

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 12, 2013

To: Legislative Coordinating Council and Governor Sam Brownback
From: Kansas Legislative Research Department and Kansas Division of the Budget
Re: Fall 2013 Human Services Consensus Caseload Estimates for FY 2014 and FY 2015

The Division of the Budget, Department for Children and Families, Department of Health and Environment, Department for Aging and Disability Services, Department of Corrections, and the Legislative Research Department met on November 5, 2013 to revise the estimates on human services caseload expenditures for FY 2014 and FY 2015. The caseload estimates include expenditures for Temporary Assistance to Families, the Reintegration/Foster Care Contracts, Out of Home Placements, KanCare Regular Medical Assistance and Nursing Facilities. A chart summarizing the estimates for FY 2014 and FY 2015 is included at the end of this memorandum.

The estimate for FY 2014 is an increase of \$31.4 million from all funding sources and \$10.8 million from the State General Fund. FY 2015 is an increase of \$35.2 million from all funding sources and \$21.4 million from the State General Fund as compared to the budget approved by the 2013 Legislature. The combined estimate for FY 2014 and FY 2015 is an all funds increase of \$66.6 million and a State General Fund increase of \$32.2 million.

As a part of Medicaid reform, the Governor proposed a realignment of state agencies to administer the newly integrated KanCare program through Executive Reorganization Order Number 41. The realignment, approved by the 2012 Legislature, consolidated Medicaid fiscal and contract management in the Kansas Department of Health and Environment's (KDHE) Division of Health Care Finance and program management in the Kansas Department for Aging and Disability Services (KDADS). In addition, on January 1, 2013 the state implemented its integrated care model KanCare, in which three managed care organizations began coordinating health care for nearly all Medicaid beneficiaries. The administration of KanCare within the state is accomplished by KDHE maintaining financial management and contract oversight, while KDADS administers the Medicaid Waiver programs for disability services, mental health and substance abuse services, and the State Hospitals.

In addition, the Department of Corrections has program management responsibilities for out of home placements and part of KanCare related to Foster Care since the programs administered by the Juvenile Justice Authority were transferred to the Department of Corrections on July 1, 2013.

FY 2014

For FY 2014, the revised estimate is an all funds increase of \$31.4 million and a State General Fund increase of \$10.8 million above the budget approved by the 2013 Legislature. The State General Fund increase is largely attributable to payments to the federal Centers for Medicare and Medicaid Services for previously expended federal funds that the federal government subsequently disallowed. The all funds increase is due largely to increased estimates in regular medical and foster care and a change in the manner in which reimbursements for SSI and SSA eligible children are accounted.

The estimate for Temporary Assistance to Families is an increase of \$245,345, from all funding sources and no change to the State General Fund expenditures.

The estimate for the foster care contract is anticipated to increase by \$2.2 million from all funding sources, and decrease by \$3.4 million from the State General Fund. The increase in all funds is mostly attributable to an increase in available federal funds because of the manner in which reimbursements for SSI and SSA eligible children are accounted. The increased expenditures are offset by an increase in revenue.

The FY 2014 caseload estimate is \$23.2 million from all funding sources and \$21.4 million from the State General Fund for Department of Corrections out of home placements. This is a decrease of \$793,341 from all funds and a decrease of \$1.1 million from the State General Fund. The change is largely due to an estimated decrease in referrals to out of home placements. The State General Fund decrease is partially attributable to a shift in funding sources.

The FY 2014 estimate for KanCare Medical is \$2.4 billion from all funding sources and \$923.2 million from the State General Fund and reflects an increase of \$26.5 million from all funding sources and \$14.2 million from the State General Fund above the amount approved by the 2013 Legislature. The increase in State General Fund is largely attributable to payments to the federal Centers for Medicare and Medicaid Services for previously expended federal funds that the federal government subsequently disallowed. For the Department of Health and Environment, the KanCare medical estimate is \$1.8 billion from all funds including \$685.0 million from the State General Fund. The Department for Aging and Disability Services' KanCare Medical estimate is \$629.0 million from all funds, including \$236.0 million from the State General Fund. The KanCare Medical estimate for the Department of Corrections is \$5.0 million from all funds, including \$2.2 million from the State General Fund.

FY 2015

The FY 2015 estimate is \$2.7 billion, including \$1.1 billion from the State General Fund. The estimate is an all funds increase of \$35.2 million and a State General Fund increase of \$21.4 million above the budget approved by the 2013 Legislature. The base Medicaid matching rate for federal contribution increased the state share by 0.11 percent between FY 2014 and FY 2015. The estimated impact of this adjustment in FY 2015 is \$1.6 million in additional State General Fund required for caseload expenditures.

The estimate for Caseloads for Temporary Assistance for Families has decreased by \$1.9 million from all funding sources, with no impact on State General Fund expenditures, from

the revised FY 2014 estimate. The all funds decrease is due to a series of policy changes which began in fall 2011 and resulted in a declining TAF population.

The estimate for the foster care contract increases by \$8.2 million from all funding sources, and increases by \$500,000 from the State General Fund, when compared to the approved FY 2015 amount, due to an anticipated increase in the number of children receiving services. The increase in all funds is mostly attributable to an increase in available federal funds because of the manner in which reimbursements for SSI and SSA eligible children are accounted. The increased expenditures are offset by an increase in revenue.

For the Department of Corrections, expenditures for out of home placements for FY 2015 are estimated to be \$23.0 million from all funds. This is a decrease of \$221,313 from all funds and \$56,912 from the State General Fund below the FY 2014 estimate and is largely due to an estimated decrease in referral to out of home placements. There is no approved amount for this category.

The FY 2015 estimate for KanCare Medical is \$2.5 billion from all funding sources and \$986.3 million from the State General Fund. The new estimate is lower than the spring 2013 estimate by \$406,021 from all funding sources and \$2.2 million from the State General Fund. The new estimate is \$140.3 million from all funding sources and \$63.2 million from the State General Fund above the revised FY 2014 estimate. The increase is largely attributable to an anticipated increase in the caseload population growth. For the Department of Health and Environment, the KanCare Medical estimate is \$1.8 billion from all funds, including \$717.5 million from the State General Fund. The Department of Aging and Disability Services' KanCare Medical estimate is \$682.2 million from all funds, including \$266.8 million from the State General Fund. The KanCare Medical estimate for the Department of Corrections is \$4.9 million from all funds, including \$2.1 million from the State General Fund.

HUMAN SERVICES
November 12, 2013
Consensus Caseloads Estimates

	FY 2014 Approved	November Revised FY 2014	Difference from Approved	FY 2015 Approved	November Revised FY 2015	Difference from Approved	Difference from FY 2014 to FY 2015
DCF -							
Temporary Assistance to Families	AF 24,695,253	24,940,598	245,345	22,218,567	23,000,000	781,433	(1,940,598)
DCF - Foster Care	SGF 70,921,075	67,500,000	(3,421,075)	71,000,000	71,500,000	500,000	4,000,000
Contract	AF 133,147,105	135,374,991	2,227,886	133,283,000	141,492,207	8,209,207	6,117,217
DOC - KanCare	SGF 2,265,243	2,159,500	(105,743)	--	2,099,646	2,099,646	(59,854)
	AF 5,244,832	5,000,000	(244,832)	--	4,849,067	4,849,067	(150,933)
DOC - Out of Home Placements	SGF 22,476,608	21,415,555	(1,061,053)	--	21,358,643	21,358,643	(56,912)
	AF 23,985,243	23,191,902	(793,341)	--	22,970,589	22,970,589	(221,313)
KDHE - KanCare	SGF 642,790,000	685,000,000	42,210,000	659,129,120	717,454,960	58,325,840	32,454,960
	AF 1,702,390,000	1,761,165,000	58,775,000	1,724,137,740	1,848,405,058	124,267,318	87,240,058
KDADS - KanCare	SGF 263,893,159	236,000,000	(27,893,159)	329,414,352	266,773,075	(62,641,277)	30,773,075
	AF 661,026,416	629,000,000	(32,026,416)	811,719,577	682,197,171	(129,522,406)	53,197,171
KDADS - Non-KanCare	SGF 15,524,641	16,625,556	1,100,915	15,524,641	17,300,000	1,775,359	674,444
	AF 16,119,048	19,300,379	3,181,331	16,119,046	19,800,000	3,680,954	499,621
TOTALS	SGF \$ 1,026,008,234	\$ 1,036,838,119	\$ 10,829,885	\$ 1,083,205,621	\$ 1,104,623,832	\$ 21,418,211	\$ 67,785,713
	AF \$ 2,566,607,897	\$ 2,597,972,870	\$ 31,364,973	\$ 2,707,477,930	\$ 2,742,714,092	\$ 35,236,163	\$ 144,741,223

SGF - State General Fund
 AF - All Funds
 DCF - Department for Children and Families
 DOC - Department of Corrections
 KDHE - Kansas Department of Health and Environment
 KDADS - Kansas Department for Aging and Disability Services

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