in the Budget Committee, on Wednesday, March 18, 2009. Concerns were expressed by Committee members regarding extraordinary funding and the potential to under-mind the process, and the financial investment of the Midnight Farms.

Representative Crum moved to adopt the Social Rehabilitation & Services FY 2010 Committee Budget. Motion carried.

The next meeting is scheduled for March 17, 2009.

The meeting was adjourned at 10:23 a.m.

Kevin Yoder, Chairman