

## **CUTS TO SOCIAL SERVICES AND CHANGES TO MEDICAID**

Besides eliminating the Kansas Arts Commission and cutting funds to public schools by about \$100 million<sup>1</sup> Governor Brownback cut funds last year for people with developmental and other disabilities, the mentally ill, children and families. He also slated nine SRS offices to be closed.<sup>2</sup> Six of them remain open due to public pressure or local financing.<sup>3</sup>

### **Recent Cuts to Social Services up to 2013**

I only looked at cuts as found on the Kansas SRS website, and did not investigate cuts that had been made to programs run through other agencies.

### **CUTS TO THE DISABLED**

Grants to people with **Developmental Disabilities** who were not on Medicaid were basically eliminated in 2011. The grants provided services such as payment to families for transportation to out-of-state medical appointments and purchase of medical supplies. It also reimbursed providers of Day and Residential services for the developmentally disabled. The program served 4,838 people.<sup>4</sup> This number is about equal to the number of people on the waiting list for MR/DD services.

**General Assistance** has been eliminated. This program paid \$100/month to adults with disabilities living in extreme poverty who did not qualify for any other SRS program. General Assistance has been cut in recent years. In 2009 it served 4,391. It was reduced and then eliminated in 2011.<sup>5</sup>

Grants for **Independent Living Centers** were cut in 2011, resulting in loss of services for nearly 2,800 individuals with a disability.<sup>6</sup>

Further cuts of 16% are targeted FY 2013. These centers provide services to individuals with disabilities and are directed by a consumer-controlled board. Their purpose is to build systems that foster inclusion in all aspects of community life, teach basic living skills, and work with consumers on employment goals. All centers provide information and referral services, individual living skills training, peer counseling and advocacy and promote deinstitutionalization. Many centers also provide assistive technology for home, vehicle, or workplace, enabling people with disabilities to live more independently.<sup>7</sup>

#### **Cuts in rehabilitative services including vocational training**

Rehabilitative services teach people with disabilities to function at home in the community and in the work place. SRS Rehabilitation Service Grants/Contracts are scheduled to decrease from \$43,448 in FY 2011 to \$0 in FY 2013.

Contractual Services for programs for the disabled and the blind, including vocational rehabilitation decreased from \$1,604,382 in FY 2011 to \$798,899 in FY 2012, and are projected at \$339,143 in FY 2013.

Grants and Assistance for rehabilitation services to the United Cerebral Palsy Association were cut by \$53,750 in FY 2012. The funds went for medical equipment

and assistive technology for people not eligible for assistance under the state vocational rehabilitation program.<sup>8</sup>

### **CUTS TO THE MENTALLY ILL**

Kansas is racing towards the bottom in care for the mentally ill. A report by NAMI (Natl. Alliance on Mental Illness) released last year showed Kansas is 1 of the 10 states with the biggest reduction in spending, percentage-wise, for mental health. Over the past six years there has been a reduction of \$38 million in general fund expenditures for mental health programs.<sup>9</sup> Moreover, with the ongoing recession Community Mental Health Centers have seen an increase in clients. In Johnson County there has been a 20% increase in clients, while the Center has lost \$2 million and 40 jobs.<sup>10</sup>

### **CUTS TO CHILDREN AND FAMILIES**

**Early Headstart** was to be eliminated in 2012. Grants go to learning programs in 48 counties to serve families with incomes at or below poverty level. They are used to help parents be better caregivers and teachers to their children and to enhance childhood development during the formative years. This program served 1,117 children. I believe most or all of this money was restored by the legislature last year. However, it is slated for reduced funding this year. (See “current budget proposed,” below)

**Food stamps** SRS changed the way it calculated eligibility for food stamps and so dropped 2,066 children from the program.<sup>11</sup> These were US citizens who happened to be the children of illegal immigrants. Due to public outcry, Brownback said he would “look into” what happened, but in the newspaper, officials in his administration are busy justifying the change.<sup>12</sup>

**Grants and contracts** The Kansas Coalition on Sexual and Domestic violence lost a training position effective March 31, 2012. The grant paid \$51,155.

The Promoting Safe and Stable Families Caseworker Visitation Grant will be eliminated in FY 2013. In FY 2011 \$171,393 was spent on this grant. The grant was used to improve the frequency of child/worker visits for children in out-of-home placement.

The Kansas Serves Substance Affected Families Grant may also be eliminated in FY 2013. The grant targets children between 3 and 12 in foster care or at risk of foster care because their caretaker has a history of substance abuse. In FY 2012 the grant was for \$590,579.

The Emergency Shelter Grant to help children avoid state custody and return to their families more quickly was eliminated in 2012, and the funds transferred to different grants. In FY 2011, the grant was for \$1,161,208.

The Adoption Resources Recruitment Contract goes to match children in SRS custody with parents wanting to adopt and provides all information to a national

adoption exchange. The contract is decreased by \$11,320 in FY 2012.

Combined grants and assistance expenditures for the following are budgeted to decrease by \$531,438 in FY 2013 (which is a 75% decrease in the amount spent in 2011): The Child Abuse and Prevention Act (no decrease), the Shelter Grant and the Child Welfare Grants to Native American Tribes. Some of the loss to these grants is being made up elsewhere. Some of the money comes from federal grants.

In FY 2013 the Methamphetamine Substance Abuse Regional Partnership will not be funded. In FY 2012 it received \$591,877.<sup>13</sup>

I have not been able to verify if all of these grants lost the amounts specified above. Some of them may have been restored or partially so by the Legislature in 2011. But they do give a good indication of where the Brownback administration would like to save money.

### **Proposed cuts - Current Budget FY 2013**

Governor Brownback has proposed a budget of just under \$6.1 billion, which is \$39 million less than in 2012. It would leave cash reserves of \$465 million.<sup>14</sup> Overall budget spending, including federal funding would drop by 4.1% or \$597 million.<sup>15</sup>

Steve Andersen, the budget director, said the state's spending on **social services** is increased to help the transition to Kan-Care, the proposed managed-care system for the 350,000 Kansans on Medicaid. However spending of tobacco settlement funds used for **early childhood education** is down 32% from \$58 million to \$39 million.<sup>16</sup>

The budget anticipates **unemployment benefits** to drop by 39% between FY 2012 and FY 2013.<sup>17</sup>

More cuts in **mental health** funding are proposed. The new budget eliminates \$10.2 million for mental health centers treating 70,000 patients throughout Kansas. The reduction would strip \$976,000 from Valeo Behavioral Health Care in Topeka, \$601,000 from Pawnee Mental Health Services in Manhattan and \$248,000 from Bert Nash Community Mental Health Center in Lawrence. Facilities serving Johnson and Sedgwick counties would both lose more than \$1 million. At the same time, the administration wants to eliminate \$5 million in "family-centered" grants for delivery of monthly therapy to 5,000 children with severe emotional disorders and to support their families.<sup>18</sup>

**Kan-Care proposal** The big money-saver in the long-term is supposed to be Kan-Care, the overhaul and complete reformation of the State's **Medicaid** system. With this reform the Governor hopes to save \$367 million over the next five years.<sup>19</sup>(which is 33% of the State's part of the current Medicaid budget) To effect these savings, the Governor would place everyone currently on Medicaid into a managed care system. That is the management of Medicaid benefits (State and federal tax monies) would be contracted out to private insurance companies. Medicaid recipients include, among others, some nursing home residents, the disabled and some of the mentally ill, ie.,everyone on traditional Medicaid or on an

HCBS (Home and Community Based Services) waiver. To this end, a major reorganization of SRS and three other state agencies is already underway. At present, the state has about 350,000 Medicaid beneficiaries, which is about 12.5% of the population.

The reorganization transfers the Medicaid Fiscal and Contract Management from KDHE's Division of Health Care Financing and Program Management to the Kansas Department on Aging, which will be renamed the Dept. for Aging and Disability Services (DADS). The Division of Disabilities and Behavioral Health Services will be transferred from SRS to the new agency (DADS) This includes the HCBS waivers, mental health and addiction programs, other community support services, and the 5 state hospitals.

**HCBS** (Home and Community Based Services) includes the following waivers: MR/DD (mental retardation/developmental disabilities), TBI/SCI (traumatic brain injuries), Frail Elderly, PD (physical disabilities), kids with severe emotional disturbances, technology assisted children (helps those under 18 years old who are on ventilators, etc. who meet the hospital level of care but are not eligible for Medicaid to remain in their homes and the community).<sup>20</sup>The waivers are additional state money, through Medicaid, which is a funding partnership (60/40) between the federal government and the state, to help people that qualify for the programs to receive the services they need in their homes or in the community.

At present, people funded under these waivers – depending on which waiver they are under -have a choice between a variety day programs group homes, and case-managers. Transportation to and from activities and doctor's appointments may also be paid for. The counties have local over-site of the private non-profit agencies that have sprung up to answer the need for services.

People on these waivers generally need long-term care; their conditions, mental, physical, or emotional, are not going to change significantly. These are people who, because of physical, mental, developmental or emotional problems – and most often a complex mixture of several handicaps -cannot take care of themselves. They must live under some sort of supervision, ranging from total care, to someone checking in on them in their apartment every day, or maybe once a week, according to the need of the individual. They generally require too much care to live at home, especially when they become adults and are no longer in school. Those who can be cared for at home by parents, usually are. But at some point the parents, realizing they will not be around forever, usually seek to place them in the HCBS system.

Long term care is by its nature expensive, and for people on the HCBS waivers, it involves much more than medical expenses. At present, payment for these services is approved through SRS, which does not use a medical model, and has expertise in ascertaining needed social services.

The Governor's proposal puts people in long-term care into the medical care model and puts payment for all of their services, including day care programs, personal attendants, transportation, and group homes, into the hands of out-of-state insurance companies trying to make a profit. Long-term care of the kind provided under the HCBS programs is an area in which insurance companies have no

experience. Recognizing this, Blue Cross Blue Shield, the state's largest insurance company, recently said it will not apply to participate in running the managed care program.<sup>21</sup> Aetna insurance has also decided not to apply.<sup>22</sup> According to an anonymous county official, the implementation of KanCare, as currently envisioned, is going to lead to a "train wreck of catastrophic proportions."

Managed care does not have a great record. A pilot program in 5 or 6 counties has been going in in Florida for five years. The results have been hard to analyze, but it is clear that the number of insurance companies participating shrank dramatically, causing disruptions in services for many people. Consumers have complained of poorer services, drug formularies abridged, and access to doctors worsened. Moreover, cost comparisons show the cost to the state is about what it was before, if the additional administrative costs are not included.<sup>23</sup>

Connecticut, which has 15 years experience with managed care, is going back this year to the state-administered traditional Medicaid system. The reasons given were that the program had not saved the state money and services had become more difficult to access.<sup>24</sup>

Managed care has even already been tried in Kansas. Last year, Kansas Health Solutions (KHS) was contracted to run the Psychiatric Residential Treatment Facility. According to Sen. Dick Kelsey, KHS stole \$2 million from the state and was given a \$2.9 million bonus for not using the system. Usage of the facility dropped 40% due to people being turned away.<sup>25</sup>

**Why are we doing this?** Why are we reorganizing Medicaid and making life more difficult for our elderly poor and/or disabled citizens? Why do we continue to cut funding for mental health? Why are we slashing government spending for social services for children and for education? The answer, I think, is that the all-consuming goal of the Brownback administration is to cut income taxes; and this can only be done if it convinces people that the State is in a financial crisis and must cut back on its social, educational and other programs

We're not doing this out of choice, they imply, but out of necessity. Government programs are riddled with fraud and waste. We're not really hurting your children, your elderly and disabled: all those programs were padded and full of unneeded expenditures. We simply don't have the money to continue spending so wastefully and so must reform our system. And even if we did have the money, it would have to come from taxes, which hurt our economic growth. How can anyone argue with that?

Respectfully submitted,  
Allison Lemons, Feb. 5, 2012

## SOURCES

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- <sup>1</sup> Wyandotte Daily News, spring 2011
- <sup>2</sup> Nine SRS offices targeted for closure, by Dave Ranney, Kansas Health Institute News Service, 7/1/11
- <sup>3</sup> Four SRS offices scheduled to close will stay open, by Chris Durden | KWCH 12 Eyewitness News, 9/1/11; but see Kansas SRS Office Locations on the SRS website indicating the Marysville office is still open.
- <sup>4</sup> Reduced Resource Package #1/4: CSS – Eliminate Developmental Disability Day and Residential Grants, Kansas SRS site, type in “Reduced Resources”
- <sup>5</sup> General Assistance Programs: Safety Net Weakening Despite Increased Need by Liz Schott and Clare Cho Updated from the Center on budget and Policy Priorities, 12/19/11
- <sup>6</sup> An Update on State Budget Cuts, by Nicholas Johnson, Phil Oliff and Erica Williams. from the Center on Budget and Policy Priorities, 2/9/11
- <sup>7</sup> EXPENDITURE JUSTIFICATION - Rehabilitation Services Independent Living – 26500, Kansas SRS website, type in “Reduced Resources”
- <sup>8</sup> EXPENDITURE JUSTIFICATION - Rehabilitation Services Grants, Contracts and Other – 26900, Kansas SRS website type in “Reduced Resources”
- <sup>9</sup> Despair for Kansas' mentally ill—by Tim Carpenter [Political Runoff](#) blog, CJ on line 11/10/2011
- <sup>10</sup> Mental health director looks back — and forward, Kansas City Star, 12/27/11
- <sup>11</sup> Wichita Eagle, 1/23/12
- <sup>12</sup> Wichita Eagle, 1/31/12
- <sup>13</sup> EXPENDITURE JUSTIFICATION - Other CFS Grants & Contracts – 27400, Kansas SRS website type in “Reduced Resources”
- <sup>14</sup> Sunshine Review website, Kansas State Budget
- <sup>15</sup> Wichita Eagle, 1/13/12
- <sup>16</sup> Wichita Eagle, 1/13/12 and LJWorld on line 1/12/12
- <sup>17</sup> Governor’s proposed budget, FY 2013, Vol. 1, p. 93
- <sup>18</sup> Brownback squeezing mental health funding Posted: January 17, 2011, reported on [cjonline.com](#) (Topeka Capital-Journal)
- <sup>19</sup> Kansas Health Institute site, 11/8/11
- <sup>20</sup> Kansas SRS website
- <sup>21</sup> Wichita Eagle, 2/1/12
- <sup>22</sup> comment made at a DD advocacy meeting 2/2/12
- <sup>23</sup> Georgetown University Health Policy Institute has been following the Florida experiment from the beginning and has several papers on it, which can be found on line.
- <sup>24</sup> Connecticut drops insurers from Medicaid, by Phil Galewitz, Kaiser Health News Updated 12/29/2011, reported in USA Today on line
- <sup>25</sup> Sen. Dick Kelsey in his closing comment to the Senate Public Health and Welfare Committee, Jan. 25, 2012 reported on KHI web-site