

Kansas Department of

# **Social and Rehabilitation Services**

Janet Schalansky, Secretary

Senate ways and Means  
February 24, 2003

Senate Bill 242 - Amendments to the  
Development Disabilities Reform Act

Division of Health Care Policy  
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### Amendments to Developmental Disability Reform Act

Chairman Morris and members of the Committee, I am Janet Schalansky, Secretary of the Kansas Department of Social and Rehabilitation Services. Thank you for the opportunity to testify on Senate Bill 242, which amends the Developmental Disabilities Reform Act. The 1995 DD Reform Act created Community Developmental Disabilities Organizations (CDDOs), and charged them with the responsibility of local system management for the Kansas community developmental disabilities system. SB 242 makes three key alterations to the DD Reform Act by providing that: (1) the Secretary, rather than the county governments, will designate the CDDOs; (2) there will be no more than thirteen CDDOs; and (3) CDDOs will not provide direct services.

SRS has been supportive over the years of voluntary local efforts to consolidate CDDO areas and/or to create CDDOs which are independent of service delivery. We believe having a smaller number of CDDOs in the state which are independent of service delivery would accomplish two important goals:

1. Ensure Kansans seeking developmental disabilities services have access to more uniform approaches to service delivery across the state; and
2. Enable CDDOs to focus on their core responsibilities under the Developmental Disabilities Reform Act.

CDDO funding is dependent upon a critical linkage of county, state and federal funds. (*See Attachment A for a brief overview of community developmental disability funding.*) The potential to save money or draw down additional federal dollars as a result of consolidation is not certain. SRS supports the concepts of consolidating the CDDOs into fewer regions and ensuring all CDDOs are independent of service delivery, but our support is not predicated on the possibility of new system resources. This would be a major public policy change, and the uncertain potential for additional funds should not be the driving force behind the change.

Consolidating the existing 28 Community Developmental Disabilities Organizations into fewer regions managed by organizations which do not provide direct services would present several opportunities and challenges. However, there are a myriad of details that would have to be worked through to ensure the Kansas community developmental disability service network is strengthened, not weakened, by the changes.

#### **Potential Benefits of CDDO Consolidation and Independence**

As I mentioned, SRS believes there are three key goals which would be accomplished through CDDO consolidation and independence. A number of other benefits of such a public policy change are possible:

- The existing CDDOs range in size from one to eighteen counties and in number of persons served from 56 to 1,298. Four CDDOs already do not provide direct services. Three CDDOs are part of county government, two of which are part of the four that do not provide direct services. This variety in size and type of CDDO means the local service systems in the state are set up and operate very differently from place to place.
- Since the enactment of the DD Reform Act in 1995, many questions have been raised concerning whether the dual role of CDDO as service provider constitutes a conflict of interest for the CDDOs. Changing the system to ensure CDDOs operate only as local system managers would eliminate any real or perceived conflicts of interest.
- If CDDOs were in a different role, SRS would need to assess the roles and responsibilities within the service system. For example, CDDOs' role could be expanded to do more to ensure capacity exists at the local level to provide the array of services people need. We are particularly interested in ensuring that quality, effective services are available in community settings for persons with the most severe disabilities.
- One of the federal requirements of Home and Community Based Services (HCBS) waiver programs is that the state maintain the primary responsibility for quality assurance, therefore a certain level of state quality assurance oversight is required, but possible state and local redundancies could be addressed.
- A shared vision of services for Kansans with developmental disabilities would also be a likely outcome of a more streamlined, consistent service delivery system.

### **Valuable Role Played by County Government**

SB 242 would sever the direct link between local governments and management of the community developmental disabilities system. SRS has several concerns about the implications of severing this link. One of the keys to the success of the developmental disabilities service system in Kansas throughout the past two decades has been the close relationship county governments have to their local service providers and service managers. County governments are local government partners in the DD service system, because they currently play very two important system roles: (1) designation of their local CDDO, and (2) provision of county tax revenue to support the local service system. To accomplish CDDO consolidation and independence which improves the Kansas developmental disabilities service system, buy-in and support from county governments would be crucial.

- There is no state requirement that county governments provide county tax revenue to CDDOs. However, nearly all counties do provide this funding to CDDOs, and counties paid CDDOs over \$14.6 million in 2002.
- Additionally, some county governments contribute in-kind support to their CDDO by providing free office space and paying the cost of the salaries of CDDO employees. This

voluntary support of CDDO infrastructure is an important benefit to the developmental disabilities system.

- It is unclear what the effect of eliminating the counties' role in designating CDDOs would be on the amount of county tax revenue and in-kind support provided to the community developmental disabilities system. It is possible counties would be unwilling to provide funding at current levels if they lose authority to designate their CDDO area.
- By totally de-linking the act that allows counties to designate a local agency (K.S.A. 19-4001 et. seq.) from the DD Reform act, it is possible that two different local agencies could be designated, one by the county and one by the Secretary.
- Local county governments also support and coordinate an array of additional services that allow persons with disabilities to lead successful lives in the community. These include such services as parks and recreation programs, housing, and transportation. These services are also crucial to Kansans with developmental disabilities, and it is important to preserve this local connection in the service system.

### **Potential to Save State General Funds**

In 1999 Legislative Post Audit (LPA) reviewed several issues related to CDDOs. The LPA considered the possibility of consolidating CDDOs and weighed the pros and cons. The final report addressed the possibility that savings may result by consolidating CDDOs:

“Given the many factors that can affect a CDDO’s administration costs, and the various consolidation ‘options’ that could be chosen, we couldn’t determine how much the State might save if the number of CDDOs were reduced. From an ‘economies of scale’ standpoint alone, you’d expect it to be more cost-effective to have fewer CDDOs handling more clients each. However, because most CDDOs’ administrative costs efforts would appear to be client-driven, those savings might not be as much as expected.”

SRS concurs with the LPA’s analysis of the potential for saving state dollars by consolidating CDDOs. Additionally, it is unclear what level of additional funding could be realized by consolidating CDDOs.

- A total of approximately \$8.4 million is paid to CDDOs to administer the Kansas developmental disabilities system, for an average of \$980 per person served. Of that total, \$2.2 million is SGF and \$2.7 million is county funds, while the remaining \$3.5 million is federal Medicaid administrative funding. As a result of the November allotment, the state funds dedicated to this purpose was reduced by about \$350,000.
- The key CDDO responsibilities, as outlined in the DD Reform Act, are: (1) serving as the single point of application and referral, (2) determining eligibility, (3) providing or arranging for case management, (4) establishing new service providers, (5) helping with service planning and dispute resolution, and (6) managing a waiting list. These key responsibilities,

which are funded by the \$8.4 million describe above, would not be diminished by CDDO consolidation and independence.

- A significant portion of the funding in the community developmental disabilities system, \$7.5 million, is federal social services block grant money. These dollars are used by CDDOs to serve people who are not Medicaid eligible, but they are not eligible to be matched for Medicaid federal financial participation.
- Currently county governments provide over \$14.6 million to CDDOs. Of that figure, \$9.6 million is used as matching funds for federal Medicaid dollars. \$5 million, then, is not matched for additional Medicaid dollars.
- If CDDO areas were consolidated, it is possible that the remaining \$5 million provided to CDDOs by county governments could be matched for federal Medicaid dollars, but only if county governments continue to provide the funding to CDDOs at the current levels and only if the county funds flowed through the new CDDOs.

### **Services for Persons who are Not Eligible for the Developmental Disabilities Waiver**

The plan for CDDO consolidation and independence which preceded the introduction of SB 242 alluded to the possibility that additional federal dollars could be brought into the service system if the system were designed only to serve people through the HCBS DD Waiver. SRS does not support a public policy decision which would eliminate services for people who are not eligible for or who do not access HCBS DD waiver services.

Over 2,150 persons with developmental disabilities receive non-waiver services funded by grants. Of this number, approximately 750 adults utilize non-waiver day services at an annual cost of \$6,475 per person, and approximately 500 adults utilize non-waiver residential services at an annual cost of \$10,950 per person (some individuals use both day and residential services). In most cases, adults who receive these services need a nominal amount of support to help them live as independently as possible, and without that support they would likely have a need for more costly waiver services. For example an adult who works at a grocery store would be able to support himself very independently with just a little support at work a couple of days a week and at home managing his finances and paying his bills. If he lost this small amount of help, he may risk losing his job and be forced to seek more structured HCBS DD waiver services.

In addition, approximately 1200 families use family support and subsidy at an annual cost of \$2,230 per person. Many of these people are eligible for the HCBS DD waiver, but do not need the intense level of services provided through the waiver. In many other cases, the child may be waiver eligible, but the family is able to provide all the direct services the child with a disability needs with just a little financial help to buy specialized supplies not otherwise covered for their child. Absent these non-waiver funds, a stay-at-home mom may be forced to get a part time job to bring in extra money, and then HCBS DD waiver services would be needed to provide some of the direct support for the child. The 2,150 people who receive non-waiver funded services are

able to have their needs met at a fraction of the cost that would be paid to provide their services through the HCBS waiver.

### **Key Links to other Statutes**

Two key statutes, aside from the DD Reform Act, have a direct impact on the Kansas community developmental disabilities system. The effect of these statutes on the system would need to be considered before making a final decision about how CDDOs are designated. K.S.A. 19-1001 et. seq. gives county governments the responsibility to designate community mental retardation facilities and the opportunity to designate county mill levy dollars for use by community mental retardation facilities. Additionally, K.S.A. 65-4411 et. seq. provides for state funds, in the form of “state aid,” to be given to the community mental retardation facilities designated by counties pursuant to K.S.A. 19-4001. The DD Reform Act, K.S.A. 39-1801 et. seq., defined CDDOs as community mental retardation facilities as set forth in K.S.A. 19-1001 et. seq.

It is important to keep in mind that because of the current definition of CDDOs and the link between these statutes, the county mill levy funds and state aid funds are provided to CDDOs. S.B. 242 eliminates the language that specifies that CDDOs are the same organizations designated and funded by county government.

### **Conclusion**

SRS is supportive of exploring a new way to design the service delivery system for Kansans with disabilities. A new approach to the system could result in positive outcomes for both persons who receive services and service providers. Caution should be exercised, however, to ensure:

- Continued support of our local partners in county government;
- Continued services for all persons with developmental disabilities;
- Current levels of funding from local, state and federal government sources are preserved; and
- The community developmental disabilities service system is strengthened by the changes.

Thank you again for the opportunity to share SRS’ perspective on SB 242. This concludes my testimony, and I am happy to stand for any questions from the Committee.