

RAINBOW MENTAL HEALTH FACILITY

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 2,080,097	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,576,173	0	0	0	0	0	0
TOTAL	\$ 3,656,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 3,656,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Percentage Change:							
Operating Expenditures							
State General Fund	(49.7) %	(100.0) %	(100.0) %	-- %	-- %	-- %	-- %
All Funds	(45.4)	(100.0)	(100.0)	--	--	--	--
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

AGENCY OVERVIEW

The Rainbow Mental Health Facility (RMHF) was located in Kansas City, and provided psychiatric services to adults with a mental illness who had been screened and approved for inpatient state hospitalization by the community mental health centers. Opened in 1974 on 11.2 acres, the facility, until recently, served adult patients from five counties with a capacity of 50 beds. In December 2010, the federal Centers for Medicare and Medicaid Services completed a survey of the hospital and asserted that the north and south living areas constituted independent living units and required staffing beyond what the hospital could provide. As a result, those units were closed in March 2011, and the overall licensed census was reduced to 36 patients. The catchment areas for all three mental health hospitals were adjusted due to this change so that the number of patients presenting to Rainbow would be consistent with the

36 beds available. In November 2011, because of safety concerns related to life safety code violations, Rainbow patients were moved to the Osawatomie State Hospital (OSH), while still being considered patients of RMHF. In 2013, the Legislature approved the closure of RMHF, and merged the operations of RMHF into OSH to eliminate redundancies and reduce costs. In April 2014, RMHF ceased all operations as a state agency. The thirty beds previously operated by RMHF located at OSH are now being fully operated by OSH, which increased its bed count from 176 to 206. The Legislature directed the Kansas Department of Aging and Disability Services (KDADS) to proceed with the sale of the facility. As of November 2014, KDADS has entered into preliminary discussions to sell the property to the University of Kansas Medical Center.

MAJOR ISSUES FROM PRIOR YEARS

In **FY 2008**, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a \$13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation.

In **FY 2008**, Rainbow Mental Health Facility ceased treatment of adolescents and children. Up until June 2007, Rainbow provided treatment to children and adolescents with serious emotional disturbances. Beginning July 2007, Kaw Valley Behavioral Healthcare, Inc. began serving the youth who would have otherwise been referred to Rainbow. At that time, Rainbow began admitting adults only.

During the **2009 Legislative Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was directed to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, the State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied, to the Governor and the Legislature. The Commission recommended that Rainbow Mental Health Facility be kept open and functioning. Further, the pursuit of public/private partnership with community hospitals was

recommended with an integrated health model, inclusive of community mental health centers, and moving toward the closure of state hospitals.

During May 2010 and July 2010, the Department of Social and Rehabilitation Services temporarily suspended voluntary admissions to the three Kansas mental health hospitals. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions required a referral by one of the state's 27 community mental health centers and involved adults who must have the capacity to consent to care, have a treatment facility that agreed the person was in need of services offered by a facility, and were mentally ill as defined by law and medical understanding. When the hospitals are full, the community mental health centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions.

In December 2010, the federal Centers for Medicare and Medicaid Services completed a survey of the hospital and asserted that the "north" and "south" living areas constituted independent living units and required staffing beyond what the hospital was able to provide. The agency would have to reduce the number of individuals served or provide additional staffing. The cost to provide additional levels of Registered Nurse staffing and expenditures was estimated at \$812,000, all from the State General Fund. Corrected action alternative plans submitted by the agency were rejected by the Centers. As a result, these units were closed in March 2011, and the overall licensed census was reduced from 50 to 36 patients. The Department opened 11 additional beds at Larned State Hospital. Therefore, the closure of the Rainbow beds resulted in an overall reduction of 3 beds in the state mental health hospital system.

On November 9, 2011, because of safety concerns related to life safety code violations, Rainbow patients were moved from their current treatment environment in Kansas City to the Osawatomie State Hospital. Patients were being housed in a vacant 30 bed unit until renovations were completed. An eight bed Admissions and Evaluation Center remained at the location in Kansas City to serve as the primary arrival point for new patients. After a brief assessment, patients needing treatment likely to take more than four days were taken by staff to Osawatomie. If the patients posed a serious threat of harm or elopement, they were escorted by the Sheriffs' Departments.

The **2012 Legislature** approved funding for not only the immediate life safety repairs, but also for a renovation of the building to make it a better treatment environment that would allow Rainbow Mental Health Facility to return to fifty beds, including continuation of the Admissions and Evaluation Center, upon completion of the renovation. The renovations were expected to be complete by January 2014. The agency stated that this poses staffing and overtime concerns because it is difficult to fill vacant positions when the operations are so far removed from their actual, permanent location.

On November 9, 2011, all patients from the Rainbow Mental Health Facility were being served at Osawatomie after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshall inspection. A thirty bed wing was opened at Osawatomie State Hospital until safety and security renovations are completed at Rainbow.

The **2013 Legislature** concurred with the recommendation of the Governor to merge the operations of Rainbow Mental Health Facility into Osawatomie State Hospital, to eliminate redundancies in operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of Rainbow's fee funds to the Osawatomie State Hospital fee funds as part of the closure of Rainbow Mental

Health Facility, as well as transferred 112.2 FTE positions to Osawatomie State Hospital. The Legislature also enabled KDADS to begin the process to sell Rainbow Mental Health Facility to the University of Kansas Medical Center or the

Kansas University Endowment Association at the discretion of the University of Kansas Chancellor, directing all proceeds from the sale to be remitted to KDADS.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates no expenditures in FY 2015. As of April 2014, the agency has ceased all operations.

FY 2015 Governor Recommendation

The **Governor** recommends no expenditures in FY 2015.

FY 2016 Agency Request

The **agency** requests no expenditures for FY 2016. As of April 2014, the agency has ceased all operations.

FY 2016 Governor Recommendation

The **Governor** recommends no expenditures for FY 2016.

FY 2017 Agency Request

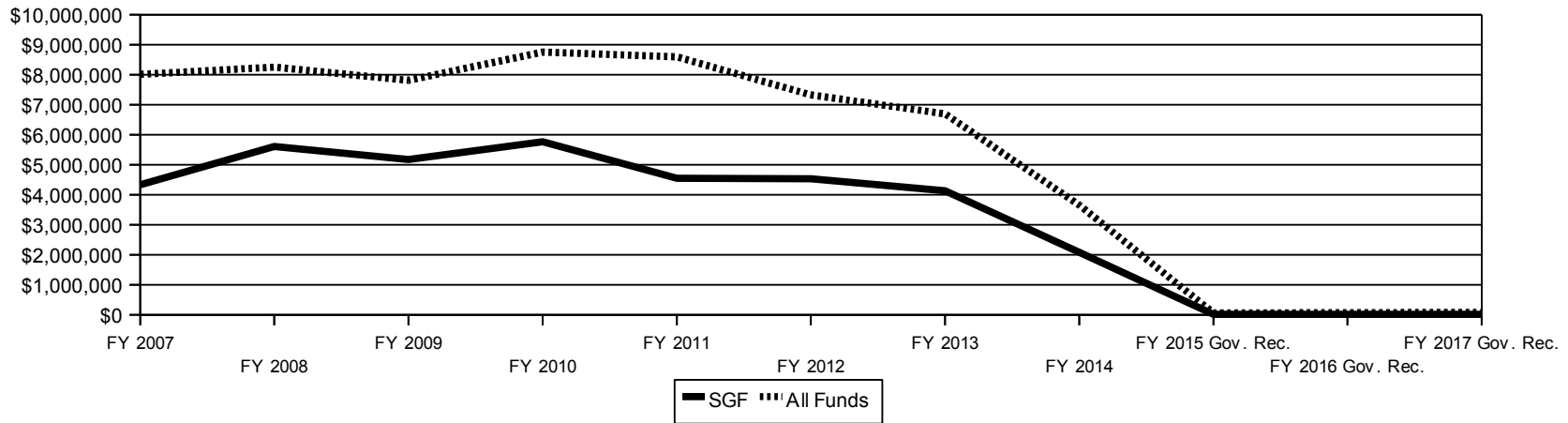
The **agency** requests no expenditures for FY 2017. As of April 2014, the agency has ceased all operations.

FY 2017 Governor Recommendation

The **Governor** recommends no expenditures for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 4,330,250	(58.4)%	\$ 8,010,782	(65.9)%	398.6
2008	5,609,651	29.5	8,249,999	3.0	404.6
2009	5,170,163	(7.8)	7,811,108	(5.3)	122.2
2010	5,762,638	11.5	8,753,095	12.1	122.2
2011	4,548,471	(21.1)	8,592,263	(1.8)	122.2
2012	4,529,635	(0.4)	7,325,591	(14.7)	112.2
2013	4,132,098	(8.8)	6,693,575	(8.6)	112.2
2014	2,080,097	(49.7)	3,656,270	(45.4)	112.2
2015 Gov. Rec.	0	(100.0)	0	(100.0)	0.0
2016 Gov. Rec.	0	--	0	--	0.0
2017 Gov. Rec.	0	--	0	--	0.0
Eleven-Year Change	\$ (4,330,250)	(100.0)%	\$ (8,010,782)	(100.0)%	(398.6)

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 455,755	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Medical and Surgical Services	547,192	0	0	0	--	0	0	0	--
Clinical Services	2,221,941	0	0	0	--	0	0	0	--
Physical Plant / Central Services	431,382	0	0	0	--	0	0	0	--
TOTAL	\$ 3,656,270	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
By Major Object of Expenditure:									
Salaries and Wages	\$ 3,002,250	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Contractual Services	439,042	0	0	0	--	0	0	0	--
Commodities	168,619	0	0	0	--	0	0	0	--
Capital Outlay	2,217	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 3,612,128	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	44,142	0	0	0	--	0	0	0	--
TOTAL	\$ 3,656,270	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Financing:									
State General Fund	\$ 2,080,097	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
RMH Facility Fee Fund	0	0	0	0	--	0	0	0	--
Title XIX Fund	1,576,173	0	0	0	--	0	0	0	--
TOTAL	\$ 3,656,270	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Medical & Surgical Services	0	0	0	--	0	0	0	--
Clinical Services	0	0	0	--	0	0	0	--
Physical Plant/Central Services	0	0	0	--	0	0	0	--
TOTAL	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
By Major Object of Expenditure:								
Salaries and Wages	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Contractual Services	0	0	0	--	0	0	0	--
Commodities	0	0	0	--	0	0	0	--
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
RMH Facility Fee Fund	0	0	0	--	0	0	0	--
Title XIX Fund	0	0	0	--	0	0	0	--
TOTAL	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to the Approved Budget

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	0	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates no expenditures in FY 2015. As of April 2014, the agency has ceased all operations.

The **Governor** recommends no expenditures in FY 2015.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
Total Request/Recommendation	\$ 0		\$ 0	\$ 0
FTE Positions	0.0		0.0	0.0
<i>Change from FY 2015:</i>				
<i>Dollar Change:</i>				
State General Fund	\$ 0		\$ 0	
All Other Funds	0		0	
TOTAL	\$ 0		\$ 0	
<i>Percent Change:</i>				
State General Fund	-- %		-- %	
All Other Funds	--		--	
TOTAL	-- %		-- %	
Change in FTE Positions	0.0		0.0	

The **agency** requests no expenditures for FY 2016. As of April 2014, the agency has ceased all operations.

The **Governor** recommends no expenditures for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
Total Request/Recommendation	\$ 0		\$ 0	\$ 0
FTE Positions	0.0		0.0	0.0
<i>Change from FY 2016:</i>				
<i>Dollar Change:</i>				
State General Fund	\$ 0		\$ 0	
All Other Funds	0		0	
TOTAL	\$ 0		\$ 0	
<i>Percent Change:</i>				
State General Fund	-- %		-- %	
All Other Funds	--		--	
TOTAL	-- %		-- %	
Change in FTE Positions	0.0		0.0	

The **agency** requests no expenditures for FY 2017. As of April 2014, the agency has ceased all operations.

The **Governor** recommends no expenditures for FY 2017.

Funding Sources

Federal Title XIX funding (Medicaid) comprises approximately one-third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the five state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which are charged to Medicaid for each day a person covered by Medicaid lives in the facility.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disabilities hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of disproportionate

share funding available to the hospitals has decreased which decreases receipts into the central fund. Rainbow Mental Health Facility was a mental health hospital.

Rainbow Mental Health Facility was primarily funded from three basic sources. The first was the State General Fund, which consists of money collected through various statewide taxes. The second was the Rainbow Mental Health Facility Fee Fund, which included collections from Medicare, private payments, Social Security, and insurance. The third source was federal Title XIX funding, which was earned as disproportionate share hospital funding at the state mental health hospitals. The Disproportionate Share program allowed extra Medicaid payments to hospitals serving a disproportionate number of Medicaid-eligible and low income patients. The federal disproportionate share payments received by the state have declined dramatically in recent years due to both restrictions placed on the payments by the federal government and other federal changes. The federal Title XIX funding was transferred to the KDADS central pool and was then redistributed among the five state hospitals in amounts equal to its approved appropriations.

Rainbow Mental Health Facility Fee Fund

KSA 76-17a11 provided that the superintendent of Rainbow Mental Health Facility remit all moneys received from charges under KSA 59-2006 and deposit them into the Rainbow Mental Health Facility Fee Fund. KSA 59-2006 related to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

The 2014 Legislature abolished the Rainbow Mental Health Facility Fee Fund and transferred the fund balance and liabilities to the Osawatimie State Hospital Fee Fund.

<u>Resource Estimate</u>	<u>Actual FY 2014</u>	<u>Agency Estimate FY 2015</u>	<u>Governor Rec. FY 2015</u>	<u>Agency Request FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Request FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Beginning Balance	\$ 1,714,043	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue	1,496,483	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 3,210,526	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Less: Expenditures	0	0	0	0	0	0	0
Transfers Out	3,210,526	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance as Percent of Expenditures	--	--	--	--	--	--	--
Month Highest Ending Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Month Lowest Ending Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0