LEGISLATIVE BUDGET COMMITTEE

Kansas Department for Aging and Disability Services (KDADS)

Summary of Issues

Ms. Mariani

LCC Assigned Topics for KDADS

- Review the implementation of the Financial Management System (FMS) in the Department for Aging and Developmental Services and monitor the effectiveness of the new system;
- Review the number of individuals on the Home and Community Based Services waiting lists and the possible impact concerning the Olmstead case and any information from the Centers for Medicaid and Medicare and the Department of Justice;
- Census Management at the state hospitals;
- Review of the Problem Gambling and Addictions Grant Fund, including a review of the enabling statute regarding types of allowable expenditures, projected revenues into the fund, particularly from the Expanded Lottery Act and recent expenditures from the fund;
- Review state hospital staffing and salary issues including pay parity within the state hospital system and receive an update on Larned State Hospital Accreditation; and
- An update on KanCare, including information on the new program and the impact on Home and Community Based Services waivers.

State Hospitals Census Update, Hospital Staffing, and Salary Issues:

The Committee reviewed the current and projected census at the State Hospitals, recruitment and retention issues, staffing to patient ratios, salary issues and pay raises, and quality outcome measurements for Kansas Neurological Institute (KNI), Larned State Hospital (LSH), Parsons State Hospital and Treatment Center (PSHTC), Osawatomie State Hospital (OSH), and Rainbow Mental Health Facility (RMHF). Also, the Committee reviewed information provided concerning community mental health centers (CMHC) contracts, the contract with ComCare for crisis stabilization beds, Sedgwick Policy Academy, census management initiative, and the Intensive Case Management Program (ICM).

- Committee received information that staffing at the State Hospitals is a continuing concern.
  - The agency indicated that while KNI has been able to recruit new trainees for open 1st and 2nd shift positions, they have had difficulty finding qualified applicants who are willing to work 3rd shift (overnight) positions.
  - In FY 2013, PSHTC plans to open a transition unit that will serve up to eight individuals from the Sexual Predator Treatment Program (SPTP) at Larned State Hospital. This will be a new program in PSHTC's budget. The transition program will offer individuals in the SPTP a chance to re-enter the public sector. There is currently a statutory requirement that no more than eight SPTP transition individuals can reside in one county at anytime.
  - LSH overtime has been steadily decreasing since March 2012, even with the 15.0 percent vacancy rate. This decrease is partially attributed to the legislative approved, and now implemented, salary increases for the RNs and the increase in the salaries of physicians employed at LSH.

- The current job vacancy rate for all of SPTP is at 12.0 percent. LSH staff continues to work to reduce the vacancy rates. Multiple efforts such as job fairs, employment incentives (e.g. temporary housing), and competitive wages are being used to assist in this effort.
- OSH was over its licensed capacity 48 percent of the time during FY 2012 prompting an "above- step" hiring authority request. The Department hopes that with under-market pay adjustments, aggressive recruiting, and an enhanced pool of potential employees in Johnson County relief for some of these staffing challenges can be realized.

- The Committee discussed issues around the census levels to community based supports and the Census Management Initiative.
  - Kansas state mental health hospitals are required to accept everyone approved for admission by a CMHC, even when the hospital is above its budgeted capacity.
  - The state mental health hospitals are considered the "placement of last resort," so the role that community mental health and other social services fulfill defines the role of the state mental health hospitals. As a result, the state mental health hospitals are currently called on to provide broad social safety net services.
  - KDADS contracted with Heartland Regional Alcohol Drug Assessment Center from 2006 through June 30, 2011 to provide ICM services to individuals who lived in Wyandott, Johnson, Douglas, or Shawnee counties: with a history of admissions to state hospitals, considered at risk for admission to state hospitals due to co-occurring mental health and substance abuse issues, with multiple unsuccessful treatment episodes and/or being homeless. During that time, 439 individuals were provided ICM services and only 72 were ever admitted to a state hospital following the initiation of services. The contract has been reissued and includes four additional counties: Sedgwick, Ellis, Barton and Saline.
  - KDADS continues to contract with Via Christi Hospital in Wichita and Prairie View Hospital in Newton to provide inpatient mental health services to persons who are involuntarily committed when the state mental health hospitals reach high census as part of the Census Management Initiative.
  - Stakeholders in Sedgwick, referred to as The Policy Academy, are planning for a long-term goal to reduce dependence on inpatient hospitalization while increasing peer support and recovery coaches. A short-term goal includes the development of a 16 bed crisis facility operated by ComCare. This crisis facility will provide intensive clinical and support services to be available 24 hours a day seven days per week with the goal of providing safety, stabilizing the situation, and averting the need for more restrictive services or inpatient services. The FY 2013 contract outcome for Community Mental Health Centers (CMHCs) targets a reduction of 30 day readmission.
  - The Hospital and Home Strategic plan calls for taking a developmental, multi-faceted approach to developing the service array to better meet these person's needs outside the state mental health hospitals. This will gradually allow the state mental health hospitals to focus more resources on specialized inpatient psychiatric services rather than the broad social safety net services.
  - For OSH and RMHF, work continues to eliminate management layers. During the 2013 Legislative session, KDADS will submit a request to license both facilities under one hospital in order to increase efficiency and generate savings.

Home and Community Based Services (HCBS) Waivers:

The Committee received an overview of the HCBS waiver program, which provides the State flexibility to develop and implement alternatives to placing Medicaid-eligible individuals in hospitals, nursing facilities, or intermediate care facilities. The HCBS waiver program recognizes that many individuals at risk of being placed in these facilities can be cared for in their homes and communities, preserving their independence and ties to family and friends at a cost no higher than that of institutional care. States may also target 1915(c) waivers by specific illness or condition. Waiver services are not required to be made available to all Medicaid recipients, and they can be limited to that specific population for whom the waiver is provided.

Current State HCBS waivers include: Autism, Developmental Disability (DD), Physical Disability (PD), Technology Assisted (TA), Traumatic Brain Injury (TBI), Frail Elderly (FE), Seriously Emotionally Disturbed (SED), and Community Based Alternatives to institutional care. In addition, information was provided listing individuals on each waiver's waiting list, as well as HCBS expenditures from all funding sources (historical comparison FY 2000 to FY 2013 Approved) and HCBS expenditures from the State General Fund (historical comparison FY 2007 to FY 2013 Approved).

- Concerns noted include how the managed care organizations (MCOs) are accountable to administer the FE waiver under KanCare and how each MCO will assess each client's care needs.
- How savings would be generated from these programs is still uncertain.
- Stakeholders urged the Legislature to update the 2005 Legislative Budget Committee report, which proposed a 3-year, phased-in approach to: a.) eliminate the DD waiting lists, and b.) upgrade reimbursement rates for DD service providers to meet increased demands.
- Waiting list reporting and the KDADS audit resulting in recently reported reduction in the waiting list is an issue that needs to be watched closely. It was noted that in July, the method of reporting individuals on the waiting list changed. Previously the waiting list included those eligible applicants but whose start-date had not yet arrived. KDADS now reports eligible applicants excluding those whose start-date has not yet arrived. Stakeholders recommended that KDADS restore the previous reporting practice.
- Developments related to the *Olmstead* decision and impact of budget decisions which may create a risk of institutionalization or segregation may need to be monitored.

Financial Management System (FMS) Update

Under the direction of the federal Centers for Medicare and Medicaid (CMS), Kansas was required to change their payroll agent process to Financial Management Services (FMS). This change required a separation of the administrative rate and the direct service worker rates. Prior to this change, Kansas would reimburse payroll agents one lump sum, with no standardization of how much was for administrative tasks and how much the direct service worker was paid. Kansas chose the FMS Agency with Choice (AWC) model which provides administrative, information and assistance tasks for those beneficiaries choosing to self-direct Home and Community Based Services (HCBS).

Myers and Stauffer finalized their cost study of FMS providers in Kansas, using that data determined the break-even at $100.00 per member per month. Susan Flanagan, PhD Westchester Consulting Group cited the average Agency with Choice FMS rate at $98.10 per member per month. This was the preliminary finding of the National Survey of Publicly-funded Participant-Directed Service programs. Several other state rates were reviewed including Utah who reported a two tiered system of $30.08 for low usage and $98.30 for high usage. Iowa FMS rates range from $68.25 – $82.96. There

are of course states with higher and lower rates but based on the information available Kansas was comfortable with the $115.00.

The Committee received an overview of the system's evolution and information on the FMS work group created to review rates, practices and improvement opportunities.

- Concerns with the FMS implementation continue to surround provider agencies being downsized and satellite offices closed as well as restricting flexibility providers were able to provide to beneficiaries previously.

Problem Gambling and Addictions Grant Fund

The Committee heard an overview on the statutory background of KSA 79-4805, which established the Problem Gambling and Addictions Grant Fund (PGAGF) and provided that "all moneys credited to such fund shall be used only for the awarding of grants under this section." A provision was added, KSA 79-4805 (C) (2), which provided that moneys in the fund "may be used to treat alcoholism, drug abuse and other addictive behaviors" in 2007 under **SB 66**. Legislation provided that 2.0 percent of lottery gaming facility revenues as well as 2.0 percent of electronic gaming machine income be paid into the PGAGF, which is in addition to the $20,000 transferred annually into the PGAGF from the State Bingo Regulation Fund (KSA 79-4710) and the $80,000 transferred annually from the State Gaming Revenues Fund (KSA 79-4806).

Administration of the fund was originally the responsibility of the Department of Social and Rehabilitation Services and under **ERO 41** (2012 Legislative Session) was transferred to the Kansas Department for Aging and Disability Services (KDADS).

The agency provided information on the number of individuals served and outlined the required deliverables for receipt of grant funding.

The FY 2013 appropriations bill contained PGAGF funding of the Pre-paid Inpatient Health Plan (PIHP), domestic violence, and community corrections. The agency indicated the FY 2014 budget would provide for an additional $3.5 million for problem gambling. The PIHP would no longer be funded out of PGAGF, as it falls under KanCare.

- Concerns are that, historically, funding had not been allocated in a manner consistent with legislative intent. Consequently, portions of PGAGF funding were used to substitute for State General Fund (SGF) allocations.
- Committee members expressed concern that the agency's proposal allows $3.5 million, raised by the PGAGF, to be funneled to state programs unrelated to issues of gambling or addiction and discussed potential amendment to the current statute. Committee members requested a written opinion from the agency's legal counsel concerning the matter.