

# KANSAS DEPARTMENT FOR AGING AND DISABILITY SERVICES

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Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 648,920,943	\$ 744,435,146	\$ 688,987,829	\$ 898,978,241	\$ 701,854,406
Other Funds	925,668,921	883,411,355	953,371,296	1,063,435,644	1,003,299,579
<i>Subtotal</i>	<i>\$ 1,574,589,864</i>	<i>\$ 1,627,846,501</i>	<i>\$ 1,642,359,125</i>	<i>\$ 1,962,413,885</i>	<i>\$ 1,705,153,985</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	7,885,543	10,852,142	10,852,142	8,180,000	8,180,000
<i>Subtotal</i>	<i>\$ 7,885,543</i>	<i>\$ 10,852,142</i>	<i>\$ 10,852,142</i>	<i>\$ 8,180,000</i>	<i>\$ 8,180,000</i>
<b>TOTAL</b>	<b><u>\$ 1,582,475,407</u></b>	<b><u>\$ 1,638,698,643</u></b>	<b><u>\$ 1,653,211,267</u></b>	<b><u>\$ 1,970,593,885</u></b>	<b><u>\$ 1,713,333,985</u></b>

Percentage Change:

Operating Expenditures

State General Fund	0.0 %	14.7 %	6.2 %	20.8 %	1.9 %
All Funds	2.4	3.4	4.3	20.6	3.8

FTE Positions	295.0	295.0	295.0	295.0	295.0
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**About This Analysis.** For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

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The Kansas Department for Aging and Disability Services (KDADS) was established by statute in 1977 as a cabinet-level agency headed by a secretary appointed by the Governor, subject to confirmation by the Senate. The agency goals are to promote security, dignity, and independence of older adults and persons with disabilities. KDADS is responsible for the distribution for Medicaid long-term care payments, survey and certification for adult care homes, behavioral health programs, home and community-based services for older adults and persons with disabilities, and the management and oversight of the five state hospitals. The Department is mandated under the federal Older Americans Act to serve as an advocate for seniors and to administer programs funded by Older Americans Act appropriations.

The Department is organized into the major areas of Administration; Commission on Aging and Aging Grants; Medicaid program; Behavioral Health-Operations and Grants; Community Services Administration; and the Survey, Certification, and Credentialing program.

## MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** passed Senate Sub. for Senate Sub. for Sub. for HB 2320, which established a provider assessment up to \$1,950 on each licensed bed within skilled nursing care facilities, including nursing facilities for mental health and hospital long-term care units. The Kansas Soldiers' Home and the Kansas Veterans' Home were excluded from the assessment. A provider assessment is a mechanism used to maximize the amount of federal funding for the State by generating new state funds. After collection, the additional funds are used to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid-eligible services in licensed nursing facilities. The 2004 Legislature had implemented a provider assessment for hospitals. The nursing facility assessment sunsets in four years and after the first three years, the assessment amount will be adjusted to be no more than 60.0 percent of the assessment collected in previous years. As of December 2011, there were 342 skilled nursing facilities in Kansas. The assessment, in the form passed by the 2010 Legislature, received approval from the federal Centers for Medicare and Medicaid Services on February 11, 2011.

In addition, the **2010 Legislature** added \$1,262,863, including \$311,835 from the State General Fund, to fund telehealth services for 500 individuals to the Home and Community Based Services–Frail Elderly Waiver program for FY 2011. However, the agency delayed implementation of the telehealth program because of shortfalls in the appropriations for existing Home and Community Based Services Waiver programs. The agency stated it did not appear prudent to implement a new service when doing so could create a strong possibility of needing to reduce existing services levels or start waiting lists and never used the appropriated funds for implementation during FY 2011. The program was implemented October 1, 2011.

For FY 2011, the Legislature deleted \$2.0 million, including \$1.7 million from the State General Fund, including:

- \$300,000 from the State General Fund for the Nutrition program, resulting in a reduction of 53,286 meals, or 240 fewer seniors receiving services. However, the agency determined it could absorb this reduction within the agency operations portion of the budget and this reduction did not occur;
- \$1.3 million from the State General Fund for Senior Care Act direct services, case management, assessments, and administration, which would have eliminated services for approximately 1,140 seniors and increased the waiting list. The agency indicated it would absorb this reduction with the agency operations instead; and
- \$345,180, including \$102,304 from the State General Fund, for agency operations. The agency indicated it would reduce expenditures through layoffs, furloughs, leaving positions vacant, and other administrative reductions.

The **2011 Legislature** also deleted \$3.0 million, including \$1.2 million from the State General Fund, and 20.0 FTE (filled and unfilled) positions for agency operations for FY 2012, and funding was used for increased caseloads in the Home Care Based Services for the Frail Elderly Waiver. The 2011 Legislature also deleted 30.0 vacant FTE positions for FY 2012. The agency's FY 2012 FTE position limitation was 164.0 FTE positions.

The **2012 Legislature** acknowledged the enactment of Executive Reorganization Order (ERO) No. 41, which became effective on July 1, 2012. Specifically, the ERO transferred programs from the Department of Social and Rehabilitation Services to the Department on Aging, which was renamed the Kansas Department for Aging and Disability Services (KDADS), including the following items:

- Mental health and substance abuse, serious emotionally disturbed, developmental disability, physical disability, traumatic brain injury, autism, technology assistance, and money follows the person Medicaid waivers and programs;
- Licensure and regulation of community mental health centers;
- Regulation of community developmental disability organizations;
- Licensure of private psychiatric hospitals;
- Licensure and regulation of facilities and providers of residential services;
- Licensure of providers of addiction and prevention services; and
- Any other programs and related grants administered by the Disability and Behavioral Health Services Section.

Further, some areas were transferred from the Kansas Department of Health and Environment (KDHE) to KDADS. The following areas of the Health Occupations Credentialing program of KDHE were transferred and will be administered by KDADS:

- Licensure of adult care home administrators;
- Licensure of dietitians;
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides; and
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility licensure program was also transferred to KDADS.

The **2012 Legislature** added \$1.2 million, including \$532,343 from the State General Fund, to fund an additional 60 individuals on the Home and Community Based Services—Physical Disability Waiver for FY 2013 to meet the maintenance of effort requirement for the federal Affordable Care Act.

The **2012 Legislature** added \$1.2, all from the Children's Initiatives Fund (CIF), and deleted the same amount from the State General Fund for the Children's Mental Health Initiative for FY 2013 and added \$4.8 million, all from the CIF, for the Family Centered System of Care for FY 2013.

The **2012 Legislature** added \$1.8 million, all from the State General Fund, for reimbursement of non-Medicaid psychiatric inpatient screening for FY 2013.

The **2012 Legislature** added \$881,920, all from the State General Fund, to fully fund the Senior Care Act program for FY 2013, thereby eliminating the waiting list of 340 Kansas seniors.

The **2012 Legislature** added \$4,148,421, including \$1,800,000 from the State General Fund, to fund approximately 97 persons on the waiver for the developmentally disabled and added \$4,148,421, including \$1,800,000 from the State General Fund, to fund approximately 201 persons on the waiver for the physically disabled.

The **2012 Legislature** added \$5.0 million, all from the State General Fund, for mental health grants for FY 2013.

The **Governor** vetoed the addition of funds in FY 2012 to increase the Financial Management System (FMS) reimbursement rate for service costs to payroll agents from \$115 to \$125 from November 2011 through June 2012.

The **2013 Legislature** deleted \$659,760, including \$338,310 from the State General Fund, in FY 2013 and \$673,297, including \$336,497 from the State General Fund, for FY 2014 for salaries and wages, and \$7,490,205, including \$3,250,000 from the State General Fund, in both FY 2013 and FY 2014 for the Home and Community Based Services Waiver for the Frail Elderly for savings achieved through efficiencies the agency implemented. The Legislature also added \$19,161,842, including \$8,276,000 from the State General Fund, to fund Home and Community Based Services Waivers for individuals with Developmental Disabilities and Physical Disabilities for FY 2014, and \$19,235,036, including \$8,276,000 from the State General Fund for FY 2015. This additional funding will serve approximately 437 people waiting for Physical Disabilities Waiver services and 233 people waiting for Developmental Disabilities Waiver services for FY 2014 and continues funding for these same people for FY 2015.

The **2013 Legislature** made a series of modifications to the Problem Gambling and Addictions Grant Fund, including:

- Transferred \$550,000 from the Problem Gambling and Addictions Grant Fund to the Domestic Violence Grants Fund of the Office of the Governor for FY 2014 and FY 2015;
- Transferred \$150,000 from the Problem Gambling and Addictions Grant Fund to the Child Advocacy Centers Grants Fund of the Office of the Governor for FY 2014 and FY 2015;
- Added language requiring continued funding for an FTE position for the Problem Gambling Services Coordinator position for FY 2014 and FY 2015; and

- Added language requiring that at least 10.0 percent of the amount allocated to the Problem Gambling Services program for FY 2014 and FY 2015 be spent on public awareness campaigns for possible problems related to gambling addictions and for services to address gambling and other addictions.

In addition, the **2013 Legislature** deleted \$3.75 million from the CIF and \$6.00 million from the State General Fund for FY 2014 and FY 2015 for mental health grants; added \$9.75 million for mental health grants for at-risk individuals from the Children's Health Insurance Program Fund for FY 2014 and from the Mental Health Grant–State Highway Fund for FY 2015; and added \$355,000, all from the State General Fund, for Community Mental Health Center (CMHC) grants for the Crisis Screening program for FY 2014 and FY 2015.

The **2014 Legislature** appropriated \$4.0 million, all from the State General Fund, in both FY 2014 and FY 2015 for the Home and Community Based Services Waiver for individuals with developmental disabilities to replace funding lapsed on January 1, 2014. In addition, the 2014 Legislature added language directing that expenditures be made to continue providing services to individuals removed from the Home and Community Based Services Waiver for individuals with developmental disabilities and the Home and Community Based Services Waiver for individuals with physical disabilities waiting lists and provide services in FY 2014 and FY 2015, and added language directing any unbudgeted amounts by the Secretary from the Home and Community Based Services Waiver for individuals with physical disabilities appropriation of \$4.0 million made during the 2013 Session be expended for the Home and Community Based Services Waiver for individuals with developmental disabilities underserved waiting list in FY 2014 and FY 2015.

The **2014 Legislature** also added language allowing funding transferred from State General Fund accounts of the Kansas Neurological Institute to be expended for Home and Community Based Services Waiver for individuals with developmental disabilities in FY 2014 and FY 2015. The Legislature also added \$16.3 million, including \$7.1 million from the KDADS Social Welfare Fund, to provide additional services to individuals on underserved waiting list for the Home and Community Based Services Waiver for individuals with developmental disabilities for FY 2015, and added \$10.2 million, including \$5.0 million from the State General Fund, to add funding for Home and Community Based Services Waivers for individuals with physical disabilities and developmental disabilities, mental health grants, and substance use disorder treatment for FY 2015.

The **2014 Legislature** transferred \$2.5 million from the Problem Gambling and Addictions Grant Fund to the State General Fund in FY 2014 and added language specifying no one who seeks treatment for problem gambling shall be refused treatment and add language transferring up to \$1.0 million from the KDADS Social Welfare Fund to the Problem Gambling and Addictions Grant Fund if needed for FY 2015.

The **2014 Legislature** added \$3.7 million, all from the State General Fund, associated with the closure of the Rainbow Mental Health Facility and contract for services with Rainbow Mental Health, Inc., for FY 2015. The Legislature also deleted \$54.1 million, including \$32.9 million from the State General Fund, for human services consensus caseload estimates in FY 2014, and deleted \$136.5 million, including \$60.9 million from the State General Fund, for FY 2015.

The **2015 Legislature** deleted \$382,000, all from the Problem Gambling and Addictions Grant Fund, for FY 2016 and FY 2017 and transferred \$94,993 to the State General Fund and \$287,007 to the KDADS Social Welfare Fund. In addition, the Legislature added language to transfer the remaining balances in the Problem Gambling and Addictions Grant Fund to the State General Fund at the end of FY 2016 and FY 2017.

The **2015 Legislature** added \$3.5 million, all from the State General Fund, for FY 2016 for additional community resources needed while building improvements are being completed at Osawatomie State Hospital.

In addition, the **2015 Legislature** shifted savings totaling \$1.5 million from the Kansas Neurological Institute to the KDADS budget for FY 2016 and FY 2017 to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The Legislature increased expenditures by \$1.9 million in additional federal Medicaid funds for FY 2016 and FY 2017 as a result of the additional State General Fund expenditures.

The **2015 Legislature** deleted \$1,198,469 for a 4.0 percent operating reduction for FY 2016 and FY 2017 and deleted \$57.0 million, including \$25.0 million from the State General Fund, for FY 2016 and \$56.8 million, including \$25.0 million from the State General Fund, for FY 2017, associated with the implementation of KanCare policy changes.

Additionally, the **2015 Legislature** added \$1.0 million, all from the State General Fund, for mental health services for FY 2016 and FY 2017 to provide behavioral health access for transitional and intermediate levels of care; added \$6.8 million, including \$3.0 million from the State General Fund, for FY 2016 and FY 2017 to reduce the waiting list for services on the Home and Community Based Services Wavier for Individuals with Developmental Disabilities; and added \$2.3 million, including \$1.0 million from the State General Fund, for FY 2016 and FY 2017 to reduce the waiting list for services on the Home and Community Based Services Wavier for Individuals with Developmental Disabilities.

The **2015 Legislature** also deleted \$14.8 million, including \$6.5 million from the State General Fund, for FY 2017 associated with a reduction of the State's payment error rate measurement. The reduction is anticipated with ERO No. 43, which transfers the responsibility for Medicaid eligibility to the KDHE beginning January 1, 2016.

For **FY 2016**, the agency transferred \$1.0 million from the KDADS Social Welfare Fund to the State General Fund for the Governor's July 30, 2015 allotment in FY 2016. The agency also deleted \$13.3 million, all from the State General Fund, for the Governor's November 6, 2015 allotment in FY 2016.

The **April 20, 2016 Governor's Budget Amendment, No. 1, Item 8**, noted Medicaid KanCare expenditures are made from the KDHE; however, an allocation tool was being applied to divide the expenditures between KDHE, KDADS, and the Department of Corrections (DOC). Noting that this allocation tool required additional administrative work, the Governor recommended that beginning in FY 2018, all KanCare expenditures be budgeted for and reflected in KDHE only. This would be a change in accounting and budgeting procedures only, and responsibility for program policies and performance would remain with KDADS and the DOC. The Legislature approved this recommendation.

The **2016 Legislature** added \$3.0 million, all from federal funds, for a new grant from the federal Centers for Medicare and Medicaid Services to develop a fully automated system designed to utilize fingerprints to provide state and national criminal records checks in FY 2016 and FY 2017.

The **2016 Legislature** deleted \$2.3 million, including \$1.0 million from the State General Fund, for the Home and Community Based Services Waiver for Individuals with Physical Disabilities for FY 2017.

The **2016 Legislature** deleted \$3.8 million, all from the State General Fund, for the Children's Mental Health Initiative for FY 2017. This program historically received an appropriation from the CIF. Funding from the CIF is now recommended by the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.

The **2016 Legislature** added \$47.4 million, including \$10.6 million from the State General Fund, to fund human services consensus caseload estimates in FY 2016, and added \$10.7 million, including deleting \$4.9 million from the State General Fund, to fund human services consensus caseload estimates for FY 2017.

The **2016 Legislature** deleted \$2.7 million, including \$23.6 million from the State General Fund, to reallocate non-caseload medical savings to caseload programs in FY 2016, and deleted \$27.8 million, including \$7.7 million from the State General Fund, to reallocate non-caseload medical savings to caseload programs for FY 2017.

The **2016 Legislature** added \$3.9 million, all from the State General Fund, to fund the continuation of a contract for diversion beds for Osawatomie State Hospital for FY 2017.

The **2017 Legislature** added \$10.5 million, all from the State General Fund, for FY 2018, and added \$13.2 million, all from the State General Fund, for FY 2019 for Community Mental Health Centers grants; added language to lapse \$3.5 million, all from the State General Fund, for FY 2018, and to lapse \$5.0 million, all from the State General Fund, for FY 2019, contingent upon the passage of 2017 HB 2180 or any similar legislation transferring such funding from the Health Management Organization (HMO) privilege fees; and added language to lapse \$3.0 million, all from the State General Fund, for FY 2018, and to lapse \$6.0 million, all from the State General Fund, for FY 2019, contingent upon the passage of 2017 HB 2313 or any similar legislation transferring such funding from receipt of lottery vending machine revenues. HB 2079 (2017) was enacted, transferring \$3.5 million for FY 2018 and \$5.0 million for FY 2019 from HMO privilege fees, so those amounts were lapsed from the State General Fund appropriation. The Governor vetoed HB 2313 and no similar legislation concerning lottery vending machines was passed.

In addition, the **2017 Legislature** added \$20.3 million, including \$9.1 million from the State General Fund, for FY 2018 and \$48.1 million, including \$21.6 million from the State General Fund for FY 2019 to provide a 3.0 percent rate increase for FY 2018 and a 4.0 percent rate increase for FY 2019 for providers of Home and Community Based Services (HCBS) under each of the waivers. The Legislature added \$3.0 million, including \$1.3 million from the State General Fund, in FY 2017, FY 2018, and FY 2019 for the disallowance of the Capable Person Policy by the federal Centers for Medicare and Medicaid Services. The Legislature added \$2.1 million, all from the State General Fund, for FY 2018 and FY 2019 for the Senior Care Act. The Legislature added \$1.3 million, all from the State General Fund, for FY 2018 and FY 2019 for Medicaid inpatient referrals.

The **2017 Legislature** added language requiring quarterly reports on Medicaid HCBS waivers to the Kansas Legislative Research Department and the Kansas Division of the Budget, requiring a separate report for each waiver, including actual and projected expenditures, actual and projected number of individuals served, average cost per members served, and summarized encounter data by waiver population or comparable data to allow for review at the program level for FY 2018 and FY 2019. The Legislature also added language to create a mental health task force to study certain topics related to the current status of various mental health programs in Kansas. Language was also added for a report to be presented to the Legislature at the beginning of the 2018 Legislative Session.

In addition, the **2017 Legislature** added funding for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel, legislators, teachers, and licensed personnel and employees at the Schools for the Deaf and the Blind, employees at Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019. For KDADS, the Legislature added \$211,910, including \$77,296 from the State General Fund, for both FY 2018 and FY 2019.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2018 – Current Year.** The **agency** requests a revised estimate for total expenditures of \$1.6 billion, including \$744.4 million from the State General Fund, in FY 2018. The revised estimate includes capital improvement expenditures totaling \$10.9 million, all from the State Institutions Building Fund, and operating expenditures totaling \$1.6 billion, including \$744.4 million from the State General Fund. This is an all funds increase of \$19.7 million, or 1.2 percent, and a State General Fund increase of \$13.8 million, or 1.9 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

The revised estimate includes supplemental funding totaling \$15.5 million, including \$13.8 million from the State General Fund, in FY 2018. Projects in FY 2018 include the first phase of the replacement of the patient billing and management system for the four state hospitals and implementation of a policy change for backdating Home and Community Based Services adult care home applicants. **Absent the FY 2018 supplementals**, the FY 2018 revised estimate is an all funds increase of \$4.2 million, or 0.3 percent, and a State General Fund decrease of \$20, or less than 0.1 percent, from the amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$689.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$689.0 million from the State General Fund, in FY 2018. The Governor concurs with the agency's revised estimate for capital improvement expenditures in FY 2018. The Governor's recommendation for total expenditures is an all funds increase of \$14.5 million, or 0.9 percent, and a State General Fund decrease of \$55.4 million, or 7.4 percent, from the agency's revised estimate.

The Governor's recommendation includes the following adjustments:



- A decrease of \$15.5 million, including \$13.8 million from the State General Fund, due to the Governor not recommending the agency's supplementals requests in FY 2018;
- An increase of \$8.0 million, including a decrease of \$46.5 million from the State General Fund, for human services caseload adjustments in FY 2018. Also included is a recommendation to add Medicaid Home and Community Based Services (HCBS) waivers and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the Human Services Consensus Caseload estimating process in FY 2018;
- An increase of \$22.0 million, including \$10.4 million from the State General Fund, for additional funding for Medicaid HCBS waivers and PACE; and
- A lapse of \$5.5 million from the State General Fund, offset by a corresponding increase in expenditures from the Quality Care Services Fund in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for total expenditures of \$2.0 billion, including \$899.0 million from the State General Fund, for FY 2019. The revised estimate includes capital improvement expenditures totaling \$8.2 million, all from the State Institutions Building Fund, and operating expenditures totaling \$2.0 billion, including \$899.0 million from the State General Fund. This is an all funds increase of \$295.7 million, or 17.7 percent, and a State General Fund increase of \$138.8 million, or 18.3 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

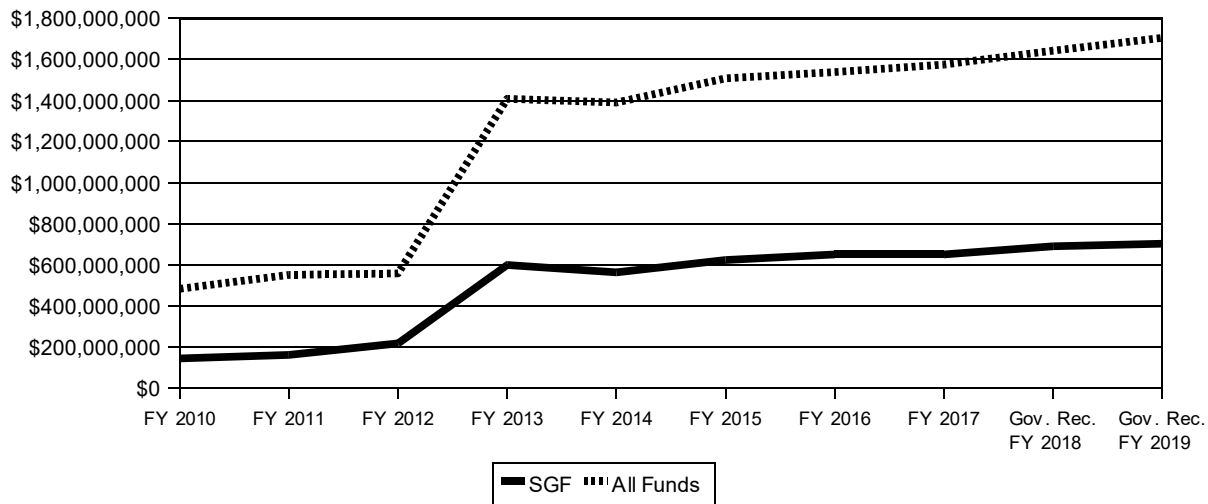
The revised estimate includes supplemental funding totaling \$299.0 million, including \$138.8 million from the State General Fund, for FY 2019. Projects for FY 2019 include the second phase of the replacement of the patient billing and management system for the four state hospitals, implementation of a policy change for backdating Home and Community Based Services (HCBS) adult care home applicants, elimination of the Medicaid HCBS waiting lists for individuals with a physical disability and individuals with an intellectual or developmental disability, rebasing the nursing facility reimbursement rates, an increase in the salary for surveyor positions, and a salary increase for unclassified employees who did not receive an increase through the 2017 Legislature's pay plan. **Absent the FY 2019 supplementals**, the FY 2019 request is an all funds decrease of \$3.3 million, or 0.2 percent, below the amount approved by the 2017 Legislature. The State General Fund total is the same amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$701.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures of \$1.7 billion, including \$701.9 million from the State General Fund, for FY 2019. The Governor concurs with the agency's revised estimate for capital improvement expenditures for FY 2019. The Governor's recommendation for total expenditures is an all funds decrease of \$257.3 million, or 13.1 percent, and a State General Fund decrease of \$197.1 million, or 21.9 percent, below the agency's revised estimate. The Governor concurs with the agency's supplemental request for \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan. In addition, the Governor's recommendation includes the following adjustments:

- A decrease of \$298.9 million, including \$138.7 million from the State General Fund, due to the Governor not recommending the agency's supplemental requests to replace the state hospital patient billing and management system, modify a policy concerning application backdating, eliminate the Medicaid HCBS waiting list for individuals with a physical disability and individuals with an intellectual or developmental disability, rebase nursing facility rates, and provide a salary increase for surveyor positions at the amount requested by the agency;
- An increase of \$501,333, including \$160,426 from the State General Fund, to provide a salary increase for surveyor positions for FY 2019;
- A decrease of \$1.8 million, including \$72.7 million from the State General Fund, for human services caseload adjustments for FY 2019. Also included is a recommendation to add Medicaid Home and Community Based Services waivers and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the human services consensus caseload estimating process for FY 2019;
- An increase of \$25.2 million, including \$6.3 million from the State General Fund, for additional funding for Medicaid HCBS waivers and PACE for FY 2019; and
- An increase of \$17.7 million, including \$7.9 million from the State General Fund, for a 3.0 percent rate increase for nursing facilities for FY 2019.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2010 – FY 2019



## OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 142,148,326	(16.2)%	\$ 481,929,197	(1.7)%	231.3
2011	159,321,200	12.1	549,667,931	14.1	226.8
2012	215,234,227	35.1	556,918,219	1.3	181.3
2013	597,859,761	177.8	1,407,782,256	152.8	278.5
2014	561,860,405	(6.0)	1,389,821,712	(1.3)	275.0
2015	622,246,143	10.7	1,507,475,129	8.5	275.0
2016	649,214,816	4.3	1,538,018,107	2.0	284.0
2017	648,920,943	0.0	1,574,589,864	2.4	295.0
2018 Gov. Rec.	688,987,829	6.2	1,642,359,125	4.3	295.0
2019 Gov. Rec.	701,854,406	1.9	1,705,153,985	3.8	295.0
Ten-Year Change Dollars/Percent	\$ 559,706,080	393.7 %	\$ 1,223,224,788	253.8 %	63.7

## Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
<b>By Program:</b>									
Administration	\$ 11,057,325	\$ 11,320,282	\$ 11,389,071	\$ 68,789	0.6 %	\$ 11,320,282	\$ 11,389,071	\$ 68,789	0.6 %
Aging and Aging Grants	24,809,699	28,191,898	28,985,010	793,112	2.8	28,191,898	28,985,010	793,112	2.8
Medicaid Program	1,435,217,917	1,446,951,375	1,787,297,599	340,346,224	23.5	1,473,966,307	1,538,819,832	64,853,525	4.4
Behavioral Health- Operations and Grant	76,389,194	113,670,397	106,716,094	(6,954,303)	(6.1)	101,168,089	98,367,739	(2,800,350)	(2.8)
Community Services Administration	15,845,466	15,776,614	15,769,615	(6,999)	0.0	15,776,614	15,769,615	(6,999)	0.0
Survey, Certification, and Credentialing	11,270,263	11,935,935	12,256,496	320,561	2.7	11,935,935	11,822,718	(113,217)	(0.9)
<b>TOTAL</b>	<b>\$ 1,574,589,864</b>	<b>\$ 1,627,846,501</b>	<b>\$ 1,962,413,885</b>	<b>\$ 334,567,384</b>	<b>20.6 %</b>	<b>\$ 1,642,359,125</b>	<b>\$ 1,705,153,985</b>	<b>\$ 62,794,860</b>	<b>3.8 %</b>
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 17,215,862	\$ 18,437,770	\$ 18,931,031	\$ 493,261	2.7 %	\$ 18,437,770	\$ 18,497,253	\$ 59,483	0.3 %
Contractual Services	35,190,703	45,255,692	40,036,829	(5,218,863)	(11.5)	45,255,692	40,036,829	(5,218,863)	(11.5)
Commodities	234,863	284,608	293,678	9,070	3.2	284,608	293,678	9,070	3.2
Capital Outlay	165,296	12,646,477	8,559,630	(4,086,847)	(32.3)	144,169	211,275	67,106	46.5
Debt Service	1,720,052	1,502,731	1,267,950	(234,781)	(15.6)	1,502,731	1,267,950	(234,781)	(15.6)
<i>Subtotal-Operations</i>	<i>\$ 54,526,776</i>	<i>\$ 78,127,278</i>	<i>\$ 69,089,118</i>	<i>\$ (9,038,160)</i>	<i>(11.6) %</i>	<i>\$ 65,624,970</i>	<i>\$ 60,306,985</i>	<i>\$ (5,317,985)</i>	<i>(8.1) %</i>
Aid to Local Units	50,925,533	66,186,704	69,446,024	3,259,320	4.9	66,186,704	69,446,024	3,259,320	4.9
Other Assistance	1,469,137,555	1,483,532,519	1,823,878,743	340,346,224	22.9	1,510,547,451	1,575,400,976	64,853,525	4.3
<b>TOTAL</b>	<b>\$ 1,574,589,864</b>	<b>\$ 1,627,846,501</b>	<b>\$ 1,962,413,885</b>	<b>\$ 334,567,384</b>	<b>20.6 %</b>	<b>\$ 1,642,359,125</b>	<b>\$ 1,705,153,985</b>	<b>\$ 62,794,860</b>	<b>3.8 %</b>
<b>Financing:</b>									
State General Fund	\$ 648,920,943	\$ 744,435,146	\$ 898,978,241	\$ 154,543,095	20.8 %	\$ 688,987,829	\$ 701,854,406	\$ 12,866,577	1.9 %
Children's Initiative Fnd	3,800,000	3,800,000	3,800,000	0	--	3,800,000	3,800,000	0	--
Problem Gambling and Addiction Grants	5,710,927	5,822,437	5,825,996	3,559	0.1	5,822,437	5,825,996	3,559	0.1
Quality Care Serv Fund	37,922,323	47,000,000	47,000,000	0	--	49,000,000	43,500,000	(5,500,000)	(11.2)
Title XIX Federal Fund	805,839,839	750,031,273	932,934,006	182,902,733	24.4	817,991,214	876,593,145	58,601,931	7.2
Prevention Treatment Subst Abuse Grant	11,881,786	12,117,285	12,131,829	14,544	0.1	12,117,285	12,131,829	14,544	0.1
All Other Funds	60,514,046	64,640,360	61,743,813	(2,896,547)	(4.5)	64,640,360	61,448,609	(3,191,751)	(4.9)
<b>TOTAL</b>	<b>\$ 1,574,589,864</b>	<b>\$ 1,627,846,501</b>	<b>\$ 1,962,413,885</b>	<b>\$ 334,567,384</b>	<b>20.6 %</b>	<b>\$ 1,642,359,125</b>	<b>\$ 1,705,153,985</b>	<b>\$ 62,794,860</b>	<b>3.8 %</b>

# BUDGET OVERVIEW

## A. FY 2018 – Current Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$729,742,426 in FY 2018. Several adjustments have subsequently been made to that amount. The adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$3,443,432, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018;
- A transfer of \$2,020,000 to Osawatomie State Hospital for operating expenditures in anticipation of the facility becoming recertified for FY 2019; and
- A transfer of \$580,000 to Larned State Hospital to provide a salary increase for Mental Health Technicians.

The adjustments change the FY 2018 approved State General Fund amount to \$730,585,858. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 730,585,858	\$ 744,435,146	\$ 13,849,288	\$ 688,987,829	\$ (41,598,029)
All Other Funds	888,395,898	894,263,497	5,867,599	964,223,438	75,827,540
<b>TOTAL</b>	<b><u>\$ 1,618,981,756</u></b>	<b><u>\$ 1,638,698,643</u></b>	<b><u>\$ 19,716,887</u></b>	<b><u>\$ 1,653,211,267</u></b>	<b><u>\$ 34,229,511</u></b>
FTE Positions	295.0	295.0	0.0	295.0	0.0

The **agency** requests a revised estimate for total expenditures of \$1.6 billion, including \$744.4 million from the State General Fund, in FY 2018. The revised estimate includes capital improvement expenditures totaling \$10.9 million, all from the State Institutions Building Fund, and operating expenditures totaling \$1.6 billion, including \$744.4 million from the State General Fund. This is an all funds increase of \$19.7 million, or 1.2 percent, and a State General Fund increase of \$13.8 million, or 1.9 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

The revised estimate includes supplemental funding totaling \$15.5 million, including \$13.8 million from the State General Fund, in FY 2018. Projects in FY 2018 include the first phase of the replacement of the patient billing and management system for the four state hospitals and implementation of a policy change for backdating Home and Community Based Services adult care home applicants. **Absent the FY 2018 supplementals**, the FY 2018 revised estimate is an all funds increase of \$4.2 million, or 0.3 percent, and a State General Fund decrease of \$20, or less than 0.1 percent, from the amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$689.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$689.0 million from the State General Fund, in FY 2018. The Governor concurs with the agency's revised estimate for capital improvement expenditures in FY 2018. The Governor's recommendation for total expenditures is an all funds increase of \$14.5 million, or 0.9 percent, and a State General Fund decrease of \$55.4 million, or 7.4 percent, from the agency's revised estimate. The Governor's recommendation includes the following adjustments:

- A decrease of \$15.5 million, including \$13.8 million from the State General Fund, due to the Governor not recommending agency's supplementals requests in FY 2018;
- An increase of \$8.0 million, including a decrease of \$46.5 million from the State General Fund, for human services caseload adjustments in FY 2018. Also included is a recommendation to add Medicaid Home and Community Based Services (HCBS) waivers and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the human services consensus caseload estimating process in FY 2018;
- An increase of \$22.0 million, including \$10.4 million from the State General Fund, for additional funding for Medicaid HCBS waivers and PACE in FY 2018; and
- A lapse of \$5.5 million in State General Fund expenditures, offset by a corresponding increase in expenditures from the Quality Care Services Fund in FY 2018.

## Supplemental Detail

Supplementals	FY 2018 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Hospital Patient Management and Billing System Replacement	\$ 12,502,308	\$ 12,502,308	0.0	\$ 0	\$ 0	0.0
HCBS Application Backdating Policy	1,347,000	3,000,000	0.0	0	0	0.0
PACE Added to Social Services Caseloads	0	0	0.0	0	0	0.0
HCBS Waivers Added to Social Services Caseloads	0	0	0.0	0	0	0.0
Human Services Caseloads Adjustments	0	0	0.0	(46,514,530)	7,987,569	0.0
Quality Care Services Fund Expenditures for State General Fund	0	0	0.0	(5,500,000)	0	0.0
HCBS Waivers and PACE Expenditures	0	0	0.0	10,416,521	22,027,363	0.0
<b>TOTAL</b>	<b>\$ 13,849,308</b>	<b>\$ 15,502,308</b>	<b>0.0</b>	<b>\$ (41,598,009)</b>	<b>\$ 30,014,932</b>	<b>0.0</b>

The **agency** requests supplementals totaling \$15.5 million, including \$13.8 million from the State General Fund, in FY 2018. The supplemental requests are detailed below.

**Hospital Management and Billing System Replacement.** The agency requests \$12.5 million, all from the State General Fund, to replace the patient management and billing system for all four state hospitals. The agency states total expenditures for this project total \$28.6 million over five years. FY 2018 expenditures include \$5.0 million in one-time costs and \$7.5 million in implementation costs. The agency states the four hospitals are operating with outdated programs to manage patient billing, pharmacy ordering and dispensing, psychological behavior data, inventory tracking, electronic medical records, monitoring of portable defibrillation equipment, accounting and reimbursement, and staff scheduling, all of which would be replaced with the new system. The agency states the current systems are unsustainable and pose a threat to competent and accurate patient care, but also significantly reduce the efficiency and effectiveness of the respective finance departments' ability to bill revenue sources, such as Medicare, Medicaid, and private insurance.

**Home and Community Based Services Application Backdating Policy.** The agency requests \$3.0 million, including \$1.3 million from the State General Fund, to allow retroactive payments to the date of the Medicaid application for individuals residing in an adult care home at the time a Medicaid application is submitted. For individuals spending down and becoming HCBS-eligible in an adult care home (assisted living facilities, residential health care facilities, and home plus), their adult care home services are not applied retroactively to the date of the Medicaid application, but instead to the plan of care date following eligibility. In these instances, the adult care home goes without payment for the time period the eligibility would be determined and puts the individuals at risk of having to move out of their homes.

**PACE Included in Human Services Caseload Estimating.** The agency requests all expenditures for the Program for All-Inclusive Care for the Elderly (PACE) be included in the Social Services Consensus Caseload process in FY 2018. Currently, the medical portion of PACE is included in the Caseload process, but not the long-term portion of the payment.

**HCBS Waivers Included in Human Services Caseload Estimating.** The agency requests expenditures for the Medicaid HCBS Waivers be included in the Social Services Consensus Caseload process in FY 2018. The agency states, for programs with a wait list, the State would continue to offer services up to the maximum point-in-time number approved by federal CMS.

The **Governor** recommends supplementals totaling \$30.0 million, including a decrease of \$41.1 million from the State General Fund, in FY 2018. The Governor does not recommend the agency's requests for supplemental funding. The Governor concurs with the agency requests to add Medicaid HCBS waivers and all PACE expenditures to the human services consensus caseload estimating process. In addition, the Governor recommends the additional adjustments below.

**Human Services Consensus Caseloads.** The Governor recommends adding \$8.0 million, including a decrease of \$46.5 million from the State General fund, due to the human services consensus caseload adjustments in FY 2018.

**Quality Care Services Fund Expenditures Replacement.** The Governor recommends lapsing \$5.5 million from the State General Fund and adding \$5.5 million in expenditures from the Quality Care Services Fund in FY 2018. The Quality Care Service Fund receives revenue from the Nursing Facility Provider Assessment.

**HCBS Waivers and PACE Expenditures.** The Governor recommends adding \$22.0 million, including \$10.4 million from the State General Fund, for increased expenditures on Medicaid HCBS waivers and PACE.

## B. FY 2019 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$760,166,785 for FY 2019. No adjustments have subsequently been made to that amount.

	<b>CHANGE FROM APPROVED BUDGET</b>				
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 760,166,785	\$ 898,978,241	\$ 138,811,456	\$ 701,854,406	\$ (58,312,379)
All Other Funds	914,702,197	1,071,615,644	156,913,447	1,011,479,579	96,777,382
<b>TOTAL</b>	<b><u>\$ 1,674,868,982</u></b>	<b><u>\$ 1,970,593,885</u></b>	<b><u>\$ 295,724,903</u></b>	<b><u>\$ 1,713,333,985</u></b>	<b><u>\$ 38,465,003</u></b>
FTE Positions	295.0	295.0	0.0	295.0	0.0



The **agency** requests a revised estimate for total expenditures of \$2.0 billion, including \$899.0 million from the State General Fund, for FY 2019. The revised FY 2019 estimate includes capital improvement expenditures totaling \$8.2 million, all from the State Institutions Building Fund, and operating expenditures totaling \$2.0 billion, including \$899.0 million from the State General Fund. This is an all funds increase of \$295.7 million, or 17.7 percent, and a State General Fund increase of \$138.8 million, or 18.3 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

The revised estimate includes supplemental funding totaling \$299.0 million, including \$138.8 million from the State General Fund, for FY 2019. Projects for FY 2019 include the second phase of the replacement of the patient billing and management system for the four state hospitals, implementation of a policy change for backdating Home and Community Based Services (HCBS) adult care home applicants, elimination of the Medicaid HCBS waiting lists for individuals with a physical disability and individuals with an intellectual or developmental disability, rebasing the nursing facility reimbursement rates, an increase in the salary for surveyor positions, and a salary increase for unclassified employees who did not receive an increase through the 2017 Legislature's pay plan. **Absent the FY 2019 supplementals**, the FY 2019 request is an all funds decrease of \$3.3 million, or 0.2 percent, below the amount approved by the 2017 Legislature. The State General Fund total is the same amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$701.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures of \$1.7 billion, including \$701.9 million from the State General Fund, for FY 2019. The Governor concurs with the agency's revised estimate for capital improvement expenditures for FY 2019. The Governor's recommendation for total expenditures is an all funds decrease of \$257.3 million, or 13.1 percent, and a State General Fund decrease of \$197.1 million, or 21.9 percent, from the agency's revised estimate. The Governor concurs with the agency's supplemental request for \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan. In addition, the Governor's recommendation includes the following adjustments:

- A decrease of \$298.9 million, including \$138.7 million from the State General Fund, due to the Governor not recommending the agency's supplemental requests to replace the state hospital patient billing and management system, modifying a policy concerning application backdating, elimination of the Medicaid HCBS waiting list for individuals with a physical disability and individuals with an intellectual or developmental disability, rebasing nursing facility rates, and providing a salary increase for surveyor positions at the amount requested by the agency;
- An increase of \$501,333, including \$160,426 from the State General Fund, to provide a salary increase for surveyor positions for FY 2019;
- A decrease of \$1.8 million, including \$72.7 million from the State General Fund, for human services caseload adjustments for FY 2019. Also included is a recommendation to add Medicaid Home and Community Based Services waivers

and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the human services consensus caseload estimating Process for FY 2019;

- An increase of \$25.2 million, including \$6.3 million from the State General Fund, for additional expenditures on Medicaid HCBS waivers and PACE for FY 2019; and
- An increase of \$17.7 million, including \$7.9 million from the State General Fund, for a 3.0 percent rate increase for nursing facilities for FY 2019.

## Supplemental Detail

Supplementals	FY 2019 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Hospital Patient Management and Billing System Replacement	\$ 8,348,355	\$ 8,348,355	0.0	\$ 0	\$ 0	0.0
HCBS Application Backdating Policy	1,347,000	3,000,000	0.0	0	0	0.0
PD & I/DD Wait List Elimination	89,801,103	200,002,456	0.0	0	0	0.0
Nursing Facility Rate Rebasing	38,884,495	86,602,437	0.0	0	0	0.0
Surveyor Salary Increase	299,000	935,111	0.0	160,426	501,333	0.0
Unclassified Salary Increase	131,503	131,503	0.0	131,503	131,503	0.0
PACE Added to Social Services Caseloads	0	0	0.0	0	0	0.0
HCBS Waivers Added to Social Services Caseloads	0	0	0.0	0	0	0.0
Human Services Caseloads Adjustments	0	0	0.0	(72,650,676)	(1,813,439)	0.0
HCBS Waivers and PACE Expenditures	0	0	0.0	6,346,368	25,235,345	0.0
Nursing Facility Rate Increase	0	0	0.0	7,700,000	17,705,220	0.0
<b>TOTAL</b>	<b>\$ 138,811,456</b>	<b>\$ 299,019,862</b>	<b>0.0</b>	<b>\$ (58,312,379)</b>	<b>\$ 41,759,962</b>	<b>0.0</b>

The **agency** requests supplementals totaling \$299.0 million, including \$138.8 million from the State General Fund, for FY 2019. The supplemental requests are detailed below.

**Hospital Patient Management and Billing System Replacement.** The agency requests \$8.3 million, all from the State General Fund, for the second phase of the replacement of the state hospital patient management and billing system. This is a continuation in part of the initial supplemental request in FY 2018. The agency states the four hospitals are operating with outdated programs to manage patient billing, pharmacy ordering and dispensing, psychological behavior data, inventory tracking, electronic medical records, monitoring of portable defibrillation equipment, accounting and reimbursement, and staff scheduling, all of which would be replaced with the new system. The agency states the systems are unsustainable and post a threat to

competent and accurate patient care, but also significantly reduce the efficiency and effectiveness of the respective finance department's ability to bill revenue sources, such as Medicare, Medicaid, and private insurance.

**HCBS Application Backdating Policy.** The agency requests \$3.0 million, including \$1.3 million from the State General Fund, to allow retroactive payments to the date of the Medicaid application for individuals residing in an adult care home at the time a Medicaid application is submitted. For individuals spending down and becoming HCBS-eligible in an adult care home (assisted living facilities, residential health care facilities, and home plus), their adult care home services are not applied retroactively to the date of the Medicaid application, but instead to the plan of care date following eligibility. In these instances, the adult care home goes without payment for the time period the eligibility would be determined and puts the individuals at risk of having to move out of their homes.

**Elimination of the Medicaid HCBS PD and IDD Wait Lists.** The agency requests \$200.0 million, including \$89.8 million from the State General Fund, to eliminate the Medicaid HCBS waiting lists for individuals with a physical disability and individuals with an intellectual or developmental disability. The agency states this would also be an ongoing cost after FY 2019. The agency states to implement this change, it would need to modify federal waiver language concerning existing specifications on number of individuals served.

**Nursing Facility Rate Rebasing.** The agency requests \$86.6 million, including \$38.9 million from the State General Fund, to provide a full rebase for nursing facility reimbursements for FY 2019. The Kansas Medicaid nursing facility reimbursement system establishes prospective *per diem* rates for each enrolled facility based upon the unique cost of each provider. Rates are determined for each provider by dividing their total inflated costs by total days of care provided. There are limits and add-ons, as well as a case mix adjustments that are applied to the rates. The Kansas Medicaid State Plan also provides that inflation is applied from the midpoint of the cost data period to the midpoint of the rate setting period. KSA 75-5958 states that subject to provisions of appropriations acts, information from the three most recent calendar year cost reports is to be averaged together to calculate the nursing facility rates. This supplemental request addresses the estimated fiscal impact of rebasing and inflating nursing facility rates for FY 2019 to the costs of the three most recent calendar years (FY 2015, FY 2016, and FY 2017) with inflation to the midpoint of FY 2019 (December 31, 2018).

**Surveyor Salary Increase.** The agency requests \$935,111, including \$299,000 from the State General Fund, to provide a salary increase to surveyors of nursing facilities and adult care homes for FY 2019. The agency states funding is needed to allow KDADS the ability to provide the necessary staffing to meet federal and state requirements related to nursing facility and adult care home surveys. The agency states that without the increase, the agency will more than likely see reduced staff retention and additional turn-over, due to wages significantly below the industry standard, and will continue to prevent compliance with the survey requirements from the federal CMS, resulting in reduced federal funding. The agency states KDADS Certified Registered Nurse Surveyors make \$48,484 annually, roughly \$8,500 less per year than the average Kansas Registered Nurse. In 2017, KDADS was found to be out of compliance in conducting consecutive standard surveys within 15 months for all nursing homes, as KDADS' average for federal FY 2016 was 15.1 months. The average percent salary increase for these positions would be 19.7 percent.

**Unclassified Salary Increase.** The agency requests \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan. The agency states that without this funding, it would likely experience reduced staff retention, loss of subject matter experts, increased turnover, a

reduction in the timeliness in policy changes, and a decrease in effectiveness and efficiency in assisting stakeholders.

**PACE Included in Human Services Caseload Estimating.** The agency requests all expenditures for the Program for All-Inclusive Care for the Elderly (PACE) be included in the Social Services Consensus Caseload process for FY 2019. Currently, the medical portion of PACE is included in the Caseload process, but not the long-term portion of the payment.

**HCBS Waivers Included in Human Services Caseload Estimating.** The agency requests expenditures for the Medicaid HCBS Waivers be included in the Social Services Consensus Caseload process for FY 2019. The agency states, for programs with a wait list, the State would continue to offer services up to the maximum point-in-time number approved by the federal CMS.

The **Governor** recommends supplementals totaling \$41.8 million, including a decrease of \$58.3 million from the State General Fund, for FY 2019. The Governor concurs with the agency's supplemental request for \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan, but no other agency requests for supplemental funding. The Governor concurs with the agency requests to add Medicaid HCBS waivers and all PACE expenditures to the human services consensus caseload estimating process. In addition, the Governor recommends the additional adjustments below.

**Surveyor Salary Increase.** The Governor recommends adding \$501,333, including \$160,426 from the State General Fund, for a salary increase for surveyors of nursing homes and adult care homes for FY 2019.

**Human Services Consensus Caseloads.** The Governor recommends deleting \$1.8 million, including \$72.7 million from the State General Fund, due to human services consensus caseload adjustments for FY 2019.

**HCBS Waivers and PACE Re-estimated Expenditures.** The Governor recommends adding \$25.2 million, including \$6.3 million from the State General Fund, for additional expenditures on Medicaid HCBS waivers and PACE for FY 2019.

**Nursing Facility Rate Increase.** The Governor recommends adding \$17.7 million, including \$7.7 million from the State General Fund, to provide a 3.0 percent rate increase for nursing facilities for FY 2019.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The Governor's recommendation for FY 2019 appropriates \$1.5 million, all from the State General Fund, to the Pay Plan Equalization Fund. The Director of the Budget could transfer funds from the Pay Plan Equalization Fund to the State General Fund accounts of any agency.

**Longevity Bonus Payments.** In FY 2018 and for FY 2019, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2018 payment is \$4.3 million, including \$1.7 million from the State General Fund. For FY 2019, the estimated cost is \$4.6 million, including \$1.7 million from the State General Fund. **For this agency, FY 2018 longevity payments total \$32,797, including \$12,660 from the State General Fund, and FY 2019 longevity payments total \$33,634, including \$13,034 from the State General Fund.**

**Kansas Public Employees Retirement System (KPERs) Adjustments.** The employer retirement contribution rate for KPERs State and School is scheduled to be 11.78 percent in FY 2018 and 13.21 percent for FY 2019. The 2017 Legislature approved reducing KPER School employer contributions by \$194.0 million for FY 2019. Like FY 2017, the Legislature required the contribution reduction to be layered as a level dollar amount over 20 years, with the first payment of \$19.4 million beginning for FY 2020.

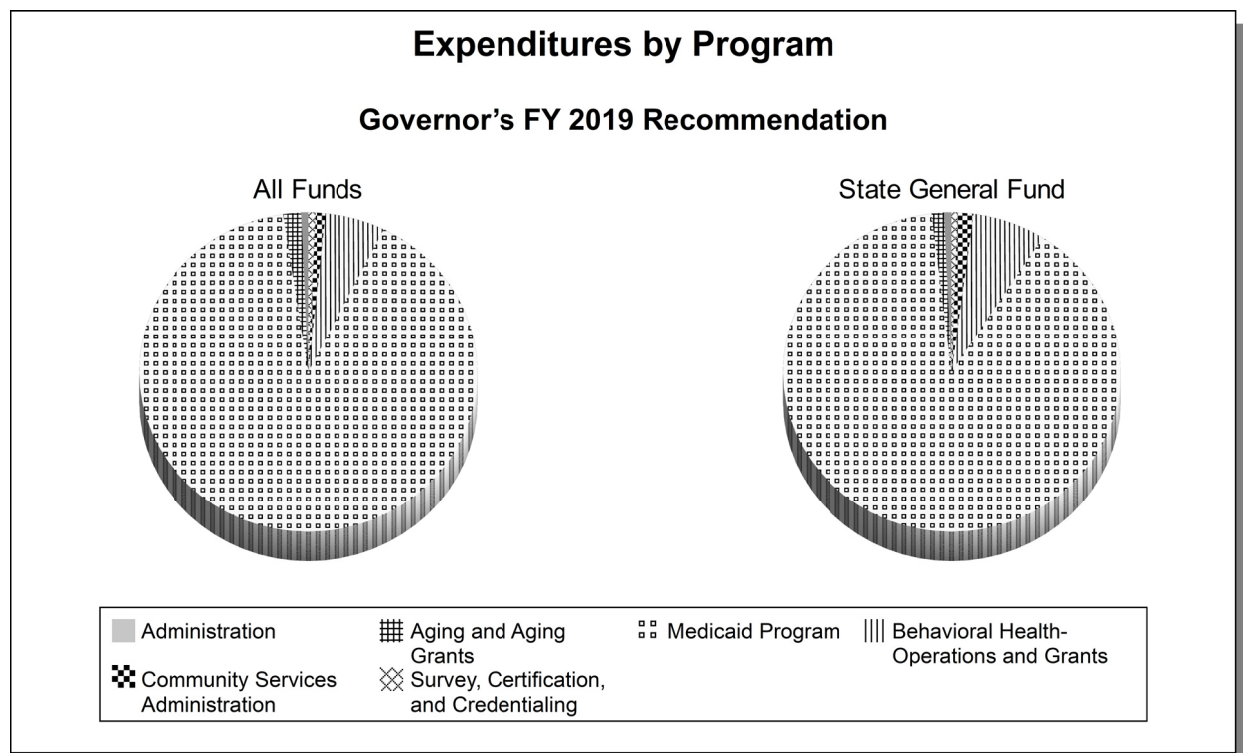
**Death and Disability.** The 2017 Legislature approved a moratorium on employer contributions to the Group Insurance Reserve Fund for the first quarter of FY 2018. This will provide savings of \$10.1 million from the State General Fund and \$12.6 million from all funds.

## Funding Sources

Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	45.8 %	41.2 %
Children's Initiative Fund	0.2	0.2
Problem Gambling and Addiction Grant Fund	0.3	0.3
Quality Care Service Fund	2.4	2.6
Title XIX Federal Fund	47.5	51.4
Prevention Treatment Substance Abuse Grant	0.6	0.7
All Other Funds	3.1	3.6
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

**Note:** Details may not add to totals due to rounding.

# PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 11,389,071	0.7 %	\$ 4,952,740	0.7 %
Aging and Aging Grants	28,985,010	1.7	8,213,514	1.2
Medicaid Program	1,538,819,832	90.2	625,187,017	89.1
Behavioral Health—Operations and Grants	98,367,739	5.8	48,893,093	7.0
Community Services Administration	15,769,615	0.9	10,551,023	1.5
Survey, Certification, and Credentialing	11,822,718	0.7	4,057,019	0.6
<b>TOTAL</b>	<b>\$ 1,705,153,985</b>	<b>100.0 %</b>	<b>\$ 701,854,406</b>	<b>100.0 %</b>

<b>FTE POSITIONS BY PROGRAM FY 2017 – FY 2019</b>					
<b>Program</b>	<b>Actual FY 2017</b>	<b>Agency Est. FY 2018</b>	<b>Gov. Rec. FY 2018</b>	<b>Agency Est. FY 2019</b>	<b>Gov. Rec. FY 2019</b>
Administration	97.0	97.0	97.0	97.0	97.0
Aging and Aging Grants	19.0	19.0	19.0	19.0	19.0
Medicaid Program	0.0	0.0	0.0	0.0	0.0
Behavioral Health– Operations and Grants	28.0	28.0	28.0	28.0	28.0
Community Services Administration	16.0	16.0	16.0	16.0	16.0
Survey, Certification, and Credentialing	135.0	135.0	135.0	135.0	135.0
<b>TOTAL</b>	<b>295.0</b>	<b>295.0</b>	<b>295.0</b>	<b>295.0</b>	<b>295.0</b>

*Note:* For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## **A. Administration**

The Administration program includes all administrative functions of KDADS. The Secretary for Aging and Disability Services has organized the program into the Office of the Secretary and the Financial and Information Services Commission. The Office of the Secretary provides general administrative functions of KDADS. The Financial and Information Services Commission is responsible for all fiscal information and technology services for the agency.

### **Office of the Secretary**

KDADS is a cabinet-level agency administered by a Secretary who is appointed by and serves at the pleasure of the Governor. The Secretary serves as the chief executive officer, overseeing all aspects of agency operations. The Secretary has the authority to sign all documents, letters, contracts, and grants related to state and federal aging programs. The divisions within the office of the secretary are described below.

**State Advisory Council.** The State Advisory Council on Aging was established (KSA 75-5911) to advise the Governor and the Secretary about the needs of older Kansans and to advocate on their behalf. The Council is composed of 15 members, 11 of whom are appointed by the Governor and the remaining 4 are appointed, 1 each, by the majority and minority leaders of the Kansas House of Representatives and the Kansas Senate. Legislative members serve at the pleasure of the appointing authority while gubernatorial appointments are for a 3-year period.

**Assistant Secretary/Policy and Legislative Affairs Division.** The Policy and Legislative Affairs Division is within the Office of the Secretary. The Policy and Legislative Affairs Director reports directly to the Secretary and serves as an advisor on policy initiatives. The Director also monitors legislative policy affecting KDADS.

**Legal Division.** The Legal Division provides consultation and advice to the Secretary and agency staff. The Division includes three sections: Central Office; State Hospitals and Licensing; and Litigation. Each attorney has specialized knowledge in areas relevant to the legal



needs of a state agency having both program and regulatory responsibilities. Specific duties include legal research, oral and written legal opinions, representation of the agency in administrative hearings and before State and Federal Courts contracts, adoption of rules and regulations, policy review, and legislation. The Division also enforces state and federal laws and regulations pertaining to the licensure and certification of adult care homes.

**Human Resources Division.** The goal of the Human Resources (HR) Division is to oversee and provide technical and expert assistance on recruitment, selection, performance management, benefits, position management, organizational management, classification, compensation, employee relations, guidance and discipline, employee recognition, employee development and training, layoffs, furloughs, time and leave, payroll, benefits, the Family Medical Leave Act, the Americans with Disabilities Act, the shared leave program, and retirement. HR staff also provides assistance as the agency reassesses and reorganizes operations and staffing needs in furtherance of efficiency. Partnering with agency management in these endeavors is critical, as HR staff will be able to provide valuable assistance and guidance as the agency evolves and works through the challenges presented.

**Communications Division.** The Communications Division is responsible for public perception of the agency, which includes the Legislature, constituents, members of the public, service providers, stakeholders, and the media. The Division also is responsible for all Freedom of Information and Kansas Open Records Act requests.

**KanCare Ombudsman.** The KanCare Ombudsman assists in the resolution of concerns about services, coverage, access, and rights. In addition, the Ombudsman helps participants understand the grievance and appeal process, as well as the State Fair Hearing process, and assists participants in navigating such processes. The services of the Ombudsman are available to all Medicaid-eligible populations, with a focus on KanCare enrollees utilizing Long-Term Services and Supports.

## **Financial and Information Services Commission**

The Financial and Information Services Commission is led by the Chief Financial Officer. The goal of the Commission is to manage and maintain all fiscal information and technology services for the agency. The Commission is broken down into four parts: Budget Division, Accounting and Financial Management Division, Fiscal and Program Analysis Division, and Information Services Division.

**Budget Division.** The goal of the Budget Division is to provide helpful, timely, and accurate budgetary information to all agency personnel. The Division provides program and budget analysis and budgetary recommendations to the Secretary and prepares the agency's annual budget submission. This division also is responsible for preparing the annual federal application for Medicare and Medicaid funds for the Survey and Certification Commission.

**Accounting and Financial Management Division.** The Accounting and Financial Management Division has the responsibility for payment of the weekly Medicaid claims. Close coordination between the Division, the Kansas Department of Health and Environment, the state Medicaid agency, the Department of Administration, and the Medicaid fiscal agent who manages the Medicaid Management Information System is required to ensure claims are paid in a timely manner. The Division also initiates and processes Medicaid off-System payments upon receipt of inquiries and requests regarding suspended, rejected, or late payments. The Division prepares Medicaid expenditure reports for submission to the state Medicaid agency.

The Fiscal Unit allocates federal Older American Act and Senior Care Act funds using intrastate funding formulas. It has responsibility for all federal financial status reports, including quarterly and annual financial reports to the federal Centers for Medicare and Medicaid Services for the survey and certification of adult long-term care and quarterly Medicaid estimates reports. The Unit also performs the financial management function for grants and contracts to Area Agencies on Aging and other service providers, including special project grants and contracts.

This division also develops, implements, and maintains a system for allocating KDADS' administrative costs for interpreting and applying federal and state policies governing purchasing, cost principles, and grants management. The Division also ensures its internal processes and systems are in compliance with appropriate state and federal mandates and that appropriate internal controls exist.

**Fiscal and Program Analysis Division.** The Fiscal and Program Analysis Division supports the agency through collection, analysis, and reporting of data at all levels: statewide, county, city, planning and service area, case management entities, survey and certification regions, federal Centers for Medicare and Medicaid Services regions, and nationwide. The purpose of the analysis activity is to provide information on current status and provide advance notice of trends to program administrators at the state level and to local administrators of aging programs. The Division is responsible for the completion and submission of the Older Americans Act annual program report and Centers for Medicare and Medicaid Services 372 reports and also compiles and publishes the Home and Community Based Services–Frail Elderly Waiver quality assurance reports, annual Older American Act and Senior Care Act quality review reports, and federal Centers for Medicare and Medicaid Services quarterly reports. Additional responsibilities include monitoring and projecting caseloads for all Medicaid programs.

The Division also manages the Medicaid Nursing Facility program. Staff members are responsible for collecting and reviewing Medicaid cost reports, conducting financial audits, setting nursing facility payment rates, and assisting providers with Medicaid financing matters.

Audit Services performs the following tasks: determines that reported nursing facility costs and resident days used to set reimbursement rates for Medicaid residents are in compliance with state and federal regulations and policies; reviews and analyzes all Area Agencies on Aging single audit reports and identifies issues that require management attention; visits audit firms that provide audit services to Area Agencies on Aging and reviews audit work papers as necessary; performs audits of Resident Personal Needs Fund accounts at nursing facilities as requested by the Survey and Certification Commission or the state ombudsman; and performs audits for nursing facilities requesting asset rebases as received during the year.

**Promoting Excellent Alternative in Kansas Nursing Homes (PEAK).** KDADS began this initiative in 2002 to promote innovation in long-term care. In the first 10 years, 51 different nursing homes were recognized for their achievements in pursuing cultural change. During FY 2013, the agency began to transition PEAK from an education and recognition program to a multi-step quality improvement process. A team of stakeholders, including representatives from KDADS, the nursing homes trade association, and other advocacy groups, was assembled in July of 2011 to begin the recreation of PEAK. The program will provide incentives for homes that have made significant achievements with regard to culture change but also will begin to identify homes that have achieved or maintained competency in person-centered care. The goals of the new PEAK will be to move more nursing homes to pursue culture change and adopt person-centered care.

## Information Services Division

The Information Services Division's primary function is to maintain, enhance, and secure all technological systems, such as the Kansas Aging Management Information System (KAMIS); data communication systems; the voice communication systems; and the data storage systems. These systems enhance the agency's ability to track customers and services provided by Area Agencies on Aging and other service providers; prevent attacks and breaches of the agency's network; support the e-mail system; and maintain a high level of security. Staff manages databases, applications, performs custom data extractions, and monitors data integrity.

## Debt Service Interest

The administration program also includes interest payments on agency debt service. Information on principal payment on debt service is included within the capital improvements section of this analysis.

<b>ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b>					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
<b>Expenditures:</b>					
Salaries and Wages	\$ 5,903,736	\$ 6,350,578	\$ 6,350,578	\$ 6,458,034	\$ 6,458,034
Contractual Services	3,196,930	3,199,919	3,199,919	3,315,963	3,315,963
Commodities	132,191	134,929	134,929	143,999	143,999
Capital Outlay	100,129	111,125	111,125	182,125	182,125
Debt Service	1,720,052	1,502,731	1,502,731	1,267,950	1,267,950
<i>Subtotal - Operations</i>	<i>\$ 11,053,038</i>	<i>\$ 11,299,282</i>	<i>\$ 11,299,282</i>	<i>\$ 11,368,071</i>	<i>\$ 11,368,071</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	4,287	21,000	21,000	21,000	21,000
<b>TOTAL</b>	<b><u>\$ 11,057,325</u></b>	<b><u>\$ 11,320,282</u></b>	<b><u>\$ 11,320,282</u></b>	<b><u>\$ 11,389,071</u></b>	<b><u>\$ 11,389,071</u></b>
<b>Financing:</b>					
State General Fund	\$ 4,083,293	\$ 4,560,053	\$ 4,560,053	\$ 4,952,740	\$ 4,952,740
All Other Funds	6,974,032	6,760,229	6,760,229	6,436,331	6,436,331
<b>TOTAL</b>	<b><u>\$ 11,057,325</u></b>	<b><u>\$ 11,320,282</u></b>	<b><u>\$ 11,320,282</u></b>	<b><u>\$ 11,389,071</u></b>	<b><u>\$ 11,389,071</u></b>
FTE Positions	97.0	97.0	97.0	97.0	97.0

The **agency** requests a revised estimate of \$11.4 million, including \$5.0 million from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$3.1 million, or 21.3 percent, and a State General Fund decrease of \$3.4 million, or 40.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in contractual services expenditures. The 2017 Legislature added \$3.9 million, all from the State General Fund, for continuation of the contract for inpatient psychiatric beds in the community due to a restricted census at Osawatomie State Hospital. Funding for this purpose was originally added to the Administration program, but has been reallocated for the same purpose to a different program. The Administration program includes supplemental funding totaling \$131,503, all from the State General Fund, to provide a salary increase to unclassified employees who did not receive an increase in the 2017 Legislature's play plan. The program includes 97.0 FTE positions, which is a decrease of a 0.5 FTE position fewer than the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating the position to another program.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2019.

## ***B. Commission on Aging and Aging Grants***

The Commission on Aging and Aging Grants (Commission) includes eight divisions: 1) Commission Administration; 2) Older Americans Act; 3) Senior Care Act; 4) Transitional Services and Client Assessment, Referral, and Evaluation (CARE); 5) Information and Community Resources; 6) Aging and Disability Resource Centers (ADRC); 7) Quality Review; and 8) Nutrition Programs. The Commission is responsible for providing services to Kansas seniors through a privatized network of providers. The Commission provides day-to-day management and training and provision of technical assistance to providers funded by the Senior Care Act, Older Americans Act, Medicaid, and the State General Fund.

The goal of the Commission is to improve the quality and performance of community programs for Kansas seniors and to rebalance nursing home and community care systems to prevent premature placement in nursing homes through an effective and supportive community aging network.

### **Older Americans Act Programs**

The Older Americans Act (OAA) was established by Congress in 1965 to provide services to seniors age 60 or older. In the 1972 revisions to the OAA, the Area Agencies on Aging (AAAs) was created to deliver services in communities.

The U.S. Department of Health and Human Services' Administration on Aging annually determines the level of federal funding allotted to Kansas. Program funding is allocated to each state unit on aging (KDADS), based on the number of older persons in the state, to plan, develop, and coordinate systems of supportive in-home and community-based services. KDADS then distributes those funds by formula to the Area Agencies on Aging or contracts with public or private groups to provide services.

**Title III-B Supportive Services (Information and Referral).** This part of the OAA program provides Kansans with objective, accessible, and useful information to promote healthy aging, financial security, and long-term care choices to assist them in making informed decisions. It also promotes accessibility of information sources to all Kansans.

**Title III-D Disease Prevention and Health Promotion.** This portion of the Older Americans Act program promotes disease prevention and health promotion services. These services enable seniors to make informed choices about their lifestyle changes and health. This funding can be used to support any of 15 health-related services.

**Title III-E Caregiver Support.** The National Family Caregiver Support program is designed to be as flexible as possible to support the needs of family caregivers. There are seven categories of service available: Information, Assistance, Counseling, Support Groups, Caregivers Training, Respite, and Supplemental Services. The program targets family caregivers providing in-home or community care to an older adult, caregivers who provide care for individuals with Alzheimer's disease, grandparents or relatives age 55 or older who are relative caregivers for children younger than 19 years of age, and a grandparent or relative age 55 or older providing care to a disabled adult aged 19 to 59. It also directs states to give priority to services for older individuals with the greatest social and economic need, with particular attention to low-income older individuals and grandparents or relatives providing care and support to persons with mental retardation and related developmental disabilities.

## Senior Care Act Programs

The Senior Care Act (SCA) provides a critical early intervention component to the Kansas long-term care network. The SCA program provides services in the customer's home, such as homemaker, chore, attendant care, and case management services. The services are designed to prevent premature nursing home placement for persons who have not exhausted their financial resources, unlike the Home and Community Based Services—Frail Elderly Waiver (HCBS/FE) program. The program is targeted at those who are 60 years of age or older. Participants contribute a significantly higher proportion of the cost of SCA services than participants in the HCBS/FE program. Participant contributions are determined by a sliding fee scale based upon self-reported income and liquid assets for individuals served by the program. The program is funded by a Social Services Block Grant, which is passed through the Department for Children and Families to KDADS, and amounts to \$4.5 million per year.

KDADS funds SCA services through Area Agencies on Aging (AAAs). Funds are allocated to AAAs based upon a variation of the Older Americans Act formula.

	Actual FFY 2016	Est. FFY 2017	Est. FFY 2018	Est. FFY 2019
Total amount of expenditures, including local match and program income	\$7,868,588	\$7,868,588	\$7,868,588	\$7,868,588
Number of unduplicated customers served annually	4,201	4,350	4,350	4,350
Average monthly KDADS expenditure per customer	\$235	\$230	\$230	\$230
Average monthly customer contribution	\$26	\$30	\$30	\$30

\*Federal Fiscal Year (FFY) includes October 1 to September 30 of the following year.

## Transition Services and Client Assessment, Referral, and Evaluation Programs

**Client, Assessment, Referral, and Evaluation program.** The Client Assessment, Referral, and Evaluation (CARE) program is responsible for diverting seniors from nursing home and into the community. CARE has the responsibility for managing the statewide screening of applicants for nursing home services and providing information and referral for other optional community-based services. The CARE program meets the federal requirements for the Pre-Admission Screening and Resident Review.

**Lifespan Respite.** KDADS, along with the Kansas Lifespan Coalition, are partnering on the Lifespan Respite Care grant. The grant has four primary objectives, which include: 1) expanding coordination, participation, and dissemination of respite resources; 2) developing a statewide respite network; 3) increasing family caregiver access to respite services and ease in securing respite providers; and 4) increasing the availability of qualified respite providers and skilled caregivers.

**Vulnerable Elder Rights Protection Activities.** The program promotes Elder Rights Activities, which provides persons age 60 and older access to the system of justice. Legal service providers (attorneys) act as advocates and offer advice and representation. Activities also include programs for the prevention and awareness of elder abuse, neglect, and exploitation of older individuals.

## Information and Community Resources Division—SHICK/SMP/MIPPA

The Information and Community Resources Division provides information and assistance in accessing services through the administration of grant programs. The Senior Health Insurance Counseling for Kansas (SHICK) grant supports a statewide network of trained counselors who provide information, assistance, and counseling to people with questions about Medicare and other health insurance programs. The Senior Medicare Patrol (SMP) grant funds a statewide network of volunteers and partners who educate Kansans about recognizing and reporting health care fraud and abuse. The Division also works with the Older Americans Act, Senior Care Act, Vulnerable Elder Rights Protection, and Alzheimer's Disease Innovation, providing state and federal passthrough grants to local units of government and other qualified organizations. Grants provide services to Kansans age 60 or older in their homes or within the community.

**Senior Health Insurance Counseling for Kansas (SHICK).** The federal Centers for Medicare and Medicaid Services (CMS) funds a nationwide network of State Health Insurance Assistance Programs (SHIPs). In Kansas, the SHIP is known as the Senior Health Insurance Counseling for Kansas (SHICK). This counseling program helps seniors navigate their way through the health insurance and Medicare systems and helps them access privately administered Prescription Assistance programs. The SHICK program is free and provides a reliable, confidential, and unbiased source of information.

SHICK uses a statewide network of sponsoring organizations, call centers, and trained volunteers to provide information, assistance, and counseling to Medicare beneficiaries in their communities. The Senior Health Insurance Counseling for Kansas team also has established partnerships with many community-based organizations and other agencies that provide services to people with Medicare and Medicaid in Kansas. In addition to helping beneficiaries understand their options and select plans of their choice, the Senior Health Insurance Counseling for Kansas staff has taken a lead role in helping beneficiaries resolve problems with their Medicare Part D coverage. They also continue to provide education and counseling about Part D; the new preventive benefits available under Medicare; the Low Income Subsidy that can help beneficiaries with prescription costs; and long-term care insurance options.

**Kansas Senior Medicare Patrol Program.** The Kansas Senior Medicare Patrol (SMP) project educates Kansas Medicare and Medicaid beneficiaries about health care error, fraud, and abuse. SMP is one of the projects funded by the federal Administration on Aging. KDADS collaborates with community-based organizations across the state to recruit retired professionals and train them as volunteer educators. Together with partner organizations, these volunteers create a statewide network of fraud experts who educate beneficiaries about identifying and reporting health care errors, fraud, and abuse.

**Medicare Improvement for Patients and Providers Act.** The Medicare Improvement for Patients and Providers Act (MIPPA) grants providers outreach to eligible Medicare beneficiaries regarding the benefits available under the title XVIII of the Social Security Act (SSA), including the Medicare prescription drug benefit under Part D of title XVIII of the SSA and under the Medicare Savings Program, and to coordinate efforts to inform older Americans about benefits available under federal and state programs.

## Aging and Disability Resource Center

The Aging and Disability Resource Center (ADRC) grant creates a single point of entry for older individuals and individuals with disabilities; this single point of entry includes program information, application process, and eligibility determination. The Hospital Discharge Model (HDM) grant is developing a person-centered planning model that focuses on discharging HDM patient's HCBS and reducing default discharged to nursing homes. Community Transition Opportunities (CTO) is a federal grant the agency received to help people who have indicated in a nursing home that they would like to go back to the community. This program coordinates those residents with the appropriate community services and supports.

## Quality Review Program

The Quality Review Division is responsible for collecting data relative to policy compliance of the Area Agencies on Aging. Each quarter, the Division's staff reviews a statistically significant number of customer case files for the Older Americans Act and Senior Care Act programs to ensure policies and regulations are being followed and that care is being delivered in line with the customers' plan of care. Additionally, the Division's staff interviews the same customers to determine customer satisfaction. The information is then forwarded to the Fiscal and Program Analysis Division for aggregation, analysis, and dissemination among KDADS' stakeholders in report format.

## Nutrition Grants

This program provides grants to Area Agencies on Aging for the provision of nutrition services in either a congregate setting or in the homes of older Kansans who are homebound. Federal, state, and special revenues at the state level are combined with local funds to support the program. Customers also share in the cost of nutrition service by voluntarily contributing toward the cost of their meals.

**Title III-C Nutrition Program.** This program, which started in 1965, authorizes nutrition services for persons aged 60 or over and their spouses and, in certain conditions, persons with disabilities under the age of 60. Meals are provided to eligible participants on a contribution basis in a congregate setting (Title III-C (1)), or within a homebound individual's place of residence (Title III-C (2)).

	Actual FFY 2016	Est. FFY 2017	Est. FFY 2018	Est. FFY 2019
Home Delivered (number of unduplicated persons)	11,498	11,300	11,300	11,300
Traditional Congregate (number of unduplicated persons)	23,684	24,000	24,000	24,000
Total Meals Served	3,131,709	3,023,500	3,023,500	3,023,500
Cost Per Meal	\$5.87	\$6.00	\$6.00	\$6.00

\*Federal Fiscal Year (FFY) includes October 1 to September 30 of the following year.

<b>COMMISSION ON AGING AND AGING GRANTS SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b>					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
<b>Expenditures:</b>					
Salaries and Wages	\$ 954,949	\$ 1,140,325	\$ 1,140,325	\$ 1,151,984	\$ 1,151,984
Contractual Services	2,489,927	3,453,252	3,453,252	4,234,705	4,234,705
Commodities	12,585	14,525	14,525	14,525	14,525
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,457,461</i>	<i>\$ 4,608,102</i>	<i>\$ 4,608,102</i>	<i>\$ 5,401,214</i>	<i>\$ 5,401,214</i>
Aid to Local Units	7,629,618	8,699,131	8,699,131	8,699,131	8,699,131
Other Assistance	13,722,620	14,884,665	14,884,665	14,884,665	14,884,665
<b>TOTAL</b>	<b><u>\$ 24,809,699</u></b>	<b><u>\$ 28,191,898</u></b>	<b><u>\$ 28,191,898</u></b>	<b><u>\$ 28,985,010</u></b>	<b><u>\$ 28,985,010</u></b>
<b>Financing:</b>					
State General Fund	\$ 5,886,617	\$ 7,828,302	\$ 7,828,302	\$ 8,213,514	\$ 8,213,514
All Other Funds	18,923,082	20,363,596	20,363,596	20,771,496	20,771,496
<b>TOTAL</b>	<b><u>\$ 24,809,699</u></b>	<b><u>\$ 28,191,898</u></b>	<b><u>\$ 28,191,898</u></b>	<b><u>\$ 28,985,010</u></b>	<b><u>\$ 28,985,010</u></b>
FTE Positions	19.0	19.0	19.0	19.0	19.0

The **agency** requests a revised estimate of \$29.0 million, including \$8.2 million from the State General Fund, for the Commission on Aging and Aging Grants program for FY 2019. This is an all funds decrease of \$3.2 million, or 9.8 percent, and a State General Fund decrease of \$1.6 million, or 15.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to the agency reallocating expenditures added by the 2017 Legislature to the appropriate programs. The program includes 19.0 FTE positions, which is the same number approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Commission on Aging and Aging Grants program for FY 2019.

### ***C. Medicaid Program (formerly Medical and Community Services)***

The Medicaid program (formerly the Medical and Community Services program) encompasses all of the medical services programs KDADS manages, most of which are included in KanCare. Services include: Mental Health Services; Psychiatric Residential Treatment Facilities; Nursing Facilities for Mental Health; Substance Abuse Disorder Services; Nursing Facility Program; Home and Community Based Services Waivers; and the Program for All-Inclusive Care for the Elderly.

#### **Mental Health Services: KanCare**

KanCare manages the Medicaid-funded community mental health services. The three KanCare Managed Care Organizations (MCOs) contract with a variety of community mental health providers that include community mental health centers and other private mental health practitioners to provide Medicaid-funded mental health services throughout the state. The MCOs are responsible for ensuring persons with mental illness who are Medicaid-eligible



receive a comprehensive array of timely, quality, accessible, and effective mental health services in all areas of the state. The goal of these services is for persons with mental illness to experience recovery and live safe, healthy, successful, self-determined lives in their home and community.

### **Psychiatric Residential Treatment Facilities: KanCare**

Psychiatric Residential Treatment Facilities (PRTFs) are licensed facilities that provide comprehensive mental health inpatient treatment for youth who cannot otherwise be served safely and effectively in a less restrictive environment. Youth are screened by community mental health centers (CMHC) to determine the medical necessity for this level of care. PRTFs are expected to include family, agencies, and community as they offer strengths-based, culturally competent, medically appropriate mental health treatment. Treatment is uniquely designed to support reintegration to family/community living environment utilizing coordinated care support systems and Community Based Services. In Spring 2011, utilization of PRTFs dropped in response to increased utilization review efforts. Behavioral Health Mental Health Administration staff has closely monitored this change to ensure that children are receiving medically necessary level of care. FY 2012 saw increased and effective use of community-based services and coordinated care.

### **Nursing Facilities for Mental Health: KanCare**

Nursing Facilities for Mental Health (NF/MHs) provide out-of-home residential care and treatment for persons experiencing severe symptoms of mental illness. Persons seeking placement in NF/MHs are screened to determine whether or not their needs can be met with community-based services before their admission to the NF/MHs is authorized. Currently, persons needing these services are required to travel long distances from their homes due to the limited number of facilities in the state. NF/MHs are classified by the Centers for Medicare and Medicaid Services (CMS) as Institutions for Mental Disease (IMDs). CMS does not allow payment of Federal Financial Participation (FFP) to IMDs for persons between 22 and 64 years of age. Public payment for persons in this age range is funded entirely through the State General Fund. NF/MHs facilities have experienced an increase in the number of people not eligible for FFP, creating a need for additional State funds. In addition, by state statute, NF/MHs reimbursement rates are reviewed each year. This results in annual rate increases.

The Community Services and Programs Commission established the Hospital and Home Initiative to engage providers, advocates, consumers, and family members in developing a strategic plan that focuses on the necessary components of a comprehensive array of mental health services. The Hospital and Home Initiative strategic plan recommends developing a new vision for NF/MHs. The new vision defines the role of NF/MHs as mental health rehabilitation facilities. The draft vision also enhances the role of the local community mental health centers (CMHCs) in assisting NF/MHs in transitioning residents to community placement. Finally, alternative models of small Medicaid-funded residential treatment facilities for adults are being explored that could provide these needed services in more Kansas communities. NF/MHs also participate in the Medicaid pay-for-performance program (PEAK).

### **Substance Abuse Disorder Services: KanCare**

Substance Abuse Disorder (SUD) Services administers and manages Medicaid-funded community-based alcohol and drug abuse treatment services. Medicaid-eligible Kansans in need of treatment services can access outpatient, intermediate, reintegration, medical detox,

and other related hospital-based services from more than 170 enrolled providers located across the state. The contracted managed care organization assists SUD Services in meeting its mission by contracting with treatment providers across the state to provide effective treatment services to the greatest number of persons.

### **Nursing Facility Program: KanCare**

The Nursing Facility (NF) Program is responsible for enrollment of nursing homes providing Medicaid services to customers and reimbursement for those services. KDADS also collects Civil Monetary Penalties (CMPs) from nursing facilities in instances of substandard quality of care, as determined by the KDADS surveyors. As of June 30, 2017, there were 315 nursing homes operating in the Kansas as Medicaid providers and, when combined with the 10 nursing homes for mental health, they serve all 105 counties in the state. These homes provide care for a monthly average of 9,335 residents whose care is paid by Medicaid. Nursing homes are reimbursed for Medicaid resident care using a cost-based, facility-specific, prospective payment system. As of July 1, 2017, the average daily reimbursement rate is \$173.04.

In 2010, the Kansas Legislature passed a provider assessment for nursing facilities. This allows Kansas to tax providers, match the providers' funds with federal funds, and reimburse nursing facilities at a higher rate. On July 1, 2016, the provider assessment was increased. In FY 2017, the agency collected \$39.9 million from this assessment.

### **Head Injury Rehabilitation Hospitals: KanCare**

Head Injury Rehabilitation Hospitals provide Medicaid-funded services to individuals with a Traumatic Brain Injury (TBI) who require services at a level of intensity, duration, or frequency that may not be available in the community-based setting. Services must be restorative and rehabilitative in nature. Services include behavioral therapy, cognitive therapy, drug and alcohol abuse therapy, independent living skills training, occupational therapy, and physical therapy. In January 2013, KDADS integrated the services provided under this program with the State's Section 1115 KanCare Demonstration Project.

### **Intermediate Care Facilities for Individuals with Intellectual Disabilities: KanCare**

The Community Services and Programs Commission (CSP) administers Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs). Private ICF/IIDs are Medicaid-funded, federally regulated, 24-hour care and training facilities that serve persons with intellectual or developmental disabilities. Each ICF/IID is reimbursed a *per diem* rate for each person living in the facility. Effective January 1, 2013, KDADS integrated the services provided under this program with the State's Section 1115 KanCare Demonstration Project.

### **Home and Community Based Services Waivers**

Home and Community Based Services (HCBS) Waiver Services provides services for more than 19,500 individuals with disabilities throughout the state through six different waiver programs: Intellectual and Developmental Disability (I/DD) Waiver, Physical Disability (PD) Waiver, Traumatic Brain Injury (TBI) Waiver, Technical Assisted (TA) Waiver, Autism Waiver, and Frail Elderly (FE) Waiver. In addition to these waiver programs, Community services and programs work through the Money Follows the Person Grant to assist with the transitions from institutional settings to services based in the community. The goal of waiver services is to

provide individuals with disabilities services within their own communities to improve quality-of-life outcomes. Supports and services provided include day and residential, family support services, and personal care services, which assist people with daily living tasks. Individuals have the opportunity to self-direct their services, including the hiring, training, scheduling, supervising, and releasing of attendants. Services also include assistive services, such as home modifications; technology devices; transitional living services, such as teaching independent living skills; and rehabilitation services, such as physical, occupational, speech, behavioral, and cognitive therapies. Services are coordinated by case managers or independent living counselors.

These services are provided through community providers, such as Community Developmental Disability Organizations, Centers for Independent Living, and home health agencies. Financing is provided by Medicaid Home and Community Based Services Waivers, grants to Community Developmental Disability Organizations, and through the regular medical portion of the Medicaid program.

To be served by a HCBS Waiver, a person must be determined both financially and functionally eligible. Once eligible, the person may receive both waiver services and regular medical services, such as doctors visits and pharmaceuticals.

**Money Follows the Person.** KDADS participates in the federal Money Follows the Person (MFP) program, which is a demonstration grant. The grant permits the qualified institutional setting funding to “follow the person” to the most appropriate Medicaid HCBS waiver. Kansans making long-term care decisions are provided complete information, are given the opportunity to discuss their choices, and learn how they can be served in the community. This program helps shift Medicaid’s traditional emphasis on institutional care to a system offering greater choices that include HCBS and helps eliminate barriers that prevent residents from transitioning back into the community. The grant is administered through KDADS and the Kansas Department of Health and Environment (KDHE).

The MFP program not only allows for the resident to receive HCBS in the community, but also to receive enhanced services called “Transition Services,” which allow for payment of utility deposits and other expenses to reestablish a residence. MFP-enhanced services make it possible for the resident to return to the community. Customers can receive up to 365 days of MFP funding before their cases are transitioned to the appropriate HCBS waiver. Four target populations will be served by this grant: the Frail Elderly (FE), individuals with a Physical Disability (PD), individuals with a Traumatic Brain Injury (TBI), and individuals with a Developmental Disability (DD). KDADS is responsible for administering the MFP program.

To be eligible for this program, an individual must meet the following requirements:

- Be a current resident of a qualified institutional setting for 90 days;
- Be Medicaid-eligible prior to receiving MFP services;
- Meet the functional eligibility for waived services; and
- Have an interest in moving back to the community.

State funds have been transferred from the grant to the FE, PD, TBI, and DD Waivers to the Money Follows the Person program.

**Waiting Lists.** Some programs are not entitlements. If more people apply for and need these programs than the available funds can support, a waiting list for the program is established.

**I/DD Waiver.** As of October 2017, there were 3,603 persons on the I/DD waiting list who currently do not receive any HCBS services.

**PD Waiver.** As of October 2017, there were 1,318 persons on the waiting list.

**FE Waiver.** The FE waiver does not have a waiting list as of October 2017.

**Autism Waiver.** As of October 2017, there were 289 children on the “proposed waiver recipient” waiting list who currently do not receive any HCBS Autism Waiver services.

**TA Waiver.** As of October 2017, there was no waiting list. In order to continue the no waiting list status and control the cost of the program, the program modified its community and hospital referral process for program access. In addition, the program has instituted a system where waiver recipients graduate from a high level of care to a lower level of care when individuals become medically stable. The cost of the program also is maintained due to the program’s emphasis on a parent/legal guardian’s participation in the caregiving and as part of the informal support system.

**TBI Waiver.** As of October 2017, there was no waiting list. To help control growth and related costs, the program maintains the eligibility criterion that recipients make progress in rehabilitation and independent living skills training. As such, the average length of time spent receiving TBI Waiver services is three years.

**Program of All-Inclusive Care for the Elderly (PACE).** The Program of All-Inclusive Care for the Elderly Program is a form of managed care in that the provider accepts a capitated rate in the form of a monthly “premium.” Most participants are eligible for both Medicare and Medicaid benefits. The Program of All-Inclusive Care for the Elderly Program Medicaid rate is negotiated at a minimum of a federally required 5.0 percent cost savings of the calculated upper payment limit, based on past fee for service costs for Medicaid beneficiaries age 55 and over for each unique service coverage area. For this capitated payment, the provider assumes the full risk for their participant’s long-term care needs. The monthly capitated payment is a fixed amount that extends over the life of the participant, regardless of changes in the participant’s health status or service needs. Participants may be required to pay a portion of the capitated payment depending on their income.

PACE organizations must have a center that is approved by Centers for Medicare and Medicaid Services and the State to provide adult day care services, clinical services, therapies, meals, social services, assistance with activities of daily living, and medication management. In addition, the sites are required to have a primary care physician who is part of the team of professionals that helps the participants manage their care. Each participant has access to all specialty services covered under either Medicare, Medicaid, or both. The first Program of All-Inclusive Care for the Elderly (PACE) site, called HOPE, was opened in 2002 by Via Christi Health Services in Wichita. HOPE serves up to 275 participants in Sedgwick County. The Midland Care Connection PACE site, located in Topeka, opened in 2007 and serves up to 105 participants in Shawnee County and the six surrounding counties. KDADS plans to significantly expand PACE over the next few years. The first phase of the expansion included adding capacity to the original two programs, Via Christi HOPE and Midland Care, in FY 2013. The second phase includes adding PACE providers to additional market areas. The agency states

the expansion will be budget neutral overall, as PACE rates are similar to the KanCare capitated rates for the frail elderly and nursing home eligible population, and because PACE will be a dual enrollment option to KanCare and an eligible person that enrolls in PACE and will not enroll into a KanCare plan.

To be eligible to enroll, an individual must meet the following requirements:

- Be 55 years of age or older;
- Be determined to meet the nursing facility level-of-care threshold;
- Reside in the service area of the PACE organization; and
- Be able to live in a community setting without jeopardizing his or her health or safety.

**PACE Expenditures Shift from KDHE.** Beginning in FY 2018, the KDHE portion of the PACE program budget attributable to acute health care was transferred to KDADS, making KDADS responsible for all PACE program payments.

<b>MEDICAID PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b>					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
<b>Expenditures:</b>					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	32,798	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 32,798</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,435,185,119	1,446,951,375	1,473,966,307	1,787,297,599	1,538,819,832
<b>TOTAL</b>	<b><u>\$1,435,217,917</u></b>	<b><u>\$1,446,951,375</u></b>	<b><u>\$1,473,966,307</u></b>	<b><u>\$1,787,297,599</u></b>	<b><u>\$1,538,819,832</u></b>
<b>Financing:</b>					
State General Fund	\$ 589,036,795	\$ 656,049,083	\$ 613,104,074	\$ 813,823,923	\$ 625,187,017
All Other Funds	846,181,122	790,902,292	860,862,233	973,473,676	913,632,815
<b>TOTAL</b>	<b><u>\$1,435,217,917</u></b>	<b><u>\$1,446,951,375</u></b>	<b><u>\$1,473,966,307</u></b>	<b><u>\$1,787,297,599</u></b>	<b><u>\$1,538,819,832</u></b>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a revised estimate of \$1.8 billion, including \$813.8 million from the State General Fund, for the Medicaid program for FY 2019. This is an all funds increase of \$288.3 million, or 19.2 percent, and a State General Fund increase of \$128.7 million, or 18.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's supplemental requests to clear the waiting list for individuals on the physical disability and intellectual or developmental disability waiting lists (\$200.0 million), rebase the nursing facility rates (\$86.6 million), and for HCBS application backdating (\$3.0 million).

The **Governor** recommends \$1.5 billion, including \$625.2 million from the State General Fund, for the Medicaid program for FY 2019. This is an all funds decrease of \$248.5 million, or 13.9 percent, and a State General Fund decrease of \$188.6 million, or 23.2 percent, below the agency's revised estimate. The decrease is primarily attributable to the Governor not recommending the agency's supplemental requests to eliminate the waiting list for individuals with a physical disability and individuals with an intellectual and developmental disability, rebasing nursing facility rates, and changing a policy on backdating certain applications for FY 2019. The Governor's recommendation includes human services consensus caseload adjustments, a 3.0 percent rate increase for nursing facilities, and increased expenditures for Medicaid HCBS waivers and PACE for FY 2019.

#### ***D. Behavioral Health-Operations and Grants***

Behavioral Health–Operations and Grants program includes Behavioral Health Mental Health services, Behavioral Health Substance Use Disorders, Behavioral Health Mental Health Administration, Behavioral Health Mental Health Grants and Contracts, Behavioral Health Substance Use Disorders Administration, Behavioral Health Addiction Services Grants, and Hospital Administration.

#### **Behavioral Health Mental Health**

The foundation for all community mental health services is the Mental Health Reform Act, KSA 39-1601 *et seq.* The Treatment Act for Mentally Ill Persons, KSA 59-2901 *et seq.*, states how patients shall be provided psychiatric treatment on both a voluntary and involuntary basis. KSA 65-4403 describes the procedures for providing state aid to Community Mental Health Centers. KSA 75-3307b authorizes the agency to enforce the laws relating to the hospitalization of mentally ill persons in mental health hospitals and community treatment facilities.

#### **Behavioral Health Substance Use Disorders (SUD)**

In 1972, the Kansas Legislature established the State Alcohol Program (KSA 65-4001). In 1973, the Kansas Legislature established the Drug Abuse Program (KSA-75-5375). Both programs functioned separately under a five-member commission until 1975, when the commissions were abolished and the Alcohol and Drug programs were brought into the Department of Social and Rehabilitation Services (SRS). In 1980, the Governor issued Executive Reorganization Order (ERO) No. 17. Section 18 of that ERO established the alcohol and drug programs as a full service component in SRS. In 2007, SB 354 merged the separate statutes through an amendment of KSA 65-4001.

KSA 65-4007 *et seq.*, 65-4601 *et seq.*, and 75-5375 *et seq.* deal with alcohol and drug prevention, treatment, and licensing functions. Funding for these programs is through the Community Alcoholism and Intoxication Programs Fund, KSA 41-1126, and the Alcoholism Treatment Fund, KSA 41-2622. Federally, alcohol treatment and prevention activities are governed by PL 97-35. This legislation also provides for federal funding through the Substance Abuse Prevention and Treatment Block Grant.

Since the passage of 2007 SB 66, which designated 2.0 percent of the State proceeds from expanded gaming activities to be made available to treat problem gambling and other addictions, Behavioral Health SUD has worked to heighten awareness of and treatment services to problem gamblers in Kansas.

## **Behavioral Health Mental Health Administration**

Behavioral Health Mental Health (BMMH) Administration's mission is partnering to promote prevention, treatment, and recovery to ensure Kansans with behavioral health needs live safe, healthy, successful, and self-determined lives in their communities. BMMH Administration manages, monitors, and oversees the Kansas public mental health service system. This includes purchasing mental health services required for persons who do not have the means to pay. Individuals served include adults with a severe and persistent mental illness (SPMI) and children with a severe emotional disturbance (SED). BMMH Administration purchases services through grants and contracts utilizing State funding and Medicaid funding. Funding through grants and contracts is awarded to Community Mental Health Centers (CMHCs), private community mental health providers, Psychiatric Residential Treatment Facilities (PRTFs), Nursing Facilities for Mental Health (NF/MH), Consumer Run Organizations, advocacy groups, a pharmacy benefits manager, housing organizations, and universities. BMMH Administration monitors and holds providers and contractors accountable for ensuring persons with mental illness, especially those with a SPMI/SED, receive quality services that meet their needs.

In addition to purchasing services, BMMH Administration strives to improve the lives of persons with mental illness by supporting the development and implementation of person-centered, evidence-based practices; furnishing direct technical assistance to providers; and utilizing a continuous quality improvement process. BMMH Administration also establishes and ensures compliance with licensing standards for CMHCs, private freestanding psychiatric hospitals, PRTFs for youth, and adult residential care facilities. BMMH Administration is responsible for the budget, oversight, and management of nursing facilities that serve persons with mental illness (NF/MHs). BMMH Administration strives to coordinate mental health services across all service systems including, but not limited to, the physical health care, juvenile justice, adult criminal justice, and child welfare systems. BMMH Administration provides support for the Governor's Behavioral Health Services Planning Council charged with providing independent oversight and recommendations for Kansas' mental health system. BMMH Administration also works closely with the state mental health hospitals, NF/MHs, PRTFs, private acute care hospitals, and CMHCs to ensure that individuals ready for discharge are provided appropriate community-based services.

## **Behavioral Health Mental Health Grants and Contracts**

BMMH Grants and Contracts includes services through grants and contracts. Grants and contracts are awarded to community mental health centers, private community mental health providers, housing agencies, pharmacy benefit managers, and others. BMMH Administration monitors and manages these grants and contracts to ensure quality, effective mental health services are provided to Kansans who need them the most.

## **Behavioral Health Substance Use Disorders Administration**

Behavioral Health Substance Use Disorders (BHSUD) Administration supports a system of services for individuals experiencing alcoholism, drug dependence, or a gambling addiction, using Federal Block Grant, Medicaid, and State funds. BHSUD purchases an array of services for the treatment of addictions in Kansas, which utilizes a consumer and community-centered philosophy; encourages collaboration with agencies, including dissemination of information and integrating technology and resources that benefit the client; ensures availability and accessibility to recovery services across the state; and promotes continuous quality improvement based on data, research, and outcomes. BHSUD establishes and monitors compliance to standards for

program licensure certification of person-centered case managers, certification of peer mentors, certification of problem gambling counselors, promotes outcomes-based planning and performance improvement, encourages utilization of evidenced-based practices, and provides workforce and leadership development through training opportunities for front-line staff and clinical supervisors.

BHSUD has adopted the National Institute of Drug Abuse (NIDA) principles, a research-based guide that lists science-based treatment strategies for treatment providers. In addition, Addiction and Prevention Services (AAPS) uses the following National Performance Outcomes Measures (NOMS) as performance measures: Abstinence from Drug/Alcohol Use; Increased and/or Retained Employment; Decreased Criminal Justice Involvement; Increased Stability in Housing; Increased Access to Services; Increased Retention in Treatment; Client Perception of Care; Cost Effectiveness; Use of Evidence-Based Practices; and Increased Social Supports/Social Connectedness.

**Problem Gambling.** Behavior Health Services administers problem gambling public awareness, prevention, and treatment services through 3.5 FTE positions.

**Prevention.** Behavior Health Services administers prevention programs designed to address target indicators in addition to providing education and awareness around drug and alcohol concerns. Behavior Health Prevention is also responsible for ensuring Kansas is compliant with federal Synar regulations. Under the Synar Amendment, the State must conduct random, unannounced inspections of tobacco retail outlets to determine a level of compliance with the prohibition of selling tobacco products to minors. The inspections are conducted by the Kansas Department of Revenue's Alcoholic Beverage Control (ABC) division. Federal rules require 80 percent compliance with the prohibition of selling of tobacco to minors; a "soft" compliance rate of 90 percent has been announced as a goal to states for future years. Failure to reach the required target of 80 percent for FY 2005 resulted in a \$2.8 million penalty and required Kansas to increase its financial investment in reducing youth access to tobacco. The State of Kansas completed this penalty phase in FY 2007. Due to the penalty, \$400,000 was committed to the BHSUD budget to maintain and increase retailers' compliance with federal Synar requirements. Through these efforts, Kansas has both maintained compliance to the required federal standard and achieved the 90 percent goal set by the Center for Substance Abuse Prevention.

## **Behavioral Health Addiction Services Grants**

**Addiction Services Treatment.** Through a system of contracts and grants managed by a contracted managed care entity. Behavioral Health Addiction Services (BHAS) supports a system of services for low-income individuals experiencing alcoholism, drug dependence, or a gambling addiction. BHAS monitors compliance to standards for program licensure and treatment counselor credentialing, promotes outcomes-based planning and performance improvement, encourages utilization of evidenced-based practices, and provides workforce and leadership development through training opportunities for front-line staff and clinical supervisors.

**Prevention.** Behavior Health Prevention programs exist across communities throughout Kansas as well as supporting Synar compliance. Through a system of grants and contracts, Behavior Health Prevention supports an infrastructure in reducing past 30-day alcohol use, binge drinking, and 30-day cigarette use among students in grades 6, 8, 10, and 12. Included in this infrastructure are agencies that support the "Kansas Communities That Care" student survey, other evaluation data, and an administrative and logistics coordinator. Behavior Health also supports Synar Compliance in collaboration with the Cigarette and Tobacco Enforcement



team through the Kansas Department of Revenue. BHAS Prevention also supports Synar Compliance in collaboration with the Cigarette and Tobacco Enforcement team through the Kansas Department of Revenue.

**Problem Gambling.** Problem Gambling Services provides first-contact, crisis intervention and on-demand treatment for problem gamblers and their families. The Problem Gambling Program provides a Help Line 24 hours a day, 365 days a year, staffed by Masters level professionals. Prevention Education and awareness activities are also funded, including grants to four community task forces and a statewide coalition.

### Hospital Administration

The Hospital Administration program provides services to the state hospitals programs. Services include medical liability insurance for physicians, cost reports, and hospital administration expenses, including consultant and service contracts. As of FY 2017, Dietary Services contract payments are reflected in the individual budgets of the hospitals impacted.

<b>BEHAVIORAL HEALTH OPERATIONS AND GRANTS SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b>					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,468,562	\$ 1,696,671	\$ 1,696,671	\$ 1,769,241	\$ 1,769,241
Contractual Services	16,081,825	25,124,928	25,124,928	18,992,688	18,992,688
Commodities	6,643	5,918	5,918	5,918	5,918
Capital Outlay	999	12,505,108	2,800	8,351,155	2,800
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 17,558,029</u>	<u>\$ 39,332,625</u>	<u>\$ 26,830,317</u>	<u>\$ 29,119,002</u>	<u>\$ 20,770,647</u>
Aid to Local Units	38,605,636	52,747,293	52,747,293	56,006,613	56,006,613
Other Assistance	20,225,529	21,590,479	21,590,479	21,590,479	21,590,479
<b>TOTAL</b>	<b><u>\$ 76,389,194</u></b>	<b><u>\$ 113,670,397</u></b>	<b><u>\$ 101,168,089</u></b>	<b><u>\$ 106,716,094</u></b>	<b><u>\$ 98,367,739</u></b>
<b>Financing:</b>					
State General Fund	\$ 36,280,284	\$ 62,839,179	\$ 50,336,871	\$ 57,241,448	\$ 48,893,093
All Other Funds	40,108,910	50,831,218	50,831,218	49,474,646	49,474,646
<b>TOTAL</b>	<b><u>\$ 76,389,194</u></b>	<b><u>\$ 113,670,397</u></b>	<b><u>\$ 101,168,089</u></b>	<b><u>\$ 106,716,094</u></b>	<b><u>\$ 98,367,739</u></b>
FTE Positions	28.0	28.0	28.0	28.0	28.0

The **agency** requests a revised estimate of \$106.7 million, including \$57.2 million from the State General Fund, for the Behavioral Health Operations and Grants program. This is an all funds increase of \$12.5 million, or 13.2 percent, and a State General Fund increase of \$13.4 million, or 30.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in aid to local units of government and capital outlay, partially offset by a decrease in other assistance. The program includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The program includes the agency's request for supplemental funding for the second phase of replacement of the state hospitals billing and patient management systems (\$8.3 million). The program includes 28.0 FTE positions, which is a decrease of 12.5 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs.

The **Governor** recommends \$98.4 million, including \$48.9 million from the State General Fund for the Behavioral Health Operations and Grants program for FY 2019. This is an all funds decrease of \$8.3 million, or 7.8 percent, and a State General Fund decrease of \$8.3 million, or 14.6 percent, below the agency's revised estimate for FY 2019. The all funds and State General Fund decrease is attributable to the Governor not recommending the agency's supplemental request to replace the state hospitals billing and patient management systems for FY 2019.

### ***E. Community Services Administration***

Community Services Administration provides oversight of the purchasing of community-based supports and services, including staff who manage and administer the Medicaid Home and Community Based Services Waivers. Additionally, this program administers grant funds to Community Developmental Disability Organizations.

Community Services Administration's mission is to support Kansans in living self-determined, meaningful lives by ensuring access to quality person-centered services. Community Services Administration ensures the supports and services purchased allow persons to live successfully in their home and community; persons are treated with dignity and respect; have opportunities for independence; and are free from abuse, neglect, and exploitation.

<b>COMMUNITY SERVICES ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019</b>					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,153,749	\$ 944,975	\$ 944,975	\$ 926,966	\$ 926,966
Contractual Services	9,990,939	10,068,519	10,068,519	10,079,529	10,079,529
Commodities	7,967	9,240	9,240	9,240	9,240
Capital Outlay	2,532	13,600	13,600	13,600	13,600
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 11,155,187</u>	<u>\$ 11,036,334</u>	<u>\$ 11,036,334</u>	<u>\$ 11,029,335</u>	<u>\$ 11,029,335</u>
Aid to Local Units	4,690,279	4,740,280	4,740,280	4,740,280	4,740,280
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 15,845,466</u></b>	<b><u>\$ 15,776,614</u></b>	<b><u>\$ 15,776,614</u></b>	<b><u>\$ 15,769,615</u></b>	<b><u>\$ 15,769,615</u></b>
<b>Financing:</b>					
State General Fund	\$ 10,098,216	\$ 9,053,069	\$ 9,053,069	\$ 10,551,023	\$ 10,551,023
All Other Funds	5,747,250	6,723,545	6,723,545	5,218,592	5,218,592
<b>TOTAL</b>	<b><u>\$ 15,845,466</u></b>	<b><u>\$ 15,776,614</u></b>	<b><u>\$ 15,776,614</u></b>	<b><u>\$ 15,769,615</u></b>	<b><u>\$ 15,769,615</u></b>
FTE Positions	16.0	16.0	16.0	16.0	16.0

The **agency** requests a revised estimate of \$15.8 million, including \$10.6 million from the State General Fund, for the Community Services Administration program for FY 2019. This is an all funds decrease of \$1.2 million, or 7.1 percent, and a State General Fund increase of \$193,207, or 1.9 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in contractual services for outsourcing certain administrative functions. The program includes 16.0 FTE positions, which is a decrease of 2.0 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs.

The **Governor** concurs with the agency's revised estimate for the Community Services Administration program for FY 2019.

## ***F. Survey, Certification, and Credentialing***

The primary purpose of the Survey, Certification, and Credentialing Commission is to protect public health through the inspection and licensing of adult care homes in Kansas, as defined by KSA 39-923. The Commission develops and enforces regulations related to adult care homes. Field staff document compliance with state regulations and federal certification standards through on-site surveys. Investigations of alleged abuse, neglect, or exploitation also are conducted. In rare cases, the Commission may assume temporary management of a nursing home facility pursuant to a court order. The Commission is comprised of three divisions: Long-Term Care Consulting, Survey and Certification, and Health Occupations Credentialing.

### **Long-Term Care Consulting Division**

The Long-Term Care Consulting Division assures the quality of care and quality of life of residents in adult care homes through several efforts. These initiatives include the development of policies, regulations, and educational offerings, as well as developing and maintaining effective liaison with officials in the federal Centers for Medicare and Medicaid Services (CMS), other state agencies, professional organizations, and the public. This division provides assistance to long-term care providers through consultation on nursing, administration, nutrition, construction, remodeling, and data issues. The Division continues to focus much of its efforts on culture change, or resident-centered care, in nursing home settings. This approach values smaller, more homelike settings and individualized care planning that includes emphasis on quality-of-life concerns.

### **Survey and Certification Division**

The Survey and Certification Division evaluates facilities and providers for state licensure and federal certification purposes. These responsibilities are accomplished through the administrative review of initial qualifications and ongoing surveys conducted by teams comprised primarily of registered nurses and a life safety code inspector. Generally speaking, the Survey and Certification Division activities are divided between nursing facilities/long-term care units of hospitals, intermediate care facilities, assisted living facilities, and other "state licensed only" facilities.

The Survey and Certification Division also is responsible for surveyor training and orientation, survey quality improvement efforts, policy and procedure development, and survey management. Beginning in FY 2006, the Commission became a "pilot state" in implementing CMS' Quality Indicator Survey (QIS) process for Medicare- and Medicaid-certified nursing facilities. Full implementation of the QIS process across the state occurred in FY 2011.

Other functions the Commission performs are enforcement and implementation of a Complaint Program. The Enforcement Coordinator assures that corrective actions are imposed accurately and in a timely way when facilities fail to meet conditions of participation and licensure and certification standards. The Complaint Program performs complaint intake activities through the complaint hotline, triage of complaints and assures that on-site investigations are coordinated for complaint intakes according to state and federal requirements. These programs report directly to the Commissioner.

## Health Occupations Credentialing

Health Occupations Credentialing (HOC) administers the Health Occupations Credentialing Act (KSA 65-5001 *et seq.*), a review process whereby health professions seeking credentialing apply for a credentialing review. The program also issues licenses to dietitians, speech-language pathologists, audiologists, and adult care home administrators. Certification programs administered by the program include nurse aides, home health aides, and medication aides. Related to the certification program is administration of the Kansas Nurse Aide Registry, which is a federally mandated program to ensure that facilities hire nurse aides and home health aides with no abuse, neglect, or exploitation on their records. Other related professions or para-professions administered through this section include operators of residential care facilities or assisted living facilities, activities directors, social service designees, and paid nutrition assistants for adult care homes in Kansas.

The State of Kansas began requiring operators of adult care homes, health home agencies, and staffing agencies to ensure that no one worked in those settings who had a criminal history of a prescribed list of crimes. This legislation went into effect July 1, 1997, and the enforcement of the “prohibited criminal histories” began in 1998. In a partnership between KDADS and the Kansas Bureau of Investigation (KBI), operators submit information on each person for whom they request a criminal record check to the HOC Criminal Record Check program. HOC is linked to the KBI through a telecommunications system that provides initial data on each person for whom there is a record check requested. The information from KBI then provides the basis upon which operators are guided in determining a person’s eligibility to work in that setting. HOC provides the data entry of these requests, processes the information received back from KBI, and notifies the operators when a criminal record indicates the person should not be employed.

In FY 2016, HOC was awarded a \$3.0 million grant from CMS to develop a Kansas National Criminal Information System. The current criminal record check process is a name-based system that only checks for criminal offenses in Kansas. With this grant, the goal was to develop a fully automated system designed to utilize fingerprints to provide state and national criminal record checks. The central infrastructure components for the system and the related budget items include: 1) live scan equipment for scanning fingerprints as the personal identifier; 2) the Center for Naval Analysis (CAN) developed system for implementing the web-based workforce automation and registry checking process; 3) cost subsidy for facilities for the increased cost for KBI fingerprint-based criminal record checks; and 4) integration of existing software with the automated criminal record check system.

**SURVEY, CERTIFICATION, AND CREDENTIALING  
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
<b>Expenditures:</b>					
Salaries and Wages	\$ 7,734,866	\$ 8,305,221	\$ 8,305,221	\$ 8,624,806	\$ 8,191,028
Contractual Services	3,398,284	3,409,074	3,409,074	3,413,944	3,413,944
Commodities	75,477	119,996	119,996	119,996	119,996
Capital Outlay	61,636	16,644	16,644	12,750	12,750
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 11,270,263</u>	<u>\$ 11,850,935</u>	<u>\$ 11,850,935</u>	<u>\$ 12,171,496</u>	<u>\$ 11,737,718</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	85,000	85,000	85,000	85,000
<b>TOTAL</b>	<b><u>\$ 11,270,263</u></b>	<b><u>\$ 11,935,935</u></b>	<b><u>\$ 11,935,935</u></b>	<b><u>\$ 12,256,496</u></b>	<b><u>\$ 11,822,718</u></b>
<b>Financing:</b>					
State General Fund	\$ 3,535,738	\$ 4,105,460	\$ 4,105,460	\$ 4,195,593	\$ 4,057,019
All Other Funds	7,734,525	7,830,475	7,830,475	8,060,903	7,765,699
<b>TOTAL</b>	<b><u>\$ 11,270,263</u></b>	<b><u>\$ 11,935,935</u></b>	<b><u>\$ 11,935,935</u></b>	<b><u>\$ 12,256,496</u></b>	<b><u>\$ 11,822,718</u></b>
FTE Positions	135.0	135.0	135.0	135.0	135.0

The **agency** requests a revised estimate of \$12.3 million, including \$4.2 million from the State General Fund, for the Survey, Certification, and Credentialing program for FY 2019. This is an all funds increase of \$2.6 million, or 27.0 percent, and a State General Fund increase of \$1.5 million, or 55.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures and contractual services expenditures. The agency states recruitment and retention of health facility surveyors is a high priority for the agency and the budget request reflects the expectation that more surveyor positions will remain filled in comparison to previous fiscal years. The program includes supplemental funding totaling \$935,111, including \$299,000 from the State General Fund, to provide a salary increase for surveyor positions for FY 2019. The program includes 135.0 FTE positions, which is an increase of 13.5 FTE positions above the number approved by the 2017 Legislature. The increase is attributable to the agency reallocating positions from other programs.

The **Governor** recommends \$11.8 million, including \$4.1 million from the State General Fund, for the Survey, Certification, and Credentialing program for FY 2019. This is an all funds decrease of \$433,778, or 3.5 percent, and a State General Fund decrease of \$138,574, or 3.3 percent, below the agency's revised estimate for FY 2019. The all funds decrease is attributable to the Governor recommending a salary increase for surveyor positions lower than the amount in the supplemental request from the agency.

# CAPITAL IMPROVEMENTS

<b>CAPITAL IMPROVEMENTS</b>				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair State Hospitals	\$ 5,922,142	\$ 5,922,142	\$ 3,000,000	\$ 3,000,000
Debt Service Principal - State Hospital Rehab and Repair	1,920,000	1,920,000	2,035,000	2,035,000
Debt Service Principal - State Security Hospital	3,010,000	3,010,000	3,145,000	3,145,000
<b>TOTAL</b>	<b><u>\$ 10,852,142</u></b>	<b><u>\$ 10,852,142</u></b>	<b><u>\$ 8,180,000</u></b>	<b><u>\$ 8,180,000</u></b>
<b>Financing:</b>				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	10,852,142	10,852,142	8,180,000	8,180,000
<b>TOTAL</b>	<b><u>\$ 10,852,142</u></b>	<b><u>\$ 10,852,142</u></b>	<b><u>\$ 8,180,000</u></b>	<b><u>\$ 8,180,000</u></b>

**FY 2018 – Current Year.** The **agency** requests a revised estimate for capital improvements of \$10.9 million, all from the State Institutions Building Fund, in FY 2018. This is an increase of \$2.9 million, or 36.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the reappropriation of \$3.0 million for rehabilitation and repair funding not expended in FY 2017. Rehabilitation and repair funding includes projects at the four state hospitals. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital. The last debt service payment for the State Security Hospital is scheduled for November 1, 2022, and the last debt service payment scheduled for the state hospital rehabilitation and repair is scheduled for May 1, 2024.

The **Governor** concurs with the agency's revised estimate for capital improvement expenditures in FY 2018.

**FY 2019 – Budget Year.** The **agency** requests a revised estimate for capital improvements of \$8.2 million, all from the State Institutions Building Fund, for FY 2019. This is the same amount approved by the 2017 Legislature. Rehabilitation and repair funding includes projects at the four state hospitals. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

The **Governor** concurs with the agency's revised estimate for capital improvement expenditures for FY 2019.

**PERFORMANCE MEASURES**

Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
<b>Aging Grants:</b>				
Number of meals served	3,100,120	3,131,709	3,131,709	3,131,709
Cost per meal	\$6.00	\$5.95	\$5.95	\$5.95
Number of customers receiving support services	250,000	260,027	260,027	260,027
Number of area agencies and case management entities found to be in compliance with federal and state requirements for providing services to seniors	20	20	20	20
<b>Behavioral Health - Operations and Grants:</b>				
Number of persons with severe and persistent mental illness receiving inpatient or outpatient services	13,000	21,893	21,893	21,893
Number of target or developmental communities engaged in implementing the Kansas Prevention Collaborative Community Initiative	N/A	17	13	13
Number of individuals receiving problem gambling treatment	145	172	172	172
Number of individuals receiving community-based alcohol and drug treatment services	13,000	14,422	14,422	14,422