

Senate Subcommittee Report

Agency: Kansas Department of Health and Environment - Division of Health **Bill No.** SB 155

Bill Sec. 51

Analyst: Leopold

Analysis Pg. No. Vol. II, p. 1061

Budget Page No. 264

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 854,778,215	\$ 748,133,785	\$ 8,805,317
Federal Funds	2,174,419,825	2,991,477,427	5,565,170
Other Funds	483,514,715	658,881,054	0
<i>Subtotal</i>	<i>\$ 3,512,712,755</i>	<i>\$ 4,398,492,266</i>	<i>\$ 14,370,487</i>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	<u>\$ 3,512,712,755</u>	<u>\$ 4,398,492,266</u>	<u>\$ 14,370,487</u>
FTE positions	1,317.7	1,311.7	0.0

Agency Request

The agency requests \$3.5 billion, including \$854.8 million SGF, for FY 2024. This is an all funds decrease of \$114.3 million, or 3.2 percent, including an SGF decrease of \$69.5 million, or 7.5 percent, below the FY 2023 revised estimate. The request includes \$36.9 million for the Administration function, \$209.0 million for the Division of Public Health, and \$3.3 billion for the Division of Health Care Finance.

The all funds decrease is primarily attributable to one-time federally funded expenditures for child care worker bonuses that occurred in FY 2023 that are not included in the FY 2024 budget. Additionally, the agency request reflects decreased federal funds for a variety of grant programs in the divisions of Public Health and Environment. The SGF decrease is due to \$64.5 million in reappropriated funds in the FY 2023 budget that are not budgeted for FY 2024. The SGF decreases are partially offset by the agency's enhancement requests totaling \$5.7 million from all funds, including \$5.3 million SGF.

The agency request includes 1,317.7 FTE positions, which is an increase of 2.0 FTE positions above the FY 2022 revised estimate due to the 2.0 FTE positions included in the agency's enhancement requests for the Division of Public Health.

Governor's Recommendation

The **Governor** recommends The **Governor** recommends The Governor recommends expenditures of \$4.4 billion, including \$748.1 million SGF, for FY 2024. This is an all funds increase of \$885.8 million, or 25.2 percent, including an SGF decrease of \$106.6 million, or 12.5 percent, from the agency's FY 2024 request.

The Governor's recommendation includes the following adjustments:

- **NON-RECOMMENDED ENHANCEMENT REQUESTS.** The Governor recommends a decrease of \$4.0 million, all SGF, below the agency's FY 2024 request by not recommending the following enhancement requests: Legal Staffing for the Regulation Team in the Division of Administration, County and Regional Public Health Data (Kansas BRFSS), Stan Clark Pregnancy Maintenance Initiative, Statewide psychiatric access program, and Local public health program.
- **HUMAN SERVICES CASELOAD ADJUSTMENTS.** The Governor recommends adding \$214.4 million from all funds, including an SGF decrease of \$35.2 million, to fully fund the fall 2022 human services consensus caseload estimates.
- **MEDICAID EXPANSION.** The Governor recommends adding \$671.4 million from all funds, including \$21.0 million SGF, to fund Medicaid expansion beginning January 1, 2024.
- **MEDICAID EXPANSION SGF SAVINGS.** The Governor's recommendation includes a decrease of \$92.5 million SGF due to savings associated with Medicaid expansion. These savings are attributable to provisions in the federal American Rescue Plan Act allowing a 5.0 percent increase to the base FMAP rate for states that have not yet enacted Medicaid expansion. This enhanced FMAP will be in effect for eight quarters after expansion takes effect.

The Governor's recommendation also includes 1,311.7 FTE positions, which is a decrease of 6.0 FTE positions below the agency's FY 2024 request. The decrease is due to the Governor not recommending the agency's enhancement requests for legal staffing for the regulation team (2.0 FTE positions), local public health program (2.0 FTE positions), County and Regional Public Health Data (1.0 FTE position), and Statewide psychiatric access program (1.0 FTE position).

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governors recommendation for FY 2024 with the following adjustments:

1. Add \$6.6 million all funds, including \$2.6 million SGF, to increase the Medicaid physician fee schedule by 3% for FY 2024. This increase includes 17,254 codes for which physicians currently bill.
2. Add \$1.4 million all funds, including \$576,129 SGF to increase Emergency Medical Service Ground ambulance rates to 75% of the rural Medicare rates for FY 2024.
3. Add \$500,000 SGF to fund Project Access and Wy Jo Care in FY 2024. Project

Access and Wy Jo Care coordinate donated health care to provide healthcare to low income, uninsured residents of Sedgwick, Wyandotte, and Johnson Counties.

4. Add \$3.0 million SGF for primary health projects for community-based primary care grants for FY 2024.
5. Add \$938,756 SGF for the Kansas Tobacco Use Prevention Program for FY 2024. This is the same amount that Kansas received from the JUUL Labs settlement in FY 2023.
6. Add \$1.2 million all funds, including \$482,880 SGF to extend Medicaid adult dental coverage to include dentures and partials for FY 2024.
7. Add \$700,000 SGF to increase funds available to local health departments using the statutory distribution formula contained in KSA 65-242, for FY 2024. This increase will bring the total amount available to the 100 local health departments in Kansas, using the distribution formula, to \$4.7 million.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation with the following adjustments:

1. Add \$4.3 million, including \$1.7 million SGF, to increase emergency medical service ground ambulance rates to 75.0 percent of the Medicare rates and increase air ambulance rates to 100.0 percent of the Medicare rate for FY 2024.
2. Delete \$3.0 million SGF for primary health projects for community-based primary care grants for FY 2024.
3. Delete \$938,756 SGF for the Kansas Tobacco Use Prevention Program for FY 2024. This is the same amount that Kansas received from the JUUL Labs settlement in FY 2023.
4. Delete \$800,000 SGF to decrease funds available to local health departments using the statutory distribution formula contained in KSA 65-242, for FY 2024.
5. Delete \$671.4 million, including the addition of \$71.5 million SGF, to remove funding for Medicaid Expansion. The all funds deletion includes \$703.4 million from federal funds and \$39.4 million from special revenue funds.
6. Delete the agency's salary adjustment plan for the Health Facility Surveillance program, totaling \$260,000 SGF for FY 2024 and review at Omnibus.
7. Delete the agency's salary adjustment plan to provide a 2.5% salary increase to eleven new FTE positions in the Medicaid program, totaling \$16,502, including \$8,251 SGF, for FY 2024 and review at Omnibus.

Senate Committee of the Whole Recommendation (Sub. For SB 155)

The **Senate Committee of the Whole** concurs with the Senate Committee recommendation for FY 2024 and the following adjustment:

1. Add language to delete 3.25 percent of SGF appropriations and reappropriations for FY 2024.

The following agencies or classifications are excluded: the Kansas Department of Corrections, Adjutant General's Department, State Fire Marshal, Kansas Highway Patrol, Kansas Bureau of Investigation, Emergency Medical Services Board, Kansas Sentencing Commission, Kansas Commission on Peace Officers' Standards and Training, Kansas State School for the Blind, Kansas State School for the Deaf, Kansas State Department of Education, debt service payments, appropriations or reappropriations required to meet caseload obligations, foster care contracts, and adoption services contracts.

House Budget Committee Report

Agency: Kansas Department of Health and Environment - Division of Health **Bill No.** HB 2273

Bill Sec. 51

Analyst: Leopold

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Budget Page No. 264

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 854,778,215	\$ 729,851,105	\$ 108,702,194
Federal Funds	2,174,419,825	3,068,982,495	(689,889,949)
Other Funds	483,514,715	678,881,054	(39,400,000)
<i>Subtotal</i>	<i>\$ 3,512,712,755</i>	<i>\$ 4,477,714,654</i>	<i>\$ (620,587,755)</i>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	\$ 3,512,712,755	\$ 4,477,714,654	\$ (620,587,755)

FTE positions

1,317.7

1,311.7

0.0

Agency Request

The agency requests \$3.5 billion, including \$854.8 million SGF, for FY 2024. This is an all funds decrease of \$114.3 million, or 3.2 percent, including an SGF decrease of \$69.5 million, or 7.5 percent, below the FY 2023 revised estimate. The request includes \$36.9 million for the Administration function, \$209.0 million for the Division of Public Health, and \$3.3 billion for the Division of Health Care Finance.

The all funds decrease is primarily attributable to one-time federally funded expenditures for child care worker bonuses that occurred in FY 2023 that are not included in the FY 2024 budget. Additionally, the agency request reflects decreased federal funds for a variety of grant programs in the divisions of Public Health and Environment. The SGF decrease is due to \$64.5 million in reappropriated funds in the FY 2023 budget that are not budgeted for FY 2024. The SGF decreases are partially offset by the agency's enhancement requests totaling \$5.7 million from all funds, including \$5.3 million SGF.

The agency request includes 1,317.7 FTE positions, which is an increase of 2.0 FTE positions above the FY 2022 revised estimate due to the 2.0 FTE positions included in the agency's enhancement requests for the Division of Public Health.

Governor's Recommendation

The **Governor** recommends expenditures of \$4.4 billion, including \$748.1 million SGF, for FY 2024. This is an all funds increase of \$885.8 million, or 25.2 percent, including an SGF decrease of \$106.6 million, or 12.5 percent, from the agency's FY 2024 request.

The Governor's recommendation includes the following adjustments:

- **NON-RECOMMENDED ENHANCEMENT REQUESTS.** The Governor recommends a decrease of \$4.0 million, all SGF, below the agency's FY 2024 request by not recommending the following enhancement requests: Legal Staffing for the Regulation Team in the Division of Administration, County and Regional Public Health Data (Kansas BRFSS), Stan Clark Pregnancy Maintenance Initiative, Statewide psychiatric access program, and Local public health program.
- **HUMAN SERVICES CASELOAD ADJUSTMENTS.** The Governor recommends adding \$214.4 million from all funds, including an SGF decrease of \$35.2 million, to fully fund the fall 2022 human services consensus caseload estimates.
- **MEDICAID EXPANSION.** The Governor recommends adding \$671.4 million from all funds, including \$21.0 million SGF, to fund Medicaid expansion beginning January 1, 2024.
- **MEDICAID EXPANSION SGF SAVINGS.** The Governor's recommendation includes a decrease of \$92.5 million SGF due to savings associated with Medicaid expansion. These savings are attributable to provisions in the federal American Rescue Plan Act allowing a 5.0 percent increase to the base FMAP rate for states that have not yet enacted Medicaid expansion. This enhanced FMAP will be in effect for eight quarters after expansion takes effect.

The Governor's recommendation also includes 1,311.7 FTE positions, which is a decrease of 6.0 FTE positions below the agency's FY 2024 request. The decrease is due to the Governor not recommending the agency's enhancement requests for legal staffing for the regulation team (2.0 FTE positions), local public health program (2.0 FTE positions), County and Regional Public Health Data (1.0 FTE position), and Statewide psychiatric access program (1.0 FTE position).

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. Add \$338,846 SGF to fund the agency's enhancement request for the Stan Clark Pregnancy Maintenance Initiative to increase case management services from 6 months to twelve months for FY 2024.
2. Add \$5.1 million all funds, including \$2.0 million SGF to increase Durable Medical Equipment billing codes to 80% of Medicare rates for FY 2024. *(Staff note: This recommendation originally referred to "Complex Rehabilitation Technology" but was changed to match the intent of the committee.)*
3. Add \$10.8 million all funds, including \$4.3 million SGF, to increase the Medicaid physician fee schedule by 5% for FY 2024. This increase includes 17,254 codes for which physicians currently bill.
4. Add \$5.0 million all funds, including \$2.0 million SGF to increase Emergency Medical Service Ground ambulance rates to 100% of the rural Medicare rates for FY 2024.
5. Add \$500,000 SGF to fund Project Access and Wy Jo Care in FY 2024. Project Access and Wy Jo Care coordinate donated health care to provide healthcare to low-income, uninsured residents of Sedgwick, Wyandotte, and Johnson Counties.
6. Add \$5.0 million SGF for primary health projects for community-based primary care grants for FY 2024.
7. Add \$938,756 SGF for the Kansas Tobacco Use Prevention Program for FY 2024. This is the same amount that Kansas received from the JUUL Labs settlement in FY 2023.
8. Add \$1.7 million all funds, including \$687,000 SGF to extend Medicaid adult dental coverage to include dentures and partials for FY 2024.
9. Add \$1.4 million SGF to increase funds available to local health departments using the statutory distribution formula contained in KSA 65-242, for FY 2024. This increase will bring the total amount available to the 100 local health departments in Kansas, using the distribution formula, to \$5.4 million.
10. Add \$20.0 million SGF to hospitals to compensate for the care of uninsured patients for FY 2024. Add language directing the agency to distribute these funds to hospitals residing in any of the 95 counties identified as a rural opportunity zone and to distribute the funds based on the volume of uncompensated care provided by each eligible hospital.

11. Delete \$671.4 million, including the addition of \$71.5 million SGF, to remove funding for Medicaid Expansion. The all funds deletion includes \$703.4 million from federal funds and \$39.4 million from special revenue funds. In addition, add language to lapse the SGF funding if Medicaid Expansion is passed during the 2023 Legislative Session.

House Committee Recommendations

1. Delete the language included in Subcommittee Recommendation #11, lapsing \$71.5 million SGF if Medicaid Expansion is passed during the 2023 Legislative Session.
2. Remove the addition of \$20.0 million SGF for hospitals to compensate for the care of uninsured patients for FY 2024 and review at Omnibus. In addition, review information about existing resources and funding streams dedicated to hospitals for the provision of uncompensated care and how the rural emergency hospital designation impacts hospitals and the funding they receive.
3. Add language requiring local health departments to provide anyone who is receiving a COVID-19 vaccine or medicine to treat COVID-19 with the following information in writing: the ingredients of the vaccine or medication, the known risks or side effects of the vaccine or medication, and the most recent information from the federal vaccine adverse event reporting system (VAERS) for FY 2024 and FY 2025.
4. Add language exempting rural emergency hospitals from the health care access improvement program (HCAIP) assessment for FY 2024.
5. Add language requiring KDHE to prioritize new determinations of medicaid eligibility for admission to adult care homes before redeterminations of continued eligibility for FY 2024.

House Committee of the Whole Recommendations

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2024.

Conference Committee Recommendation (HB 2148)

The Conference Committee concurs with the Governor's recommendation for FY 2024 with the following adjustments:

1. Delete \$671.4 million, including the addition of \$71.5 million SGF, to remove funding for Medicaid Expansion. The all funds deletion includes \$703.4 million from federal funds and \$39.4 million from special revenue funds.
2. Add \$7.9 million, including \$3.2 million SGF to increase ground and air emergency medical service rates to 100% of the Medicare rate for FY 2024.
3. Add \$3.0 million SGF for primary health projects for community-based primary care grants for FY 2024.

4. Add \$6.6 million all funds, including \$2.6 million SGF, to increase the Medicaid physician fee schedule by 3% for FY 2024.
5. Add \$5.1 million all funds, including \$2.0 million SGF to increase Durable Medical Equipment billing codes to 80% of Medicare rates for FY 2024.
6. Add \$800,000 SGF to increase funds available to local health departments using the statutory distribution formula contained in KSA 65-242, for FY 2024.
7. Add \$938,756 SGF for the Kansas Tobacco Use Prevention Program for FY 2024.
8. Add \$500,000 SGF to fund Project Access and Wy Jo Care in FY 2024.
9. Add \$1.2 million all funds, including \$482,880 SGF to extend Medicaid adult dental coverage to include dentures and partials for FY 2024.
10. Add \$338,846 SGF to fund the agency's enhancement request for the Stan Clark Pregnancy Maintenance Initiative to increase case management services from 6 months to twelve months for FY 2024.
11. Delete \$260,000 SGF for a salary adjustment plan in the Health Facility Surveillance program for FY 2024 and review at Omnibus.
12. Delete \$16,502, including \$8,251 SGF, for a 2.5 percent salary increase for 11.0 FTE positions in the Medicaid program for FY 2024 and review at Omnibus.

Omnibus Action (SB 42)

1. Adopt GBA No. 1, Item 1, to add \$79.2 million all funds, including the deletion of \$18.3 million SGF to adopt the Spring Human Services Caseloads Estimates in FY 2024.
2. Add \$117,653 SGF and 2.0 FTE positions for the Child Abuse Review and Evaluation (CARE) Program for FY 2024.
3. Add \$21,250 SGF to enact the Woman's Right to Know Act for FY 2024.
4. Add \$3,500,591, including \$557,488 SGF, for a salary adjustment for most state employees based on the Department of Administration Market Survey and a 5.0 percent salary adjustment for employees with job classifications that are not included in the Market Survey for FY 2024.

	Governor's Recommendation* FY 2024	Legislative Action Mega Bill	Legislative Approved FY 2024	Legislative Action Omnibus Bill	Final Legislative Approved FY 2024
All Funds					
State Operations	\$ 437,531,203	\$ (29,176,502)	\$ 408,354,701	\$ 3,639,494	\$ 411,994,195
Aid to Local Units	70,626,115	800,000	71,426,115	0	71,426,115
Other Assistance	3,969,557,336	(616,894,786)	3,352,662,550	0	3,352,662,550
<i>Subtotal - Operations</i>	<i>\$ 4,477,714,654</i>	<i>\$ (645,271,288)</i>	<i>\$ 3,832,443,366</i>	<i>\$ 3,639,494</i>	<i>\$ 3,836,082,860</i>
Capital Improvements	0	0	0	0	0
TOTAL	\$ 4,477,714,654	\$ (645,271,288)	\$ 3,832,443,366	\$ 3,639,494	\$ 3,836,082,860

State General Fund

State Operations	\$ 44,199,646	\$ (8,168,251)	\$ 36,031,395	\$ 696,391	\$ 36,727,786
Aid to Local Units	13,037,779	800,000	13,837,779	0	13,837,779
Other Assistance	672,613,680	92,418,491	765,032,171	0	765,032,171
<i>Subtotal - Operating</i>	<i>\$ 729,851,105</i>	<i>\$ 85,050,240</i>	<i>\$ 814,901,345</i>	<i>\$ 696,391</i>	<i>\$ 815,597,736</i>
Capital Improvements	0	0	0	0	0
TOTAL	\$ 729,851,105	\$ 85,050,240	\$ 814,901,345	\$ 696,391	\$ 815,597,736

FTE Positions	1,311.7	0.0	1,311.7	2.0	1,313.7
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* Note: The Governor's recommendation includes GBA No. 1, Item 1, to add \$79.2 million all funds, including the deletion of \$18.3 million SGF to adopt the Spring Human Services Caseloads Estimates in FY 2024.