

# OSAWATOMIE STATE HOSPITAL

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 13,031,486	\$ 12,793,166	\$ 11,293,166	\$ 13,736,653	\$ 12,236,653
Other Funds	19,132,373	16,937,749	18,437,749	16,827,825	18,327,825
TOTAL	\$ 32,163,859	\$ 29,730,915	\$ 29,730,915	\$ 30,564,478	\$ 30,564,478
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>GRAND TOTAL</b>	<b>\$ 32,163,859</b>	<b>\$ 29,730,915</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 30,564,478</b>

## Percentage Change:

Operating Expenditures					
State General Fund	(2.2) %	(1.8) %	(13.3) %	7.4 %	8.4 %
All Funds	15.2	(7.6)	(7.6)	2.8	2.8
FTE Positions	483.1	483.1	483.1	483.1	483.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	483.1	483.1	483.1	483.1	483.1

## AGENCY OVERVIEW

Osawatomie State Hospital (OSH) is an acute mental health care bed facility that serves people 18 years of age and older from 46 eastern and central Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. No services are offered for children or adolescents. Osawatomie was established by the Legislature in 1863 and was called the State Insane Asylum. The name changed in 1901 to Osawatomie State Hospital. Osawatomie State Hospital provides certain support services to the Osawatomie Correctional Facility and the Rainbow Mental Health Facility. In FY 2001, administrative services for Osawatomie were consolidated with Rainbow Mental Health Facility. From 2001 to 2014, the two hospitals previously shared a single operating license and administrative team, including the superintendent who oversaw both facilities. In 2014, Rainbow Mental Health Facility was merged into Osawatomie State Hospital, and the beds at Osawatomie that were previously considered Rainbow's beds are now fully operated by Osawatomie.

Osawatomie State Hospital operates a thirty-bed Crisis Stabilization Unit and four Acute Care Units. The Crisis Stabilization Unit serves individuals who may be stabilized in a short period of time and returned to the community within 14 days or less. The Acute Care Units have a target length of stay of 30 days or less.

In addition, the Sexual Predator Treatment Program Transition House, now known as MiCo House, is located on the grounds of Osawatomie State Hospital; however this program is administered and funded by Larned State Hospital.

## MAJOR ISSUES FROM PRIOR YEARS

In response to budget reductions made at the direction of the Governor, Osawatomi State Hospital delayed the opening of the remodeled 30-bed crisis stabilization unit approved in FY 2007. The delay avoided the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49.0 FTE positions. The East Biddle unit remained closed until August 20, 2009, when patients were moved into the unit from an existing unit.

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 require a referral by one of the state's 27 community mental health centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community 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 FY 2010, the number of days over census was 123, or 34 percent, of the time. In FY 2011, the number of days over census was 119, or 33 percent, of the time. The agency indicates that a hospital of similar size and serving a similar population as Osawatomi should run at an 85 percent capacity for its average daily census over the course of a year.

Osawatomi State Hospital is accredited by the Joint Commission (TJC), formerly named the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Kansas Department of Health and Environment. These agencies along with the federal Centers for Medicare and Medicaid Services conduct periodic surveys, both announced and unannounced, to determine compliance with applicable laws, regulations and standards. OSH was surveyed by the TJC in June 2013 and received a three year accreditation. The next TJC survey is due by June 2015.

Since November 9, 2011, all patients from the Rainbow Mental Health Facility are being served at Osawatomi after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshall inspection. A thirty bed wing was subsequently opened at Osawatomi State Hospital.

The **2013 Legislature** concurred with the recommendation of the Governor to combine the operations of Osawatomi State Hospital and Rainbow Mental Health Facility into one agency to eliminate redundancies in one management operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of Rainbow Mental Health Facility's fee funds to the Osawatomi State Hospital fee funds as part of the closure of Rainbow Mental Health Facility, as well as transferred 112.2 FTE positions to Osawatomi State Hospital. Thirty beds at Osawatomi State Hospital that had previously been operating as Rainbow Mental Health beds were officially designated as Osawatomi State Hospital beds, increasing Osawatomi's budgeted bed capacity from 176 to 206 in FY 2015.

In the fall of 2014, the federal Centers for Medicare and Medicaid Services (CMS) conducted surveys at Osawatomi State Hospital and determined that the hospital would need to take action to address over census numbers and safety concerns.

The **2015 Legislature** added \$2.0 million, all from special revenue funds, in FY 2015 for operating expenditures for the plan of correction following the surveys by the federal CMS in the fall of 2014. The Legislature added \$500,000, all from the State General Fund, for FY 2016 and

FY 2017 for additional operational expenditures related to ongoing replacement of equipment and other expenses necessary for compliance following the CMS surveys. The Legislature also deleted \$247,080, all from the State General Fund, for FY 2016 and FY 2017, to implement agency submitted reduced resource options concerning inventory and dispensing of medication and reduced supplies and other resources.

### BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Osawatomi State Hospital at the end of each fiscal year.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	176	176	206	206	206

### ADMISSIONS

The chart below shows admissions at Osawatomi State Hospital.

	FY 13 Actual	FY 14 Actual*	FY 15 Actual**	FY 16 Projected**	FY 17 Projected
Total	2,364	2,684	2,342	1,308	2,312

\* The increase in admissions from FY 2014 is attributable to the transfer of 30 beds from the Rainbow Mental Health Facility budget to the Osawatomi State Hospital budget. These beds are no longer counted in a separate budget.

\*\* The decrease in admissions in FY 2015 and FY 2016 is related to the temporary closure of buildings for renovations, and temporary moratorium on admissions to keep the census no higher than 146.

### Average Length of Stay

The chart below shows the average length of stay in days for adults at Osawatomi State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Projected	FY 17 Projected
Total	23	26	28	25	24

### BUDGET SUMMARY AND KEY POINTS

**FY 2016 – Current Year.** The **agency** requests a revised estimate of \$29.7 million, including \$12.8 million from the State General Fund, for operating expenditures in FY 2016. This is an all funds increase of \$1.5 million, or 5.3 percent, and a State General Fund increase of \$1.5 million, or 13.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to the agency submitting its budget prior to the Governor’s November 6th allotment, which decreased State General Fund expenditures by \$1.5 million, making the revised estimate appear as an increase of \$1.5 million. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions

below the number approved by the 2015 Legislature. These non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

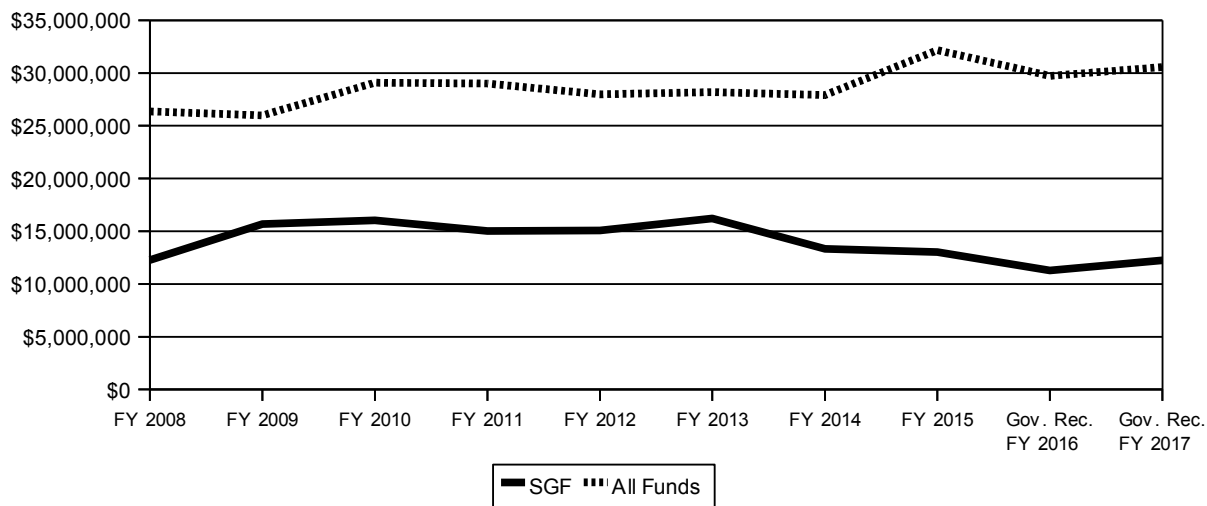
The **Governor** recommends expenditures of \$29.7 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. This is the same all funds amount, and a State General Fund decrease of \$1.5 million, or 11.7 percent, below the amount of the agency's revised estimate. The Governor's recommendation incorporates the November 6<sup>th</sup> allotment but recommends replacing the State General Funds with expenditures from the Osawatomi State Hospital Fee Fund. The Governor's recommendation leaves a balance of \$1.7 million in the fee fund for FY 2016.

**FY 2017 – Budget Year.** The **agency** requests a revised estimate of \$30.6 million, including \$13.7 million from the State General Fund, for operational expenditures for FY 2017. This is the same all funds and State General Fund amounts approved by the 2015 Legislature. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions below the number approved by the 2015 Legislature. These non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$30.6 million, including \$12.2 million from the State General Fund, for operating expenditures for FY 2017. This is the same all funds amount and a State General Fund decrease of \$1.5 million, or 10.9 percent, from the agency's revised estimate. The Governor recommends replacing \$1.5 million in State General Fund expenditures with expenditures from the hospital fee fund, the same as in FY 2016. The Governor's recommendation will leave a balance of \$2.1 million in the fee fund for FY 2017.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 12,266,462	18.4 %	\$ 26,363,418	10.2 %	428.6
2009	15,674,745	27.8	25,981,034	(1.5)	441.4
2010	16,029,824	2.3	29,081,034	11.9	441.4
2011	15,020,869	(6.3)	29,003,861	(0.3)	441.4
2012	15,064,074	0.3	27,979,050	(3.5)	396.4
2013	16,215,056	7.6	28,186,959	0.7	396.4
2014	13,324,384	(17.8)	27,909,161	(1.0)	385.9
2015	13,031,486	(2.2)	32,163,859	15.2	483.1
2016 Gov. Rec.	11,293,166	(13.3)	29,730,915	(7.6)	483.1
2017 Gov. Rec.	12,236,653	8.4	30,564,478	2.8	483.1
Ten-Year Change Dollars/Percent	\$ (29,809)	(0.2)%	\$ 4,201,060	15.9 %	54.5

**Summary of Operating Budget FY 2015 - FY 2017**

Osawatomie State Hospital

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate 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
<b>By Program:</b>									
Administration	\$ 3,363,965	\$ 3,045,836	\$ 3,167,954	\$ 122,118	4.0 %	\$ 3,045,836	\$ 3,167,954	\$ 122,118	4.0 %
Med & Surgical Svcs	6,154,298	5,476,233	5,557,906	81,673	1.5	5,476,233	5,557,906	81,673	1.5
Clinical Services	16,576,888	16,700,070	17,229,378	529,308	3.2	16,700,070	17,229,378	529,308	3.2
Phys Plant/Central Svcs	6,068,708	4,508,776	4,609,240	100,464	2.2	4,508,776	4,609,240	100,464	2.2
<b>TOTAL</b>	<b>\$ 32,163,859</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 833,563</b>	<b>2.8 %</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 833,563</b>	<b>2.8 %</b>
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 22,871,013	\$ 24,089,833	\$ 24,938,733	\$ 848,900	3.5 %	\$ 24,089,833	\$ 24,938,733	\$ 848,900	3.5 %
Contractual Services	5,728,809	4,096,157	4,080,820	(15,337)	(0.4)	4,096,157	4,080,820	(15,337)	(0.4)
Commodities	2,662,777	1,544,925	1,544,925	0	0.0	1,544,925	1,544,925	0	0.0
Capital Outlay	826,591	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 32,089,190	\$ 29,730,915	\$ 30,564,478	\$ 833,563	2.8 %	\$ 29,730,915	\$ 30,564,478	\$ 833,563	2.8 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	74,669	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 32,163,859</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 833,563</b>	<b>2.8 %</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 833,563</b>	<b>2.8 %</b>
<b>Financing:</b>									
State General Fund	\$ 13,031,486	\$ 12,793,166	\$ 13,736,653	\$ 943,487	7.4 %	\$ 11,293,166	\$ 12,236,653	\$ 943,487	8.4 %
OSH Fee Fund	10,181,367	8,576,414	8,497,648	(78,766)	(0.9)	10,076,414	9,997,648	(78,766)	(0.8)
Title XIX Fund	8,948,682	8,361,335	8,330,177	(31,158)	(0.4)	8,361,335	8,330,177	(31,158)	(0.4)
All Other Funds	2,324	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 32,163,859</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 833,563</b>	<b>2.8 %</b>	<b>\$ 29,730,915</b>	<b>\$ 30,564,478</b>	<b>\$ 833,563</b>	<b>2.8 %</b>

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$12,748,821 for Osawatomi State Hospital in FY 2016. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$71,609, based on the reappropriation of FY 2015 funding which was not spent in FY 2015 and has shifted to FY 2016;
- A reduction of \$1.5 million and corresponding lapse to the State General Fund as the result of the Governor's November 6th allotment; and
- A reduction of \$27,264, as a result of the privatization of food services and corresponding transfer to KDADS to pay the vendor directly.

These adjustments change the FY 2016 approved State General Fund to \$11,293,166. That amount is reflected in the table below as the currently approved FY 2016 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 11,293,166	\$ 12,793,166	\$ 1,500,000	\$ 11,293,166	\$ 0
All Other Funds	16,937,749	16,937,749	0	18,437,749	1,500,000
<b>TOTAL</b>	<b>\$ 28,230,915</b>	<b>\$ 29,730,915</b>	<b>\$ 1,500,000</b>	<b>\$ 29,730,915</b>	<b>\$ 1,500,000</b>
FTE Positions	483.1	483.1	0.0	483.1	0.0

The **agency** requests a revised estimate of \$29.7 million, including \$12.8 million from the State General Fund, for operating expenditures in FY 2016. This is an all funds increase of \$1.5 million, or 5.3 percent, and a State General Fund increase of \$1.5 million, or 13.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to the agency submitting its budget prior to the Governor's November 6th allotment, which decreased State General Fund expenditures by \$1.5 million, making the revised estimate appear as an increase of \$1.5 million. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions below the number approved by the 2015 Legislature. The non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$29.7 million, including \$11.3 million from the State General Fund, for operating expenditures in FY 2016. This is the same all funds amount, and a State General Fund decrease of \$1.5 million, or 11.7 percent, below the amount of the agency's revised estimate. The Governor's recommendation incorporates the November 6<sup>th</sup> allotment but recommends replacing the State General Funds with expenditures from the Osawatomi State Hospital Fee Fund. The Governor's recommendation leaves a balance of \$1.7 million in the fee fund for FY 2016.

## Governor's Allotments

The 2015 Legislature, through the enactment of Senate Sub. for HB 2135, authorized the Director of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Sen. Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Senate Sub. for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

<b>GOVERNOR'S ALLOTMENTS</b>			
Allotment	SGF	All Funds	FTE
July Allotment			
None	\$ 0	\$ 0	0.0
November Allotment			
Fee Fund Switch	\$ (1,500,000)	\$ (1,500,000)	0.0
<b>TOTAL</b>	<b>\$ (1,500,000)</b>	<b>\$ (1,500,000)</b>	<b>0.0</b>



## Fee Fund Switch

A reduction of \$1.5 million, all from the State General Fund, for the Governor's November 6 allotment in FY 2016. The Governor's November 6 allotment included the decrease of expenditures and lapse of \$1.5 million, all from the State General Fund, and noted an intention for the agency to increase special revenue fund expenditures by \$1.5 million as a fee fund switch in FY 2016. The Governor's allotment authority includes lapses to the State General Fund, however changes to expenditures of agency fee funds requires Legislative approval, so only the State General Fund decrease is reflected in the allotment in FY 2016.

## B. FY 2017 – Budget Year

### Adjustments to Approved State General Fund Budget

The 2015 Legislature approved a State General Fund budget of \$13,763,917 for Osawatomie State Hospital in FY 2017. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A reduction of \$27,264 as a result of the privatization of food services and corresponding transfer to KDADS to pay the vendor directly.

This adjustment changes the FY 2017 approved State General Fund to \$13,736,653. That amount is reflected in the table below as the currently approved FY 2017 State General Fund amount. The agency's budget was submitted after the Governor's July allotment, but prior to the November allotment, so the agency's revised budget estimates do not incorporate the second allotment.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 13,736,653	\$ 13,736,653	\$ 0	\$ 12,236,653	\$ (1,500,000)
All Other Funds	16,827,825	16,827,825	0	18,327,825	1,500,000
<b>TOTAL</b>	<b>\$ 30,564,478</b>	<b>\$ 30,564,478</b>	<b>\$ 0</b>	<b>\$ 30,564,478</b>	<b>\$ 0</b>
FTE Positions	483.1	483.1	0.0	483.1	0.0

The **agency** requests a revised estimate of \$30.6 million, including \$13.7 million from the State General Fund, for operational expenditures for FY 2017. This is the same all funds and State General Fund amounts approved by the 2015 Legislature. The revised estimate includes 483.1 FTE positions and zero non-FTE positions, which is a decrease of 15.0 non-FTE positions below the number approved by the 2015 Legislature. These non-FTE positions were not filled in FY 2015, and the agency has deleted the non-FTE positions in FY 2016 and FY 2017.

The **Governor** recommends expenditures of \$30.6 million, including \$12.2 million from the State General Fund, for operating expenditures for FY 2017. This is the same all funds amount and a State General Fund decrease of \$1.5 million, or 10.9 percent, from the agency's revised estimate. The Governor recommends replacing \$1.5 million in State General Fund expenditures with expenditures from the hospital fee fund, the same as in FY 2016. The Governor's recommendation will leave a balance of \$2.1 million in the fee fund for FY 2017.

## Funding Sources

Federal Title XIX (Medicaid) funding 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 four 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 they charge to Medicaid for each day a person covered by Medicaid lives in the facility. OSH is a mental health hospital.

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 Hospital funding available to the hospitals has decreased which decreases receipts into the central fund.

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	44.9 %	40.0 %
OSH Fee Fund	27.8	32.7
Title XIX Fund	27.3	27.3
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

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

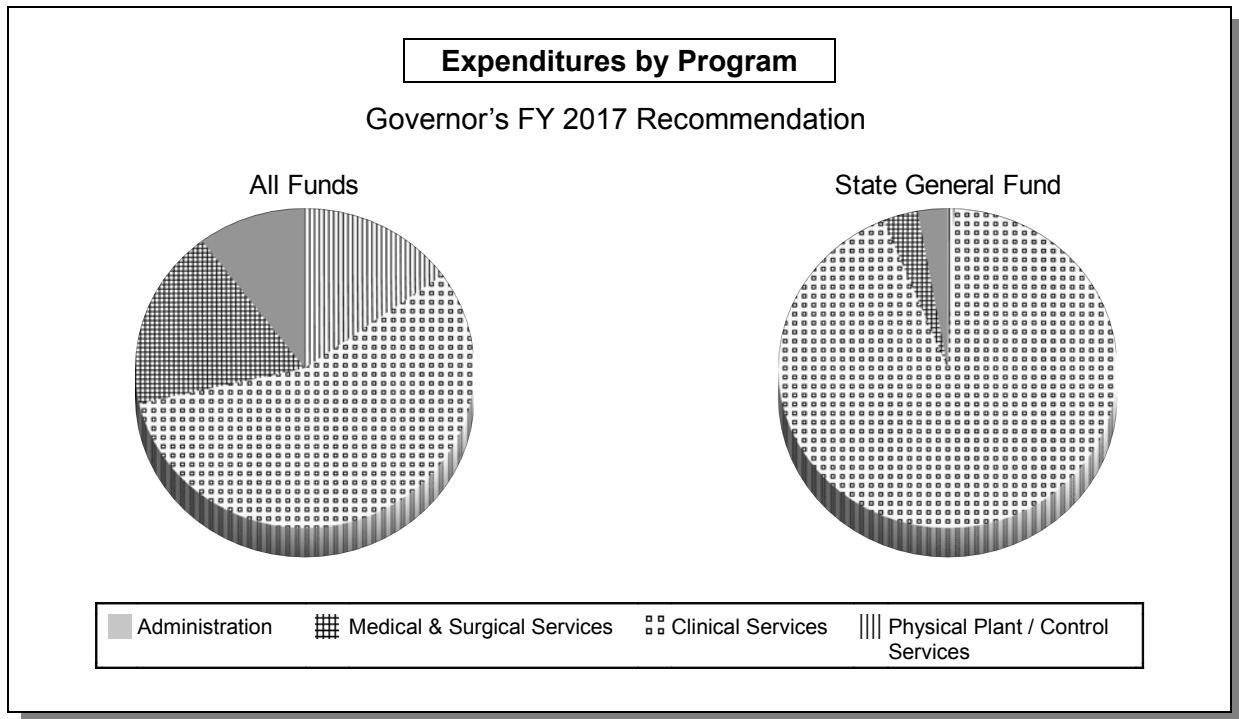
## Fee Fund Analysis - Osawatomi State Hospital Fee Fund

KSA 76-1201c provides that the superintendent of the Osawatomi State Hospital shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into the Osawatomi State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,243,283	\$ 1,389,234	\$ 1,389,234	\$ 3,219,047	\$ 1,719,047
Revenue	10,327,318	10,406,227	10,406,227	10,406,227	10,406,227
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 11,570,601	\$ 11,795,461	\$ 11,795,461	\$ 13,625,274	\$ 12,125,274
Less: Expenditures	10,181,367	8,576,414	10,076,414	8,497,648	9,997,648
Transfers Out	0	0	0	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 1,389,234</u>	<u>\$ 3,219,047</u>	<u>\$ 1,719,047</u>	<u>\$ 5,127,626</u>	<u>\$ 2,127,626</u>
Ending Balance as Percent of Expenditures	13.6%	37.5%	17.1%	60.3%	21.3%
Month Highest Ending Balance	December \$ 4,508,547	October \$ 1,728,008	October \$ 0	July* \$ 0	July* \$ 0
Month Lowest Ending Balance	June \$ 1,389,234	June* \$ 0	June* \$ 0	June* \$ 0	June* \$ 0

\* The agency reports that, due to expenditures for improvements necessitated from the federal CMS surveys in FY 2015, any funds deposited in the OSH Fee Fund will be immediately expended. Therefore the agency estimates the highest and lowest monthly ending balance for the fund to be \$0 in part of FY 2016 and through FY 2017.

# PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 3,167,954	10.4 %	\$ 374,646	3.1 %
Medical and Surgical Services*	5,557,906	18.2	(438,220)	(3.6)
Clinical Services	17,229,378	56.4	12,220,749	99.9
Physical Plant/Central Services	4,609,240	15.1	79,478	0.6
<b>TOTAL</b>	<b>\$ 30,564,478</b>	<b>100.0 %</b>	<b>\$ 12,236,653</b>	<b>100.0 %</b>

\*The agency listed expenditures of (\$438,220) from the State General Fund for the Medical and Surgical Services program for FY 2017 due to budgeting salary and wages expenditures of \$945,198 from the State General Fund, but applying \$1.4 million in salaries and wages shrinkage to State General Fund expenditures, leading to the display of a negative total. For total agency salary expenditures, shrinkage to State General Fund expenditures was applied in the correct amount, but it was applied to the incorrect program.

<b>FTE POSITIONS BY PROGRAM FY 2015 – FY 2017</b>					
Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	52.6	54.5	54.5	54.5	54.5
Med & Surgical Services	28.3	30.0	30.0	30.0	30.0
Clinical Services	344.4	334.0	334.0	334.0	334.0
Phys Plant/Cntrl Svcs	57.8	64.6	64.6	64.6	64.6
<b>TOTAL</b>	<b>483.1</b>	<b>483.1</b>	<b>483.1</b>	<b>483.1</b>	<b>483.1</b>

### **A. Administration**

The General Administration program provides overall management activities such as budgeting, planning and staffing designed to ensure that patients' basic needs are met and proper care and treatment are received. This program is responsible for maintaining accreditation and certification with federal agencies. In addition, this program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement. Positions in this program also provide administrative services for Rainbow Mental Health Facility. The Administration program includes actual expenditures from FY 2015 from the former Staff Education and Research program.

<b>ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017</b>					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 2,137,713	\$ 2,543,958	\$ 2,543,958	\$ 2,631,184	\$ 2,631,184
Contractual Services	703,811	463,878	463,878	498,770	498,770
Commodities	27,332	38,000	38,000	38,000	38,000
Capital Outlay	420,440	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,289,296</i>	<i>\$ 3,045,836</i>	<i>\$ 3,045,836</i>	<i>\$ 3,167,954</i>	<i>\$ 3,167,954</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	74,669	0	0	0	0
<b>TOTAL</b>	<b>\$ 3,363,965</b>	<b>\$ 3,045,836</b>	<b>\$ 3,045,836</b>	<b>\$ 3,167,954</b>	<b>\$ 3,167,954</b>
<b>Financing:</b>					
State General Fund	\$ 1,428,979	\$ 369,030	\$ 369,030	\$ 374,646	\$ 374,646
All Other Funds	1,934,986	2,676,806	2,676,806	2,793,308	2,793,308
<b>TOTAL</b>	<b>\$ 3,363,965</b>	<b>\$ 3,045,836</b>	<b>\$ 3,045,836</b>	<b>\$ 3,167,954</b>	<b>\$ 3,167,954</b>
FTE Positions	52.6	54.5	54.5	54.5	54.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>52.6</b>	<b>54.5</b>	<b>54.5</b>	<b>54.5</b>	<b>54.5</b>

The **agency** requests expenditures of \$3.2 million, including \$374,646 from the State General Fund, for the Administration program for FY 2017. This is an all funds decrease of \$735,685, or 18.8 percent, and a State General Fund decrease of \$1.9 million, or 83.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to the reallocation of salary shrinkage to all agency programs, a decrease in salary and wages fringe benefit expenditures, and a decrease in computer software and information processing equipment. The program includes 54.5 FTE positions, which is an increase of 2.3 FTE positions and a decrease of 3.0 non-FTE positions, from the number approved by the 2015 Legislature. The increase is attributable to the reallocation of FTE positions from other programs and the deletion of 15.0 agency-wide non-FTE positions which were unfilled in FY 2015.

The **Governor** recommends expenditures of \$3.2 million, including \$374,646 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

## **B. Medical and Surgical Services**

The Medical and Surgical Services program consists of Allied Clinical Services and the Medical and Surgical Services program. Allied Clinical Services includes pharmacy, medical laboratory and diagnostic services, physical therapy, dental services, and professional consultants. It also includes those staff in direct support of clinical services due to their direct services on patient units such as custodial workers and dieticians. Medical and Surgical Services provide services in a variety of specialized areas available to enable physicians to provide comprehensive treatment. Consultation is available in such areas as OB/GYN, neurology, radiology, and other specialties.

<b>MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017</b>					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 3,129,517	\$ 3,338,983	\$ 3,338,983	\$ 3,495,656	\$ 3,495,656
Contractual Services	1,732,450	1,316,200	1,316,200	1,241,200	1,241,200
Commodities	1,200,996	821,050	821,050	821,050	821,050
Capital Outlay	91,335	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 6,154,298</u>	<u>\$ 5,476,233</u>	<u>\$ 5,476,233</u>	<u>\$ 5,557,906</u>	<u>\$ 5,557,906</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 6,154,298</u></b>	<b><u>\$ 5,476,233</u></b>	<b><u>\$ 5,476,233</u></b>	<b><u>\$ 5,557,906</u></b>	<b><u>\$ 5,557,906</u></b>
<b>Financing:</b>					
State General Fund	\$ 2,303,384	\$ (439,794)	\$ (439,794)	\$ (438,220)	\$ (438,220)
All Other Funds	3,850,914	5,916,027	5,916,027	5,996,126	5,996,126
<b>TOTAL</b>	<b><u>\$ 6,154,298</u></b>	<b><u>\$ 5,476,233</u></b>	<b><u>\$ 5,476,233</u></b>	<b><u>\$ 5,557,906</u></b>	<b><u>\$ 5,557,906</u></b>
FTE Positions	28.3	30.0	30.0	30.0	30.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>28.3</u></b>	<b><u>30.0</u></b>	<b><u>30.0</u></b>	<b><u>30.0</u></b>	<b><u>30.0</u></b>

The **agency** requests expenditures of \$5.6 million for the Medical and Surgical Services program for FY 2017. This is an all funds decrease of \$1.6 million, or 22.4 percent, below the amount approved by the 2015 Legislature. The agency listed expenditures of (\$438,220) from the State General Fund due to budgeting salary and wages expenditures of \$945,198 from the State General Fund, but applying \$1.4 million in shrinkage to State General Fund expenditures, leading to the display of a negative total. For total agency salary expenditures, shrinkage to State General Fund expenditures was applied in the correct amount, but it was applied to the incorrect program. For the agency total expenditures for FY 2017, \$18.8 million was budgeted for salaries and wages expenditures from the State General Fund, and \$5.3 million in State General Fund shrinkage was applied, for a net total of \$13.5 million from the State General Fund. For overall expenditures, the all funds decrease is primarily attributable to a decrease in salaries and wages, contractual services, commodities, and capital outlay expenditures. The program includes 30.0 FTE positions, which is an increase of 1.7 positions above the number approved by the 2015 Legislature. The increase is attributable to the reallocation of FTE positions from other programs.

The **Governor** recommends expenditures of \$5.6 million for FY 2017. The Governor's recommendation for State General Fund expenditures matches the amount estimated by the agency for FY 2017. The all funds total and State General Fund amount are the same amounts as the agency's revised estimate.

### ***C. Clinical Services***

The Clinical Services program contains the former Psychiatric Services program and the former Ancillary Activity Therapy program. The Psychiatric Services program provides mental health services to adults who require inpatient evaluation and treatment. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The treatments include, but are not limited to: group and individual therapy; medication; education classes on medication and symptom management; music; recreation; and occupational and leisure therapies. An interdisciplinary person-centered team approach (IDT) which includes the patient as an active participant, forms the basis of the active treatment strategy. The Adult Psychiatric program provides services for people 18 years of age and older. The eight-bed Social Detoxification Service operates within an adult psychiatric ward. The Activity Therapy program provides specialized clinical services in music therapy, therapeutic recreation, occupational therapy and work therapy. In addition to formal therapy, this subprogram provides a variety of informal, interdisciplinary sponsored leisure time opportunities for patients.

The agency has indicated two mental health trends of note that have started to impact this program's current and future budget requests. The first long-term trend of importance is an age swell in America's population curve that produces a greater incidence of aging related mental and physical illnesses. The second trend of note is the steadily increasing impact of dually diagnosed patients (those with a chemical dependency and mental disorders) who tend to be younger and more aggressive. The adult inpatient program already is experiencing the impact of two of the trends in that it is treating a younger, more disabled, and more aggressive population than previous years. The long-term patient population that formerly stayed in OSH for many years is small by comparison. Increased intensive treatment and more expensive pharmaceuticals and technologies than previous years are required to respond to the needs of this new population.

**CLINICAL SERVICES  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 14,444,898	\$ 15,469,891	\$ 15,469,891	\$ 15,974,428	\$ 15,974,428
Contractual Services	2,098,236	1,205,879	1,205,879	1,230,650	1,230,650
Commodities	33,754	24,300	24,300	24,300	24,300
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 16,576,888</u>	<u>\$ 16,700,070</u>	<u>\$ 16,700,070</u>	<u>\$ 17,229,378</u>	<u>\$ 17,229,378</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 16,576,888</u></b>	<b><u>\$ 16,700,070</u></b>	<b><u>\$ 16,700,070</u></b>	<b><u>\$ 17,229,378</u></b>	<b><u>\$ 17,229,378</u></b>
<b>Financing:</b>					
State General Fund	\$ 7,087,318	\$ 12,786,278	\$ 11,286,278	\$ 13,720,749	\$ 12,220,749
All Other Funds	<u>9,489,570</u>	<u>3,913,792</u>	<u>5,413,792</u>	<u>3,508,629</u>	<u>5,008,629</u>
<b>TOTAL</b>	<b><u>\$ 16,576,888</u></b>	<b><u>\$ 16,700,070</u></b>	<b><u>\$ 16,700,070</u></b>	<b><u>\$ 17,229,378</u></b>	<b><u>\$ 17,229,378</u></b>
FTE Positions	344.4	334.0	334.0	334.0	334.0
Non-FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<b><u>344.4</u></b>	<b><u>334.0</u></b>	<b><u>334.0</u></b>	<b><u>334.0</u></b>	<b><u>334.0</u></b>

The **agency** requests expenditures of \$17.2 million, including \$13.7 million from the State General Fund, for the Clinical Services program for FY 2017. This is an all funds increase of \$2.5 million, or 17.3 percent, and a State General Fund increase of \$7.7 million, or 128.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to the reallocation of salary shrinkage to all agency programs and an increase in temporary staffing services, partially offset by a decrease in salaries and wages fringe benefit expenditures and clothing and recreational supplies for patients. The program includes 334.0 FTE positions, which is a decrease of 11.4 FTE positions and 5.0 non-FTE positions below the number approved by the 2015 Legislature. The decrease is attributable to the reallocation of FTE positions to other programs and the deletion of 15.0 agency-wide non-FTE positions which were unfilled in FY 2015.

The **Governor** recommends expenditures of \$17.2 million, including \$12.2 million from the State General Fund, for FY 2017. This is the same all funds amount as the agency's revised estimate and a State General Fund decrease of \$1.5 million below the agency's revised estimate. The State General Fund decrease is attributable to the Governor's recommendation to decrease expenditures and lapse \$1.5 million in State General Fund expenditures , and increase special revenue fund expenditures by \$1.5 million for FY 2017.

#### ***D. Physical Plant / Central Services***

The Physical Plant and Central Services program is comprised of four sub-programs: Engineering and Protection (safety and security, facility services, custodial services), Supply Services, Dietary, and Laundry. The OSH campus is 130 acres and includes 48 buildings. The



Engineering and Protection sub-program is responsible for the repair and upkeep of buildings, grounds, equipment, and continuous fire protection and security for patients, staff, and visitors. Utilities are provided to the Osawatomie Correctional Facility (OCF) located on the hospital campus at no charge under an agreement between the hospital and the Department of Corrections. Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate OSH. An outside vendor provides three meals per day plus snacks for every patient. Food service is provided in a cafeteria setting with tray service available for patients unable to come to the cafeteria. The Laundry sub-program provides laundry service for hospital linens and patient clothing. Service is also provided to Osawatomie Correctional Facility (OCF) and the Kansas School for the Deaf. Minimum custody inmates at the correctional facility also assist with the laundry service.

<b>PHYSICAL PLANT / CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2015 – FY 2017</b>					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 3,158,885	\$ 2,737,001	\$ 2,737,001	\$ 2,837,465	\$ 2,837,465
Contractual Services	1,194,312	1,110,200	1,110,200	1,110,200	1,110,200
Commodities	1,400,695	661,575	661,575	661,575	661,575
Capital Outlay	314,816	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 6,068,708</u>	<u>\$ 4,508,776</u>	<u>\$ 4,508,776</u>	<u>\$ 4,609,240</u>	<u>\$ 4,609,240</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 6,068,708</u></b>	<b><u>\$ 4,508,776</u></b>	<b><u>\$ 4,508,776</u></b>	<b><u>\$ 4,609,240</u></b>	<b><u>\$ 4,609,240</u></b>
<b>Financing:</b>					
State General Fund	\$ 2,211,805	\$ 77,652	\$ 77,652	\$ 79,478	\$ 79,478
All Other Funds	3,856,903	4,431,124	4,431,124	4,529,762	4,529,762
<b>TOTAL</b>	<b><u>\$ 6,068,708</u></b>	<b><u>\$ 4,508,776</u></b>	<b><u>\$ 4,508,776</u></b>	<b><u>\$ 4,609,240</u></b>	<b><u>\$ 4,609,240</u></b>
FTE Positions	57.8	64.6	64.6	64.6	64.6
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b><u>57.8</u></b>	<b><u>64.6</u></b>	<b><u>64.6</u></b>	<b><u>64.6</u></b>	<b><u>64.6</u></b>

The **agency** requests expenditures of \$4.6 million, including \$79,478 from the State General Fund, for the Physical Plant / Central Services program for FY 2017. This is an all funds decrease of \$235,400, or 4.9 percent, and a State General Fund decrease of \$1.9 million, or 96.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages fringe benefit expenditures and utilities expenditures, partially offset by an increase in household supplies and clothing for patients. The program includes 64.6 FTE positions, which is an increase of 7.1 FTE positions and a decrease of 6.0 non-FTE positions, from the number approved by the 2015 Legislature. The decrease is attributable to the reallocation of FTE positions from other programs and the deletion of 15.0 agency-wide non-FTE positions which were unfilled in FY 2015.

The **Governor** recommends expenditures of \$4.6 million, including \$79,478 from the State General Fund, for FY 2017. This is the same amount as the agency's revised estimate.

# CAPITAL IMPROVEMENTS

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The FY 2016 and FY 2017 capital improvement requests for Osawatomie State Hospital are included in the five-year plan for the Kansas Department of Aging and Disability Services (KDADS) budget. The recommendations of the Governor are included in the KDADS budget.

<b>PERFORMANCE MEASURES</b>				
<b>Measure</b>	<b>Gov. Rec. for FY 2015</b>	<b>Actual FY 2015</b>	<b>Gov. Rec. FY 2016</b>	<b>Gov. Rec. FY 2017</b>
Number of months patient restraint and seclusion hours within one standard deviation of the national mean	12	12	12	12
Percent of days over licensed capacity	80.0%	42.0%	0.0%	0.0%