

KANSAS DEPARTMENT FOR AGING AND DISABILITY SERVICES

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ 651,793,279	\$ 894,740,368	\$ 830,723,024	\$ 903,448,989	\$ 970,447,876
Federal Funds	1,381,490,686	1,365,141,240	1,358,030,931	1,343,001,781	1,316,859,808
All Other Funds	122,750,258	85,373,099	78,438,499	82,320,514	61,835,914
<i>Subtotal</i>	<u>\$ 2,156,034,223</u>	<u>\$ 2,345,254,707</u>	<u>\$ 2,267,192,454</u>	<u>\$ 2,328,771,284</u>	<u>\$ 2,349,143,598</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	3,434,349	16,738,077	16,738,077	13,790,142	13,790,142
<i>Subtotal</i>	<u>\$ 3,434,349</u>	<u>\$ 16,738,077</u>	<u>\$ 16,738,077</u>	<u>\$ 13,790,142</u>	<u>\$ 13,790,142</u>
TOTAL	<u>\$ 2,159,468,572</u>	<u>\$ 2,361,992,784</u>	<u>\$ 2,283,930,531</u>	<u>\$ 2,342,561,426</u>	<u>\$ 2,362,933,740</u>
Percentage Change:					
State General Fund	19.0 %	37.3 %	27.5 %	1.0 %	16.8 %
All Funds	7.3 %	9.4 %	5.8 %	(0.8) %	3.5 %
FTE Positions	316.0	325.5	325.5	341.5	330.5

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The Kansas Department for Aging and Disability Services (KDADS) was established by statute in 1977 as a cabinet-level agency, known as as the Department of Aging until 2012. The agency is headed by a secretary appointed by the Governor, subject to confirmation by the Senate. Its goals are to promote the security, dignity, and independence of older adults and persons with disabilities. KDADS is responsible for Medicaid long-term care payments, survey and certification for adult care homes, behavioral health programs, home and community-based services for older adults and persons with disabilities, and the management and oversight of the four state hospitals. KDADS is mandated under the federal Older Americans Act to serve as an advocate for seniors and to administer programs funded by Older Americans Act appropriations.

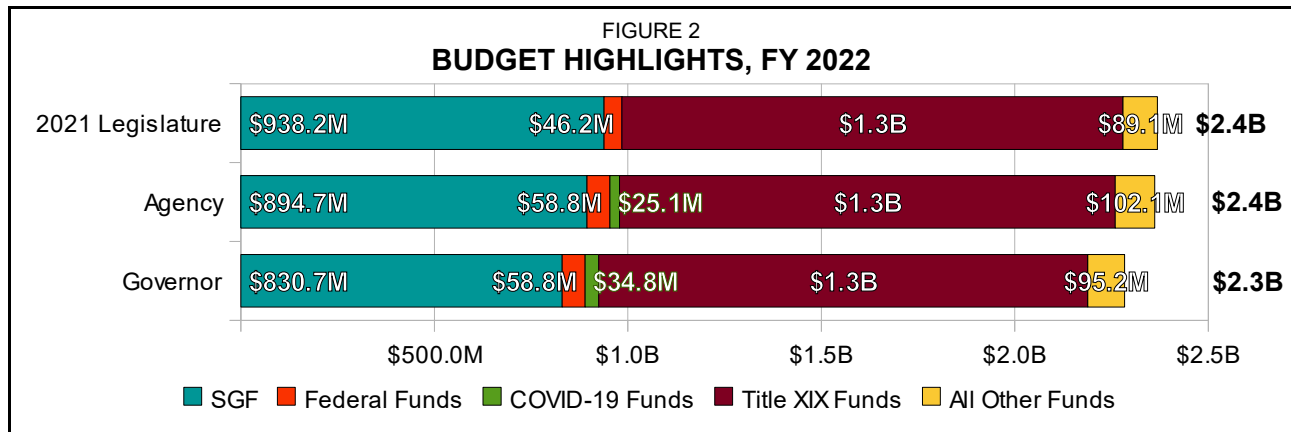
KDADS is responsible for overseeing the administration of the Medicaid Home and Community Based Services (HCBS) waivers for older adults and persons with disabilities. Kansas currently has seven separate HCBS waivers: Autism (AU), Frail Elderly (FE), Intellectual and Developmental Disability (I/DD), Physical Disability (PD), Serious Emotional Disturbance (SED), Technology Assisted (TA), and Brain Injury (BI).

KDADS is organized into the major areas of Administration; the Commission on Aging and Disability Community Services and Programs; Medicaid programs; the Behavioral Health Commission; the Survey, Certification, and Credentialing Commission; and the State Hospital Commission.

EXECUTIVE SUMMARY

The 2021 Legislature approved a budget of \$2.3 billion, including \$873.9 million from the State General Fund (SGF), for the Kansas Department for Aging and Disability Services for FY 2022. One adjustment has been made to that amount, which changes the current year approved amount without any legislative action required. The adjustment for this agency includes the following:

- SGF REAPPROPRIATIONS.** The agency received approximately \$64.3 million SGF in reappropriated funds from FY 2021 into FY 2022. These reappropriations were primarily related to Medicaid-related expenditures as well as funds associated with program delays due to the timing of when contracts were executed.



The **agency** requests a revised estimate of \$2.4 billion, including \$894.7 million SGF, in FY 2022. This is a decrease of \$6.9 million below the amount approved by the 2021 Legislature. Significant items in the agency estimate include the following:

- CONTINUED COVID-19 PANDEMIC RELIEF FUNDS.** In FY 2021, the agency received a large influx of COVID-19 pandemic-related relief funds. Some of this aid was provided through direct distributions from several federal relief acts, which the agency passed on to the appropriate organizations for disbursement. Subsequent to the calendar year 2021 budget discussions, the agency received more federal moneys from the federal American Rescue Plan Act (ARPA) to be provided to organizations in FY 2022. Additionally, the agency continues to receive an increased Federal Medical Assistance Percentage (FMAP) rate increase as the federal public health emergency continues.
- 10.0 PERCENT INCREASE IN THE FMAP RATE FOR HCBS WAIVER SERVICES.** Included in the APRA funding the agency anticipates receiving is an increase in the FMAP rate for HCBS waiver services. ARPA included a provision for the increased FMAP rate as an incentive for states to invest, supplement, or strengthen their home and community-based services. The agency viewed this increase as an opportunity to study some of the issues surrounding the waivers as well as provide some relief to providers. It submitted its plan to the federal Centers for Medicare and Medicaid Services (CMS) and is awaiting approval in order to draw down the additional federal funds.
- DELAYED IMPLEMENTATION OF PROGRAMS.** There were several projects that the agency originally anticipated would begin in FY 2022. These include the installation of the infrastructure for the Electronic Health Records system at the four state hospitals and the establishment of the acute psychiatric beds for youth in Hays. Both of these projects were delayed due to the contract procurement process. Additionally, the project

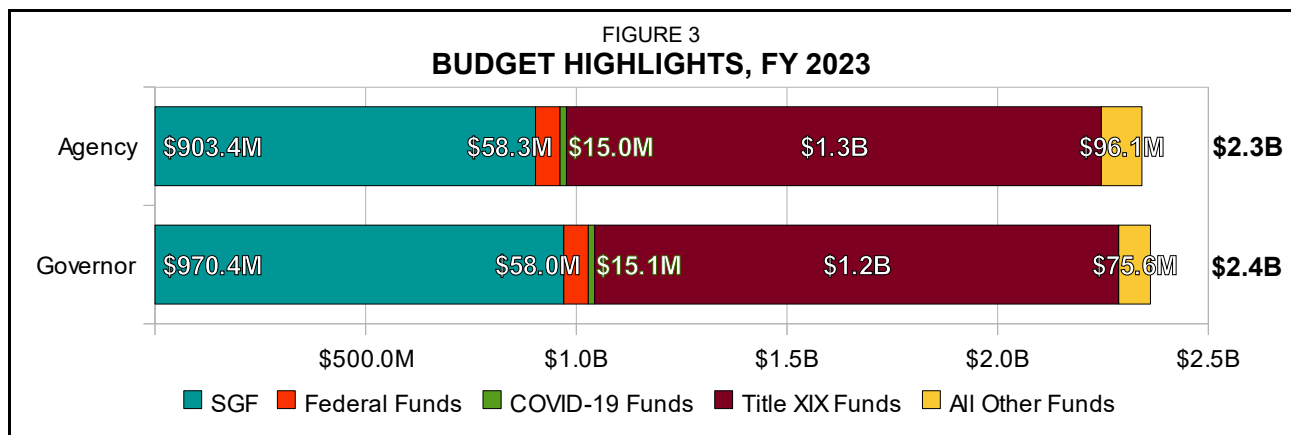
to remodel the Biddle Building at Osawatomi State Hospital was delayed due to supply and labor issues associated with the COVID-19 pandemic. As a result, a new estimate was drafted for the cost of the remodel. The revised estimate was \$1.7 million higher than the original appropriation, which the agency has subsequently requested as a supplemental.

The revised estimate also includes 325.5 FTE positions, which is an increase of 29.5 FTE positions above the number approved by the 2021 Legislature.

The **Governor** recommends \$2.3 billion, including \$830.7 million SGF, for expenditures in FY 2022. This is a decrease of \$78.1 million below the agency's FY 2022 revised estimate. Significant items in the Governor's recommendation include the following:

- HUMAN SERVICES CONSENSUS CASELOADS.** The Governor's recommendation adopts the Fall 2021 Human Services Consensus Caseloads estimate. This amounts in a decrease of approximately \$89.7 million, including \$66.0 million SGF below the agency's revised estimate. The decrease is due to a lower than anticipated Medicaid eligible population than what was originally estimated in Spring 2021.
- GOVERNOR'S 24/7 PAY PLAN.** The Governor's recommendation includes the addition of \$9.6 million, all from federal ARPA-related funding, to allow for salary increases for the nursing staff at the state hospitals. The Governor's pay plan includes both permanent increases in the base pay for certain nursing positions as well as temporary increases if facilities meet certain criteria. The goal of these increases is to assist the state hospitals with retention issues they have historically faced, which increased due to the COVID-19 pandemic.
- CRISIS INTERVENTION CENTERS.** The recommendation also includes \$2.0 million SGF for the implementation of crisis intervention centers. Currently, the state has several crisis stabilization centers, which provide services to individuals on a voluntary basis who are experiencing a mental health crisis. The funding aims to provide KDADS funding to establish a new classification in the state to allow involuntary patients similar services within the community. These additional services aim to reduce the number of involuntary admissions to the state hospitals.

The **Governor's** recommendation also includes 325.5 FTE positions, which is the same as the number requested in the agency's FY 2022 revised estimate.



The **agency** requests \$2.3 billion, including \$903.4 million SGF, for FY 2023. This is a decrease of \$19.4 million below the agency's FY 2022 revised estimate. Significant items in the agency

request include the following:

- **DECREASING COVID-19 PANDEMIC RELIEF EXPENDITURES.** As the agency anticipates the pandemic's conclusion, the request for pandemic-related expenditures decreases. As such, the agency's FY 2023 request reflects a decrease of approximately \$10.3 million in COVID-19 pandemic-related transactions.
- **RETURN TO REGULAR FMAP DISTRIBUTION.** Similarly, the agency anticipates the increased FMAP associated with the COVID-19 pandemic will end in FY 2022. As such, the agency's submission reflects an increase of \$87.8 million SGF for the increased utilization of state funds for HCBS waiver services.
- **ENHANCEMENTS RELATED TO MEDICAID SERVICES.** The agency requests approximately \$34.7 million, including \$13.8 million SGF, for several enhancements related to Medicaid services. These enhancements are primarily centered around standardizing reimbursement rates between waivers and increasing funding to address waiver waitlists. *Staff note:* For more detailed information on these enhancements, please see Request 1 in the Enhancement Section.
- **ENHANCEMENTS RELATED TO HCBS I/DD WAIVER.** The agency requests \$21.5 million, including \$9.0 million SGF, for several enhancements related to the I/DD waiver. These enhancements center around raising the reimbursement rate for specialized nursing services to match the rate for the TA waiver, and funding in order to bring individuals off the waitlist and onto the waiver. *Staff note:* For more detailed information on these enhancements, please see Request 2 in the Enhancement Section.
- **ENHANCEMENTS RELATED TO OVERSIGHT OF FACILITIES.** The agency requests \$14.7 million, including \$9.0 million SGF, for several enhancements related to the agency's oversight of adult care homes. These enhancements are generally related to increasing the agency's staff to survey these facilities as well as additional funding to supplement its statutory background check requirements *Staff note:* For more detailed information on these enhancements, please see Request 3 in the Enhancement Section.

The revised estimate also includes 341.5 FTE positions, which is an increase of 16.0 FTE positions above the number included in the FY 2022 revised estimate. This increase is due to the agency's enhancement requests for additional staffing.

The **Governor** recommends \$2.4 billion, including \$970.4 million SGF, for FY 2023 expenditures. This is an increase of \$20.4 million, including \$67.0 million SGF, above the agency's FY 2023 request. Significant items in the Governor's recommendation include the following:

- **CONTINUATION OF FY 2022 INITIATIVES.** The Governor's recommendation includes the addition of \$28.0 million SGF to continue funding associated with the salary increase provided by the Governor's 24/7 facility pay plan, as well as funding for crisis intervention centers. For FY 2023, the Governor recommends that the expenditures for the 24/7 facility pay plan be funded with SGF moneys rather than federal ARPA funds.
- **EXPANSION OF MENTAL HEALTH SERVICES.** The Governor's recommendation includes \$19.3 million SGF in additional funding for mental health services. This includes initiatives to reduce the burden on the state hospitals through expanded funding for mobile competency evaluations and expansion of regional hospital beds to provide inpatient mental health services.

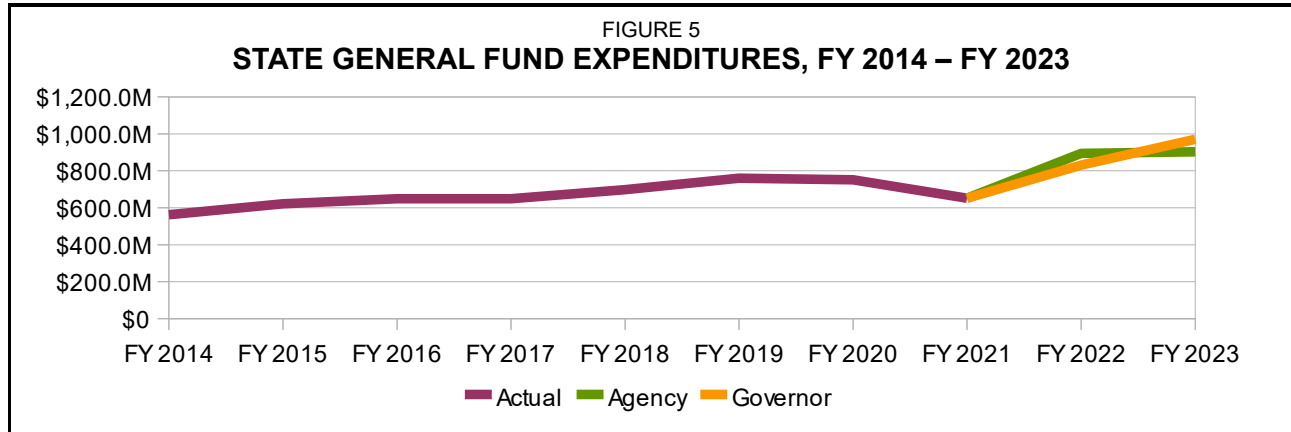
- **SHIFT IN FUNDING FOR MENTAL HEALTH EXPENDITURES.** The Governor's recommendation includes shifting the source of approximately \$13.6 million in mental health related expenditures from special revenue funds to the SGF. These shifts move the expenditures from the State Highway Fund and the Children's Initiatives Fund.
- **DECREASES ASSOCIATED WITH ENHANCEMENTS.** The Governor's recommendation also includes a decrease of \$35.3 million, including \$17.7 million SGF, associated with the Governor not recommending adoption of several of the agency's enhancement requests. *Staff Note:* For more detail on the agency's enhancement requests please see the Supplemental and Enhancement Requests section.

The **Governor's** recommendation also includes 330.5 FTE positions, which is a decrease of 11.0 FTE positions below the agency's FY 2023 request. This decrease is due to the transfer of the KanCare Ombudsman to the Department of Administration and the partial adoption of the agency's enhancement request for additional survey and credentialing staff.

EXPENDITURES AND FINANCING

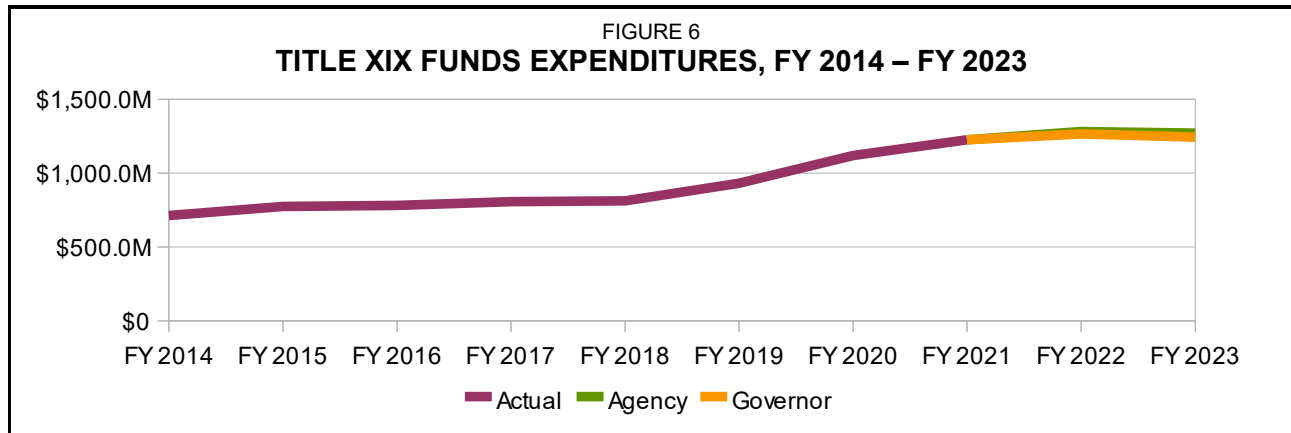
FIGURE 4 BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023					
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 17,248,651	\$ 23,273,339	\$ 32,919,029	\$ 25,073,623	\$ 41,958,861
Contractual Services	45,398,406	73,912,792	75,912,792	66,698,901	88,670,901
Commodities	22,205,321	380,207	380,207	211,590	211,590
Capital Outlay	3,189,671	9,729,509	9,729,509	2,152,400	2,152,400
Debt Service Interest	6,116,833	248,200	248,200	131,200	131,200
<i>Subtotal</i>	<i>\$ 94,158,882</i>	<i>\$ 107,544,047</i>	<i>\$ 119,189,737</i>	<i>\$ 94,267,714</i>	<i>\$ 133,124,952</i>
Aid to Local Units	95,578,534	105,814,637	105,814,637	101,694,931	101,694,931
Other Assistance	1,966,296,807	2,131,896,023	2,042,188,080	2,132,808,639	2,114,323,715
<i>Subtotal—Operating</i>	<i>\$ 2,156,034,223</i>	<i>\$ 2,345,254,707</i>	<i>\$ 2,267,192,454</i>	<i>\$ 2,328,771,284</i>	<i>\$ 2,349,143,598</i>
Capital Improvements	3,434,349	14,398,077	14,398,077	11,335,142	11,335,142
Debt Service	-	2,340,000	2,340,000	2,455,000	2,455,000
Principal					
TOTAL	\$ 2,159,468,572	\$ 2,361,992,784	\$ 2,283,930,531	\$ 2,342,561,426	\$ 2,362,933,740
Financing:					
State General Fund	\$ 651,793,279	\$ 894,740,368	\$ 830,723,024	\$ 903,448,989	\$ 970,447,876
COVID-19 Federal	90,144,200	25,100,921	34,833,611	14,982,570	15,069,570
Funds					
Title XIX Funds	1,224,490,773	1,281,165,157	1,264,409,158	1,269,692,487	1,243,753,914
Other Federal Funds	66,855,713	58,875,162	58,788,162	58,326,724	58,036,324
State Institutions	11,751,193	17,537,387	17,537,387	13,921,342	13,921,342
Building Fund					
All Other Funds	114,433,414	84,573,789	77,639,189	82,189,314	61,704,714
TOTAL	\$ 2,159,468,572	\$ 2,361,992,784	\$ 2,283,930,531	\$ 2,342,561,426	\$ 2,362,933,740
FTE Positions	316.0	325.5	325.5	341.5	330.5

STATE GENERAL FUND



For the Kansas Department for Aging and Disability Services, SGF expenditures are the second largest source of financing for the agency. The agency uses a large portion of SGF expenditures as the State's contribution to draw down various federal funds. Over the last several years, the agency's SGF expenditures have almost reached \$800.0 million, however the State's utilization of SGF moneys for services decreased dramatically in FY 2020 and FY 2021 due to the COVID-19 pandemic. At the start of the pandemic, the federal government authorized a 6.2 percent increase in the Federal Medical Assistance Percentage (FMAP) rate. This increase in the FMAP allowed the agency to utilize less SGF moneys and draw down more federal funds. As a result, the agency realized a significant decrease in its SGF utilization. This increase is expected to end in FY 2022, which will result in a resumption of the use of SGF moneys in FY 2023.

TITLE XIX FUNDS



Title XIX Funds are federal Medicaid moneys the agency receives as reimbursement for providing various Medicaid services. It is the largest source of funding for the agency, and is largely determined by the FMAP rate. These funds are generally used for Medicaid expenditures for behavioral health services, nursing facility reimbursements, and Home and Community Based Services (HCBS). The large increase starting in FY 2020 is due to the increased FMAP rate related to the COVID-19 pandemic. This increase is anticipated to continue until the end of the declared public health emergency.

FY 2022 ANALYSIS

FIGURE 7
SUMMARY OF BUDGET REQUEST, FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ 873,944,100	\$ 1,430,714,132	\$ 2,304,658,232	296.0
1. SGF Reappropriation	64,258,157	10,348,064	74,606,221	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 938,202,257</i>	<i>\$ 1,441,062,196</i>	<i>\$ 2,379,264,453</i>	<i>296.0</i>
Agency Revised Estimate:				
2. Medicaid Reappropriation Lapse	\$ (43,934,802)	\$ -	\$ (43,934,802)	--
3. Electronic Health Records Delay	-	-	-	--
4. Crisis Expenditures and Clubhouse Adjustments	-	2,288,334	2,288,334	--
5. Additional COVID-19 Relief	-	24,681,402	24,681,402	--
6. 10.0 Percent FMAP Increase Funding	-	-	-	--
7. Supplemental - Additional Biddle Funding	-	1,734,000	1,734,000	--
8. All Other Adjustments	472,913	(2,513,516)	(2,040,603)	29.5
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 894,740,368</i>	<i>\$ 1,467,252,416</i>	<i>\$ 2,361,992,784</i>	<i>325.5</i>
Governor's Recommendation:				
9. Fall 2021 Caseloads Adjustments	\$ (66,017,344)	\$ (23,690,599)	\$ (89,707,943)	--
10. Governor's 24/7 Pay Plan Base Increase	-	1,302,885	1,302,885	--
11. Governor's 24/7 Pay Plan Differential Pay	-	8,342,805	8,342,805	--
12. Crisis Intervention Centers	2,000,000	-	2,000,000	--
TOTAL	\$ 830,723,024	\$ 1,453,207,507	\$ 2,283,930,531	325.5

LEGISLATIVE APPROVED

Subsequent to the 2021 Session, one adjustment was made to the \$2.3 billion, including \$873.9 million SGF, appropriated to the Kansas Department for Aging and Disability Services for FY 2022. The adjustment changes the current year approved amount without any legislative action required and includes the following:

1. **SGF REAPPROPRIATIONS.** The agency received approximately \$64.3 million SGF in reappropriated funds from FY 2021 into FY 2022. These reappropriations were primarily for Medicaid-related expenditures. Twice a year, the Kansas Legislative Research Department and the Division of the Budget work together to estimate total Medicaid expenditures. When the actual expenditures are lower than the estimates, the excess moneys reappropriate into the following year. Additionally, there are several reappropriations associated with program delays due to the timing of when contracts are executed.

AGENCY ESTIMATE

The **agency** requests \$2.4 billion, including \$894.7 million SGF, for expenditures in FY 2022. This is a decrease of \$6.9 million below the amount approved by the 2021 Legislature. The **agency** estimate includes the following adjustments:

2. **LAPSE OF MEDICAID-RELATED REAPPROPRIATIONS.** As detailed above, the agency had reappropriations due to actual expenditures being lower than the human

services caseloads estimate. This year, approximately \$43.9 million SGF reappropriated from FY 2021 into FY 2022. Since these expenditures were related to the spring human services caseloads, the agency proposes those be lapsed back to the SGF.

3. **DELAY OF ELECTRONIC HEALTH RECORDS SYSTEMS.** The 2021 Legislature appropriated \$7.6 million SGF in FY 2021 for infrastructure costs associated with establishing the new Electronic Health Records system at the four state hospitals. The agency and the hospitals have indicated that the current system utilized outdated technology and software. The contract for the new system was not signed until the end of FY 2021, which delayed the project into FY 2022.
4. **CRISIS STABILIZATION AND CLUBHOUSE ADJUSTMENTS.** Due to increased revenue from the lottery vending machines, there were higher than anticipated transfers for the community crisis stabilization services and clubhouse model services. Therefore, the agency raised the expenditures for these programs to utilize the full transfer amount available. For community crisis stabilization, this increased expenditures from the fund by \$1.9 million, and for clubhouse model services this increased expenditures by \$348,080 in FY 2022.
5. **ADDITIONAL COVID-19 PANDEMIC RELIEF.** The FY 2022 revised estimate also includes \$24.7 million, all from federal funds, in COVID-19 pandemic relief that was received after the 2021 Legislature approved the FY 2022 budget. These are largely funds awarded to the agency through the federal American Rescue Plan Act (ARPA). The funds are largely awarded to KDADS and disbursed to the appropriate organizations.
6. **10.0 PERCENT FMAP INCREASE FOR HOME AND COMMUNITY-BASED SERVICES.** Through ARPA, the agency had an opportunity to receive additional funding for HCBS waiver services through a 10.0 percent increase in the Federal Medical Assistance Percentage (FMAP). This increase was designed to assist in strengthening and supporting HCBS waivers services. The agency is currently awaiting approval from the federal Centers for Medicare and Medicaid Services (CMS) before it can draw down the additional federal funds. However, the agency's request has budgeted for the SGF moneys it anticipates utilizing to draw down the additional funding.
7. **SUPPLEMENTAL—ADDITIONAL FUNDING FOR BIDDLE REMODEL.** The 2020 Legislature appropriated \$5.0 million in FY 2021 in funding for remodel of the Biddle building at Osawatomie State Hospital as part of the agency's plan to lift the moratorium on admissions to the state hospital. The plan included remodeling the Biddle building to meet CMS guidelines to certify an additional 14 beds at the hospital. The project lead revised the estimate to account for the increases in supplies and labor costs associated with the COVID-19 pandemic. This revised estimate increased the total cost by \$1.7 million, which the agency requests as a supplemental.
8. **ALL OTHER ADJUSTMENTS.** The agency's revised estimate also includes several adjustments related to the agency adjusting its budget to account for actual spending patterns in FY 2021. As well as adjusting funding based on increased grants received after the approval of the budget, primarily the mental health and substance use disorder block grants.

The **agency** estimate also includes 325.5 FTE positions, which is an increase of 29.5 FTE positions above the number approved by the 2021 Legislature. The increase is related to the influx of federal funding, which the agency indicates has allowed it to bring on additional temporary staff.

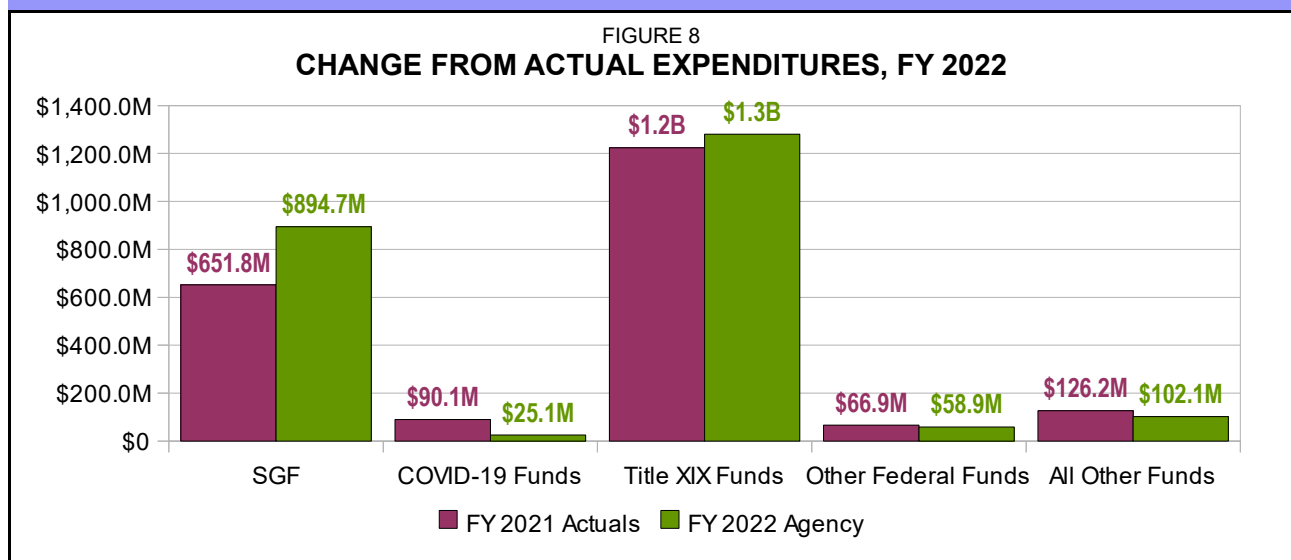
GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$2.3 billion, including \$830.7 million SGF, for expenditures in FY 2022. This is a decrease of \$78.1 million below the agency's FY 2022 revised estimate. Significant items in the Governor's recommendation include the following:

9. **FALL 2021 CASELOADS ADJUSTMENTS.** The Governor's recommendation includes a decrease of \$89.7 million, including \$66.0 million SGF, to adjust the agency's budget to reflect the human services consensus caseload estimate. The estimate decreased overall to account for a lower Medicaid-eligible population than originally anticipated in the spring 2021 estimate.
10. **GOVERNOR'S 24/7 PAY PLAN BASE INCREASE.** The recommendation includes an increase of \$1.3 million, all from federal ARPA funds, to fund a permanent increase to the base pay of several nursing positions at the state hospitals. KDADS receives these funds on behalf of the hospitals to disperse accordingly.
11. **GOVERNOR'S 24/7 PAY PLAN DIFFERENTIAL.** The recommendation includes an increase of \$8.3 million, all from federal ARPA funds, to provide an increased hourly rate in certain circumstances and a bonus to salaried positions. KDADS receives these funds on behalf of the hospitals to disperse them accordingly.
12. **CRISIS INTERVENTION CENTERS.** The recommendation includes \$2.0 million SGF for the implementation of crisis intervention centers. Currently, the state has several crisis stabilization centers, which provide services to individuals on a voluntary basis who are experiencing a mental health crisis. The funding aims to provide KDADS funding to establish a new classification in the state to allow involuntary patients similar services within the community. These additional services aim to reduce the number of involuntary admissions to the state hospitals.

The **Governor's** recommendation also includes 325.5 FTE positions, which is the same as the number requested in the agency's FY 2022 revised estimate.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The change from actual expenditures is tied to the human services caseloads consensus estimate process. Twice a year, Kansas Legislative Research Department (KLRD) and the Division of the Budget (DOB) works with KDADS, the Kansas Department of Health and Environment, and the Department for Children and Families to develop a consensus estimate for human services entitlement expenditures. In April 2021, KLRD and DOB revised the estimates for FY 2021 and FY 2022. At the time, the temporary increase in the FMAP rate was estimated to end the first quarter of FY 2022, and as a result, SGF expenditures increased in the final three quarters to account for the State utilizing more SGF moneys to draw down federal funds. Therefore, the SGF estimate was already increased due to the ending of the temporary 6.2 percent FMAP increase. As discussed above, the FY 2021 actual expenditures were lower than the estimate, which results in a further change between the actual expenditures and the revised estimate.

Outside of the caseloads, the revised estimate includes an additional \$65.3 million SGF that the agency has set aside to draw down additional federal funds associated with the ARPA 10.0 percent FMAP increase for HCBS waivers. The agency currently anticipates keeping the funds separate to ensure the funds are used for the appropriate purposes under ARPA.

FY 2023 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ 894,740,368	\$ 1,467,252,416	\$ 2,361,992,784	325.5
Agency Request:				
1. Enhancement Requests Related to Medicaid Services	\$ 13,837,340	\$ 20,904,838	\$ 34,742,178	--
2. Enhancement Requests Related to HCBS I/DD Waiver	9,018,318	12,492,779	21,511,097	--
3. Enhancement Requests Related to Facilities	6,157,400	8,540,800	14,698,200	16.0
4. Electronic Health Records System	(7,550,959)	-	(7,550,959)	--
5. HCBS Shift for FMAP Changes	-	-	-	--
6. Hays Youth Psychiatric Beds	(4,000,000)	-	(4,000,000)	--
7. Decreased COVID-19 Expenditures	-	(10,324,115)	(10,324,115)	--
8. All Other Adjustments	(8,753,478)	(59,754,281)	(68,507,759)	--
<i>Subtotal—Agency Request</i>	<i>\$ 903,448,989</i>	<i>\$ 1,439,112,437</i>	<i>\$ 2,342,561,426</i>	<i>341.5</i>
Governor's Recommendation:				
9. Fall 2021 Caseloads Adjustments	\$ 24,112,282	\$ (15,533,571)	\$ 8,578,711	--
10. Governor's 24/7 Pay Plan Base Increase	2,419,644	-	2,419,644	--
11. Governor's 24/7 Pay Plan Differential Pay	15,588,008	-	15,588,008	--
12. Crisis Intervention Centers	10,000,000	-	10,000,000	--
13. KanCare Ombudsman Transfer	(224,814)	-	(224,814)	(3.0)
14. Mental Health Grants SHF Swap	9,750,000	(9,750,000)	-	--
15. Children's Initiative Fund Swap	3,800,000	(3,800,000)	-	--
16. Mobile Competency Expansion	2,800,000	-	2,800,000	--
17. Regional Hospital Expansion	15,000,000	-	15,000,000	--
18. Suicide Prevention Plan	1,500,000	-	1,500,000	--
19. Enhancements Not Recommended	(17,746,233)	(17,543,002)	(35,289,235)	(8.0)
TOTAL	\$ 970,447,876	\$ 1,392,485,864	\$ 2,362,933,740	330.5

AGENCY REQUEST

The **agency** requests \$2.3 billion, including \$903.4 million SGF, for FY 2023. This is a decrease of \$19.4 million below the agency's FY 2022 revised estimate. The **agency** request includes the following adjustments:

- 1. ENHANCEMENTS RELATED TO MEDICAID SERVICES.** The agency requests \$34.7 million, including \$13.8 million SGF, for several enhancements related to Medicaid services. These enhancements are primarily centered around standardizing reimbursement rates and between waivers and increasing funding to address waiver waitlists. *Staff note:* For more detailed information on these enhancements, please see Request 2 in the Enhancement Section.
- 2. ENHANCEMENTS RELATED TO HCBS I/DD WAIVER.** The agency requests \$21.5 million, including \$9.0 million SGF, for several enhancements related to the I/DD waiver. These enhancements center around raising the reimbursement rate for specialized nursing services to match the rate for the TA waiver, and funding in order to bring individuals off the waitlist and onto the waiver. *Staff note:* For more detailed information on these enhancements please see Request 3 in the Enhancement Section.

3. **ENHANCEMENTS RELATED TO OVERSIGHT OF FACILITIES.** The agency requests \$14.7 million, including \$9.0 million SGF, for several enhancements related to the agency's oversight of adult care homes. These enhancements are generally related to increasing the agency's staff to survey these facilities as well as additional funding to supplement the statutory background check requirements *Staff note:* For more detailed information on these enhancements, please see Request 4 in the Enhancement Section.
4. **ELECTRONIC HEALTH RECORDS SYSTEM IMPLEMENTATION.** As indicated above, the Electronic Health Records system was delayed into FY 2022. Currently, the agency anticipates that project completing in FY 2022, and as such those expenditures related to the installation of the infrastructure for the system will not reoccur in FY 2023. Outside of the infrastructure costs, there is approximately \$2.0 million included in the agency's base budget for ongoing maintenance of the system.
5. **FUNDING SHIFT FOR HOME AND COMMUNITY-BASED SERVICES.** As indicated above, the agency anticipates receiving additional federal funding for HCBS waiver improvement projects associated with additional 10.0 percent FMAP increase it will receive through ARPA. Currently, the agency only anticipates these expenditures in FY 2022, as they do not reoccur in FY 2023.

The FY 2023 request also includes a shift in the funding source for HCBS services. As part of the ongoing COVID-19 pandemic, the federal government provided a temporary increase in the FMAP rate of 6.2 percent. This increase continues until the end of the quarter in which the federally declared public health emergency ends. Currently, the increase is anticipated to end in March 2022.

Therefore, in FY 2023, the State will have to utilize more SGF moneys for its HCBS waiver services to replace the federal funds it received during the temporary increase. However, due to the temporary 6.2 percent in addition to the 10.0 percent FMAP increase, the precise amount is not easily determined.

6. **PSYCHIATRIC BEDS IN HAYS REAPPROPRIATION.** The 2020 Legislature approved \$4.0 million SGF for funding acute psychiatric beds for youth in Hays in FY 2021. This funding had been reappropriated into FY 2022 while the agency worked with the Kansas Department of Administration to secure a contract for these beds. The agency anticipated utilizing those reappropriated funds in FY 2022. The expenditures associated with the reappropriated funds do not reoccur in FY 2023.
7. **DECREASED COVID-19 PANDEMIC EXPENDITURES.** The agency anticipates \$18.5 million for COVID-19 pandemic expenditures for FY 2023. This is a decrease of \$10.3 million below the expenditures included in the FY 2022 revised estimate. The agency anticipates fewer expenditures associated with COVID-19 as the pandemic and funding associated with the pandemic end.
8. **ALL OTHER ADJUSTMENTS.** The agency request also include a decrease of approximately \$68.3 million, including \$5.3 million SGF, associated with adjustments to the agency's budget to account for various changes including but not limited to grants ending, employee benefits changes, and reductions in operating expenditures based on anticipated needs.

The **agency** request also includes 341.5 FTE positions, which is an increase of 16.0 FTE positions above the number in the FY 2022 revised estimate.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends \$2.4 billion, including \$970.4 million SGF, for FY 2023 expenditures. This is an increase of \$20.4 million above the agency's FY 2023 request. The **Governor's** recommendation includes the following adjustments:

9. **FALL 2021 CASELOADS ADJUSTMENTS.** The Governor's recommendation includes an increase of \$8.6 million, including \$24.1 million SGF, to adjust the agency's budget to reflect the fall 2021 human services consensus caseload estimate.
10. **GOVERNOR'S 24/7 PAY PLAN BASE INCREASE.** The recommendation includes an increase of \$2.4 million SGF to continue the permanent increase to the base pay of several nursing positions at the state hospitals. KDADS receives these funds on behalf of the hospitals to disperse accordingly.
11. **GOVERNOR'S 24/7 PAY PLAN DIFFERENTIAL.** The recommendation includes an increase of \$15.6 million SGF to provide an increased hourly rate in certain circumstances and a bonus to salaried positions. KDADS receives these funds on behalf of the hospitals to disperse accordingly.
12. **CRISIS INTERVENTION CENTERS.** The recommendation includes \$10.0 million SGF to continue the funding for crisis intervention centers services included in the FY 2022 recommendation, as well as some enhanced funding to expand services in FY 2023.
13. **KANCARE OMBUDSMAN TRANSFER.** The recommendation also includes transferring the funding and 3.0 FTE positions associated with the KanCare Ombudsman Office from KDADS to the Department of Administration. This shift reflects changes made by the Governor's Executive Order 21-27, establishing the Office of Public Advocates within the Department of Administration. As part of the establishment of the office, the KanCare Ombudsman was transferred to the newly established office.
14. **STATE HIGHWAY FUND SWAP OF MENTAL HEALTH GRANTS.** The recommendation includes a swap in the funding source of mental health grants from the State Highway Fund to the SGF. Historically, there is a transfer of \$9.8 million from the State Highway Fund for various mental health grants. However, as part of the the Governor's plan to reduce transfers from the State Highway Fund, the funding source for these grants would shift to the SGF. While the funding source would shift, expenditures would not be reduced.
15. **CHILDREN'S INITIATIVE FUND SWAP FOR CASELOADS EXPENDITURES.** The recommendation includes a swap in the funding source of Medicaid expenditures from the Children's Initiative Fund to the SGF. Historically, there is a \$3.8 million transfer from the Children's Initiative Fund for Medicaid expenditures. These funds are traditionally used to draw down additional federal funds to cover mental health related Medicaid expenditures for children. Shifting the source of these expenditures would allow for the Children's Initiative Fund moneys to be used elsewhere as recommended by the Children's Cabinet.
16. **MOBILE COMPETENCY EXPANSION.** The recommendation includes \$2.8 million SGF to expand funding for mobile competency evaluations. This funding would allow the

agency to expand its providers for mobile competency evaluations and restoration services. The goal in expanding mobile competency services is to reduce the burden on the state hospitals to provide those services and therefore reduce the wait time at the state hospitals.

17. **REGIONAL HOSPITAL EXPANSION.** The recommendation includes \$15.0 million SGF to expand bed capacity for regional mental health beds. This funding would provide an additional 25 new regional beds for involuntary patients and 25 beds for competency needs.
18. **SUICIDE PREVENTION PLAN.** The recommendation includes \$1.5 million SGF to implement the State's new suicide prevention plan. The funding would support local coalitions and provide grants to local communities for suicide prevention.
19. **ENHANCEMENTS NOT RECOMMENDED.** The recommendation includes a decrease of \$35.3 million, including \$17.8 million SGF, which represents the Governor not approving several of the agency's enhancement requests including:
 - **Community Developmental Disability Organization Allocation.** The agency had requested \$2.5 million, including \$1.5 million SGF, to increase its allocation for Community Developmental Disability Organizations for FY 2023.
 - **Funding to Reduce I/DD and PD Waiver Wait Lists.** The agency had requested \$24.7 million, including \$9.8 millions SGF, to reduce the number of individuals waiting for services through the Intellectual/Developmental Disability (I/DD) and Physical Disability (PD) waivers.
 - **Fingerprint Background Checks.** The agency had requested \$4.8 million SGF to supplement the costs of background checks it requires as part of its certification responsibilities.
 - **Additional State Hospital Commission FTEs.** The agency had requested \$87,000 SGF for an additional FTE positions to facilitate its new performance management system at the state hospitals.
 - **Partial Adoption of Additional Survey and Credentialing Positions.** The agency had originally requested \$1.7 million, including \$1.3 million SGF, for additional survey and credentialing staff to assist in ensuring compliance of adult care facilities in the State. The Governor recommended \$838,600, including \$635,200 SGF, for 8.0 FTE positions.

The **Governor's** recommendation also includes 330.5 FTE positions, which is a decrease of 11.0 FTE positions below the agency's FY 2023 request. This decrease is due to the transfer of the KanCare Ombudsman (3.0 FTE positions) to the Department of Administration and only partial adoption of the agency's enhancement request for additional survey and credentialing staff.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

REQUEST 1

SUPPLEMENTAL REQUESTS

The agency requests two supplemental requests in FY 2022. They are primarily related to funds that reappropriated from FY 2021 related to Medicaid expenditures and to increase capital improvement expenditures related to the Biddle building at Osawatomi State Hospital.

Item	SUPPLEMENTAL REQUESTS			
	Agency		Gov. Rec.	
	SGF	All Funds	SGF	All Funds
Lapse FY 2021 Medicaid Reappropriations	(43,934,802)	(43,934,802)	(43,934,802)	(43,934,802)
Funding for Biddle Remodel at OSH	-	1,734,000	-	1,734,000
TOTAL	\$ (43,934,802)	\$ (42,200,802)	\$ (43,934,802)	\$ (42,200,802)

LAPSED REAPPROPRIATIONS. The agency's FY 2022 revised estimate proposes to lapse \$43.9 million SGF that reappropriated from FY 2021. These reappropriations were funds that were originally estimated expenditures associated with human services caseload estimates. When actual expenditures are below the estimate, those funds reappropriate into the next fiscal year.

The Governor recommends adoption of this request.

BIDDLE REMODEL AT OSH. The 2020 Legislature approved \$5.0 million from the State Institutions Building Fund to remodel the Biddle building at Osawatomi State Hospital to allow for CMS recertification in FY 2021. The project was delayed due to the COVID-19 pandemic. The agency requests an additional \$1.7 million, all from the State Institutions Building Fund, for additional funding associated with the Biddle remodel due to COVID-19 pandemic related increases in supplies and labor.

The Governor recommends adoption of this request.

REQUEST 2

MEDICAID RELATED REQUESTS

KDADS is the agency tasked with oversight of the Medicaid HCBS waivers, and the Program of All-Inclusive Care for the Elderly (PACE). Both the Medicaid HCBS waivers and PACE provide community services to assist individuals in receiving care in the community. As such, KDADS provides administration and funding for the waivers. In addition to the HCBS waivers, KDADS oversees the funding for mental health-related Medicaid reimbursements and Medicaid payments for nursing facilities.

Item	Agency		Gov. Rec.	
	SGF	All Funds	SGF	All Funds
Standardize and Increase PCA Services for Waivers	\$ 9,250,083	\$ 23,219,297	\$ 9,250,083	\$ 23,219,297
Rebase PACE Rates	959,777	2,410,895	959,777	2,410,895
Reduce PD Waiver Waitlist	2,910,987	7,312,200	-	-
Increase Cap on Assistive Services	716,493	1,799,786	716,493	1,799,786
TOTAL	\$ 13,837,340	\$ 34,742,178	\$ 10,926,353	\$ 27,429,978

PCA RATES. Throughout the last several years, there have been multiple increases in HCBS waiver reimbursement rates. As such, the rates related to personal care attendant (PCA) services have become inconsistent among the waivers. The agency reports that these inconsistencies have created issues in recruiting attendants when individuals transition between waivers. Therefore, the agency requests \$23.2 million, including \$9.3 million SGF, to standardize the PCA service rates across all of the waivers and provide a 2.0 percent increase to those rates for FY 2023.

The Governor recommends adoption of this request.

PACE RATES REBASE. According to the agency, federal rules require that PACE rates be rebased no less than every three years. The State last provided a rebase of PACE rates effective FY 2020. The agency requests \$2.4 million, including \$959,777 SGF, to rebase PACE rates for FY 2023. This would effectively provide a 6.5 percent increase for PACE rates.

The Governor recommends adoption of this request through adoption of the human services consensus caseloads estimate.

PD WAIVER WAITLIST. Both the Physical Disability (PD) and Intellectual/Developmental Disability (I/DD) waivers have historically had waitlists for services. As of November 2021, there were 2,195 individuals waiting for PD waiver services. KDADS requests \$7.3 million, including \$2.9 million SGF, for funding to reduce the PD waiver waitlist, which KDADS estimates will transition approximately 350 individuals to the waiver.

The Governor does not recommend adoption of this request.

CAP FOR ASSISTIVE SERVICES. The HCBS waivers include assistive services to allow for home modifications, vehicle modifications, and durable medical equipment. Currently, there is a lifetime cap on assistive services of \$7,500, and the agency reports that the limit hasn't been increased for two decades. Therefore, the agency requests \$1.8 million, including \$716,495 SGF, to increase the lifetime limit on assistive services from \$7,500 to \$10,000 for FY 2023.

The Governor recommends adoption of this request.

REQUEST 3

HCBS I/DD WAIVER-RELATED REQUESTS

The HCBS I/DD waiver provides a variety of services to individuals with intellectual and developmental disabilities to assist them in remaining in the community as opposed to residing in an institution. The I/DD waiver is the largest of the State's seven HCBS waivers. The following enhancement requests specifically affect the HCBS I/DD waiver:

Item	Agency		Gov. Rec.	
	SGF	All Funds	SGF	All Funds
Increase in the T1000 Specialized Nursing Code	\$ 665,049	\$ 1,670,557	\$ 665,049	\$ 1,670,557
Funding to Reduce I/DD Waiver Waitlist	6,903,269	17,340,540	-	-
Increase in CDDO Administration Funding	1,450,000	2,500,000	-	-
TOTAL	\$ 9,018,318	\$ 21,511,097	\$ 665,049	\$ 1,670,557

T1000 SPECIALIZED NURSING CODE. The 2021 Legislature added funding to increase the T1000 Specialized Nursing Code from approximately \$31.00 to \$43.00 per hour for the Technology Assisted (TA) wavier. The T1000 code is also used in the I/DD waiver. KDADS requests \$1.7 million, including \$665,049 SGF, to raise the rate for the T1000 code to \$43.00 per hour to match the rate on the TA Waiver. During a meeting of the 2021 Special Committee on Home and Community Based Services Intellectual and Developmental Disability Waiver, a representative of Sunflower Health Plan indicated that the organization had seen issues where T1000 services providers began refusing to take new I/DD waiver clients due to the discrepancy in the rates.

The Governor recommends adoption of this request.

I/DD WAIVER WAITLIST. Both the PD and I/DD waivers have historically had waitlists for services. As of November 2021, there were 4,612 individuals waiting for I/DD waiver services. KDADS requests \$17.3 million, including \$6.9 million SGF, to reduce the I/DD waiver waitlist, which KDADS estimates will transition approximately 350 individuals to the waiver.

The Governor does not recommend adoption of this request.

CDDO ADMINISTRATION ALLOCATION. Community Developmental Disability Organizations (CDDOs) provide several services to I/DD waiver participants and serve as the entities that assess wavier applicants for functional eligibility for waiver services. Similar to Community Mental Health Centers, CDDOs receives funding from the State for administrative purposes. KDADS requests \$2.5 million, including \$1.5 million SGF, to increase the allocation for CDDOs. The agency anticipates that this increase will help CDDOs meet increased demand for eligibility and expand system capacity.

The Governor does not recommend adoption of this request.

REQUEST 4

REQUESTS RELATED TO FACILITIES

In addition to oversight of the aging, disabilities, and behavioral health programs, KDADS provides oversight over adult care facilities and the state hospitals. For adult care facilities, this translates into surveying and certification of facilities. KDADS also coordinates capital improvement requests for the state hospitals.

Item	REQUESTS RELATED TO FACILITIES			
	Agency		Gov. Rec.	
	SGF	All Funds	SGF	All Funds
Survey and Credentialing FTEs	\$ 1,270,400	\$ 1,677,200	\$ 635,200	\$ 838,600
Fingerprint Background Checks	4,800,000	4,800,000	-	-
Additional State Hospital Commission FTE	87,000	87,000	-	-
Additional SIBF Funding for Capital Projects	-	8,134,000	-	8,134,000
TOTAL	\$ 6,157,400	\$ 14,698,200	\$ 635,200	\$ 8,972,600

FUNDING AND FTE POSITIONS FOR SURVEY AND CREDENTIALING. The Survey and Credentialing commission provides oversight for adult care homes through surveys to ensure state statutory compliance, as well as CMS compliance for federally licensed facilities. The agency requests \$1.7 million, including \$1.3 million SGF, as well as 15.0 FTE positions for FY 2023. A majority of these FTE positions would increase the surveying staff for the state-licensed facilities. Currently, the state has 7.0 FTE positions to cover 457 facilities. This increase would bring the surveying team to 15.0 FTEs positions. The request also includes positions for data specialists, quality improvement coordinators, and administrative support.

The Governor recommends partial adoption of this request.

FINGERPRINT BACKGROUND CHECKS. The State requires individuals applying to work in various long-term care facilities to have a completed background check. The agency is currently limited to charging \$19.00 through agreements with providers for each background check. The agency reports that the actual cost is \$47.00 for each check, which leaves \$28.00 which the agency must absorb in its operational costs. Therefore, the agency requests \$4.8 million SGF to cover the costs associated with the background checks while the agency explores a statutory change to the background check requirements.

The Governor does not recommend adoption of this request.

ADDITIONAL STATE HOSPITAL COMMISSION FTE POSITION. KDADS is in the process of implementing a new performance management system to deliver and track employee training. The agency requests \$87,000 for a new program manager position to facilitate support of the new system at the state hospitals.

The Governor does not recommend adoption of this request.

OTHER CAPITAL IMPROVEMENT PROJECTS. The agency requests \$8.1 million, all from the State Institutions Building Fund, for capital improvement projects at the four state hospitals. Traditionally, the hospitals coordinate with KDADS for capital improvement needs, and the expenditures appear in the KDADS budget request. More information on these requests can be found in the capital improvements section.

The Governor recommends adoption of this request.

SPECIAL TOPICS

TOPIC 1

HUMAN SERVICES CONSENSUS CASELOAD ESTIMATES

Twice a year, in the spring and fall, the Division of the Budget, the Department for Children and Families, the Department of Health and Environment, KDADS, and the Legislative Research Department meet to revise and develop estimates for entitlement expenditures for the current fiscal year and the budget year. The group met on October 28, 2021, to revised the estimates in FY 2022 and develop an estimate for FY 2023.

KDADS REVISED FY 2022 ESTIMATE

KANCARE EXPENDITURES

The agency's portion of the revised estimate was \$991.0 million, including \$312.0 million SGF, for KanCare expenditures in FY 2022. This was a decrease of \$109.6 million, or \$85.1 million SGF, below the FY 2022 approved amount. The decrease was primarily associated with a lower than anticipated Medicaid population.

NON-KANCARE EXPENDITURES

The agency's portion of the revised estimate was \$39.4 million, including \$24.6 million SGF, for non-KanCare expenditures in FY 2022. This was a decrease of \$109.6 million, including \$85.1 million SGF, below the FY 2022 approved amount. The decrease was primarily due to lower nursing facility fee-for-service payments. Additionally, the estimate represented an increase in the cost for I/DD waiver assessments from \$125 to \$150 per assessment starting in January 2022.

KDADS FY 2023 ESTIMATE

KANCARE EXPENDITURES

The agency's portion of the estimate was \$1.1 billion, including \$397.0 million SGF, for KanCare expenditures for FY 2023. This is an increase of \$109.0 million, including \$85.0 million SGF, above the FY 2022 revised estimate. The increase includes an increase in the anticipated Medicaid-eligible population. The increase also includes funding for certified community behavioral health clinics (CCBHCs) Medicaid payments as well as a 3.0 percent increase in the Medicaid nursing facility daily rate.

NON-KANCARE EXPENDITURES

The agency's portion of the estimate was \$85.1 million, including \$44.2 million SGF, for non-KanCare expenditures for FY 2023. This is an increase of \$45.7 million, or \$19.6 million SGF, above the FY 2022 revised estimate. The increase is primarily related to the inclusion of PACE non-medical payments in the consensus caseloads. PACE medical payments have traditionally been included in caseloads, however prior to the implementation of KanCare, the PACE non-medical payments were removed to monitor the growth of the program. The estimate also includes funding to rebase the PACE rates that the agency had originally included as an enhancement request.

Adjustments to the human services consensus caseloads estimate traditionally appear in the Governor's recommendation. *Staff Note:* For more information on the human services consensus caseload estimate, please refer to KLRD's Fall 2021 Human Services Consensus Caseload Estimates for FY 2022 and FY 2023 memorandum, dated November 4, 2021.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

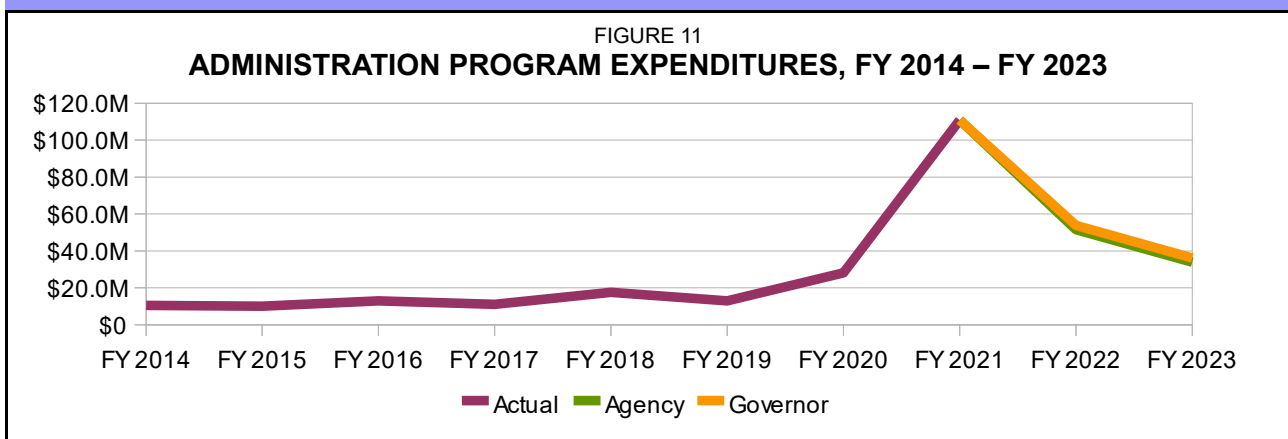
FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023

Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 110,788,843	\$ 53,763,772	\$ 53,763,772	\$ 36,351,600	\$ 36,126,786
Aging and Disability Commission	52,508,247	59,615,208	59,615,208	60,681,632	58,181,632
Behavioral Health Commission	124,140,800	145,064,766	147,064,766	137,707,468	167,007,468
Medicaid Programs	1,855,789,380	2,066,192,376	1,976,484,433	2,075,069,646	2,056,584,722
State Hospital Commission	3,117,835	10,670,210	20,315,900	3,170,743	21,091,395
Survey and Certification Commission	9,689,118	12,288,375	12,288,375	18,245,195	12,606,595
Capital Improvements	3,434,349	14,398,077	14,398,077	11,335,142	11,335,142
TOTAL	\$ 2,159,468,572	\$ 2,361,992,784	\$ 2,283,930,531	\$ 2,342,561,426	\$ 2,362,933,740
FTE Positions:					
Administration	112.0	109.5	109.5	109.5	106.5
Aging and Disability Commission	44.0	48.0	48.0	48.0	48.0
Behavioral Health Commission	32.0	42.4	42.4	42.4	42.4
Medicaid Programs	--	--	--	--	--
State Hospital Commission	7.0	7.0	7.0	8.0	7.0
Survey and Certification Commission	121.0	118.7	118.7	133.6	126.7
Capital Improvements	--	--	--	--	--
TOTAL	316.0	325.5	325.5	341.5	330.5

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

ADMINISTRATION PROGRAM



STATUTORY BASIS: • KSA 75-5901 *et seq.*; KSA 75-59-45; KSA 75-5321a; KSA 39-925

PROGRAM GOALS:

- Planning, policy development, administration, coordination, prioritization, and evaluation of all state activities related to older Kansans and Kansans with disabilities.
- Promote healthy aging with personal and financial independence and high-quality service and supports at all levels of individuals needs.
- Analyze consumer-focused quality data (timely and accurately) across all service settings to improve the service quality.

The Administration Program includes all administrative functions of KDADS. The Secretary for Aging and Disability Services has organized the program into the Office of the Secretary and the Financial and Information Services Commission. The Office of the Secretary provides general administrative functions of KDADS. The Financial and

Information Services Commission is responsible for all fiscal information and technology services for the agency.

Expenditures for the program include debt service interest payments, and, during the COVID-19 pandemic, all COVID-19 pandemic related funding.

FIGURE 12
ADMINISTRATION PROGRAM, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Target 3-Year Avg.	Target FY 2022	Target FY 2023
There are no performance measures submitted for this program.					
Financing (In Thousands)	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 8,693.2	\$ 6,087.0		\$ 13,630.4	\$ 6,316.2
Federal Funds	2,770.3	91,867.3		28,555.8	20,680.7
All Other Funds	4,585.9	12,834.5		11,577.6	9,129.9
TOTAL	\$ 16,049.4	\$ 110,788.8		\$ 53,763.8	\$ 36,126.8
Percentage Change:					
SGF	117.7 %	(30.0) %		123.9 %	(53.7) %
All Funds	51.6 %	590.3 %		(51.5) %	(32.8) %
FTE Positions	93.1	112.0		109.5	106.5

BUDGET ANALYSIS

The Administration Program covers all of the agency's administrative functions. These largely include legal consultation, legislative policy monitoring, budgetary recommendations and development, and development/management of information services.

COVID-19 PANDEMIC FUNDING

Due to the COVID-19 pandemic, the State received a large influx of COVID-19-related federal funding to respond to the pandemic. In order to easily track, monitor, and disperse the funding, the agency budgets all of its COVID-19 relief transactions in one program, which is included in the larger Administration program. This includes all funding the Agency receives from the Strengthening People and Revitalizing Kansas (SPARK) Taskforce as well as several direct disbursements the agency received for federal Older Americans Act services.

Due to this additional funding, the expenditures for this program appear to have dramatically increased in FY 2021, however a majority of those expenditures are pandemic-related funds that pass through the agency and are provided to organizations such as community mental health centers, nursing facilities, and Area Agencies on Aging.

In FY 2021, the agency received approximately \$93.8 million, including \$81.0 million from the federal Coronavirus Relief Fund, for COVID-19-related expenditures. The four major projects were:

- A temporary \$20 increase in the Medicaid reimbursement rate for Medicaid-qualified residents of nursing facilities and intermediate care facilities;
- A temporary 5.0 percent increase in reimbursement rates for HCBS and PACE providers;

- Supplemental grants to behavioral health providers for costs incurred in response to COVID-19 and to support telemedicine; and
- Funding for personal protective equipment, communication devices, and visitation equipment for adult care facilities.

The agency anticipates \$28.9 million for COVID-19 pandemic-related expenditures in FY 2022. For FY 2023, the agency anticipates \$18.6 million. As with FY 2021, these moneys pass through the agency and are provided to outside organizations for disbursement.

FY 2022 REVISED ESTIMATE

The **agency** requests \$53.8 million, including \$13.6 million SGF, for Administrative program expenditures. This is an increase of \$28.2 million above the FY 2022 approved amount, which is due to the additional COVID-19 funding described above.

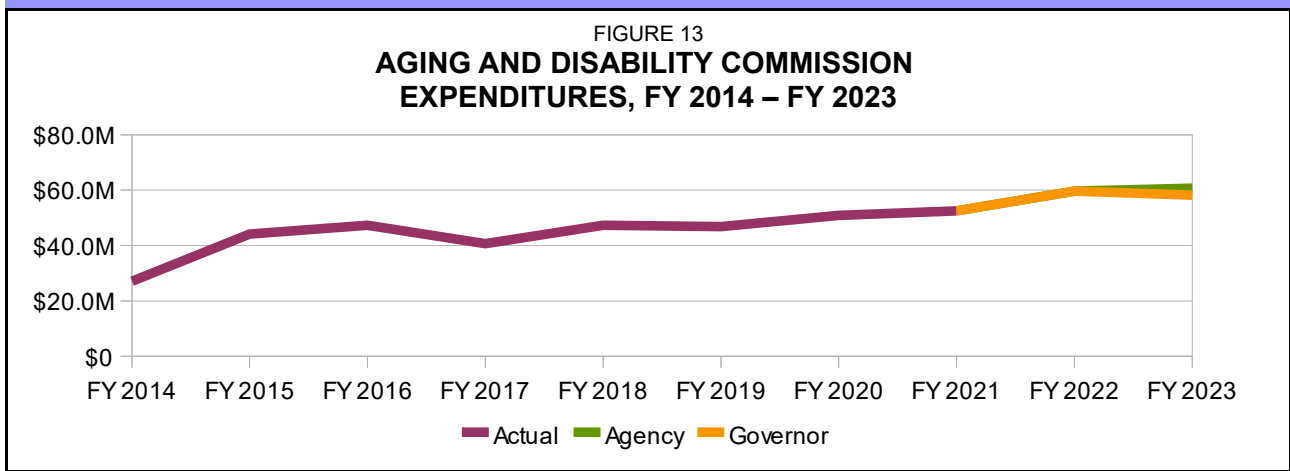
The **Governor** concurs with the agency's FY 2022 revised estimate.

FY 2023 REQUEST

The **agency** requests \$36.4 million, including \$6.5 million SGF, for Administrative program expenditures. This is a decrease of \$17.4 million below the FY 2022 revised request. This decrease is partly due to decreased COVID-19 pandemic expenditures.

The **Governor** recommends Administrative program expenditures of \$36.1 million, including \$6.3 million SGF, for FY 2023. This is a decrease of \$224,814 and 3.0 FTE positions below the agency's FY 2023 request. This decrease is due to the Governor recommending the transfer of the KanCare Ombudsman from the agency to the Office of Public Advocates within the Department of Administration.

AGING AND DISABILITY COMMISSION



STATUTORY BASIS: • KSA 65-5101 *et seq.* and KSA 65-6201, KSA 39-1801, KSA 65-4411, KSA 75-5903, KSA 75-5926, KSA 75-5903, KSA 65-4411 *et seq.*, and KSA 39-1801 *et seq.*

PROGRAM GOALS:

- Assist older Kansans who are at risk of institutionalization with services to help them remain in their homes.
- Provide quality meal services to older Kansans in order to improve or maintain their health and nutritional status.
- Implement person-centered, self-determined services that allow individuals to live successfully in their home and community.

The Aging and Disability Commission was established in FY 2020 when the Commission on Aging and Disability Community Services and Programs was merged with the Community Services Commission. It now includes two organizational units, the HCBS Waiver Services Program and the Aging Services Unit.

HCBS WAIVER SERVICES PROGRAM

The HCBS Waiver Services Program oversees community-based supports and services provided through the State's managed care plan, KanCare, to approximately 25,000 persons with disabilities to assist them in living an integrated, safe, and healthy community life. KanCare was implemented on January 1, 2013. HCBS waiver services providers contract with the three KanCare Managed Care Organizations (MCOs) to provide home- and community-based services for each of the waivers. Oversight of the Medicaid program services is supported by HCBS Waiver Program Managers, Program Integrity Specialists,

Quality Assurance Reviewers, and a Policy and Program Oversight Manager.

AGING SERVICES UNIT

The Aging Services Unit seeks to assist older Kansans in avoiding premature nursing facility placement through an effective and supportive community aging network. It includes seven programs: 1) Older Americans Act (OAA); 2) Senior Care Act (SCA); 3) Transitional Services and Client Assessment, Referral, and Evaluation (CARE); 4) Information and Community Resources; 5) Aging and Disability Resource Centers; 6) Quality Review; and 7) Nutrition Programs. The Aging Services Unit is responsible for providing services to Kansas seniors through a privatized network of providers. The unit provides day-to-day management and training and provision of technical assistance to providers funded by the Senior Care Act, Older Americans Act, Medicaid, and the SGF. The Area Agencies on Aging function as the point of entry for seniors seeking services.

FIGURE 14
AGING AND DISABILITY COMMISSION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Percentage of Customers that Would Recommend the SCA** Program to a Friend or Relative*	97.0 %	98.0 %	98.0 %	100.0 %	100.0 %
2. SCA -Percentage of Customers that have Contacted their Provider in the Last 2-3 Months*	71.0 %	62.0 %	67.0 %	70.0 %	70.0 %
3. Percentage of Customers that Would Recommend the OAA*** Program to a Friend or Relative*	96.0 %	100.0 %	98.0 %	99.0 %	99.0 %
4. Percentage of OAA Customers that have Contacted their Provider in the Last 2-3 Months*	64.0 %	60.0 %	62.0 %	65.0 %	65.0 %
Output Measure:					
5. Number of Individuals Served through the Senior Care Act*	3,873	3,348	3,738	3,801	3,801
6. Number of Individuals Served through the Older Americans Act*	30,605	34,000	32,521	34,001	34,001
7. Number of Congregate Meals Served*	1,210,292	1,145,500	1,193,371	1,145,500	1,145,500
8. Number of Home Delivered Meals*	1,478,154	1,984,500	1,780,788	1,984,500	1,984,500
9. Number of Customers Receiving Nutritional Program Services*	32,564	35,000	33,747	35,000	35,000
Financing (In Thousands)	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 18,924.0	\$ 19,502.8		\$ 26,183.9	\$ 24,856.6
Federal Funds	275.7	150.0		120.7	120.7
All Other Funds	31,677.7	32,855.5		33,310.6	33,204.3
TOTAL	<u>\$ 50,877.4</u>	<u>\$ 52,508.3</u>		<u>\$ 59,615.2</u>	<u>\$ 58,181.6</u>
Percentage Change:					
SGF	2.4 %	3.1 %		34.3 %	(5.1) %
All Funds	8.5 %	3.2 %		13.5 %	(2.4) %
FTE Positions	44.0	44.0		48.0	48.0
*The Governor's Office does not utilize this measure for evaluation purposes.					
**Senior Care Act					
***Older Americans Act					

PERFORMANCE AND BUDGET ANALYSIS

The Aging and Disability Commission administers the aging related programs as well as the HCBS waivers.

AREA AGENCIES ON AGING

With respect to aging services, the agency traditionally distributes funds to Area Agencies on Aging (AAAs), which then contract out to providers to serve individuals. AAAs are generally private nonprofit organizations, but

can be a unit of county government, which serve as the first resource for Kansas seniors. There are currently 11 AAAs in Kansas, which also serve as Aging and Disability Resources Centers.

In their capacity as Aging and Disability Resources Centers, the AAAs serve as organizations to assess individuals for Home and Community Based Services (HCBS) for the Frail Elderly, Physical Disability, and Brain Injury Medicaid waivers; Program of All-Inclusive Care for the Elderly (PACE); and Client Assessment, Referral, and Evaluation (CARE).

SENIOR CARE ACT SERVICES

The Senior Care Act (SCA) provides early intervention components to the Kansas long-term care network. The SCA program provides services in the customer’s home, such as homemaker, chore, attendant care, and case

management services. The services are designed to prevent premature nursing home placement for persons who have not exhausted their financial resources, unlike the HCBS Frail Elderly Waiver (HCBS FE) waiver. The program is targeted at those who are 60 years of age or older. Participants contribute a significantly higher proportion of the cost of SCA services than participants on the HCBS FE waiver.

The total number of SCA participants has remained flat over the last several years, with a three-year average of 3,873 individuals per year. There was a slight dip in FY 2021 related to the COVID-19 pandemic. Over the last ten years, the funding for the SCA has also remain relatively flat at approximately \$7.0 million per year, with a \$3.0 million SGF increase that was approved by the 2021 Legislature, which brings the total to \$10.0 million in FY 2022 and for FY 2023.

FIGURE 15
NUTRITIONAL GRANTS

	Actual FFY 2019	Actual FFY 2020	Actual FFY 2021	Estimate FFY 2022
Total Meals Served	3,104,031	3,130,000	3,130,000	3,130,000
Cost Per Meal	\$6.20	\$6.20	\$6.20	\$6.20

Staff note: Each Federal Fiscal Year (FFY) comprises October 1 to September 30 of the following year.

NUTRITIONAL PROGRAM

The agency provides some nutritional programing through the federal Older Americans Act. Meals are provided in two ways: home delivered or in a congregate setting (such as through an AAA). During the 2021 Session, the Governor’s budget recommendation included reduced resources of \$850,000 in the nutritional program in FY 2022. However, the agency indicated that it would be able to cover the costs of the decrease through federal funding and it would not result in reduced services.

FY 2022 REVISED ESTIMATE

The **agency** requests \$59.6 million, including \$26.2 million SGF, for Aging and Disability Commission expenditures. This is an increase of \$3.7 million above the FY 2022 approved amount.

The **Governor** concurs with the agency's FY 2022 revised estimate.

FY 2023 REQUEST

The agency requests \$60.7 million, including \$26.3 million SGF, for Aging and Disability Commission expenditures. This is an increase of \$1.1 million above the FY 2022 revised estimate. The increase is partly due to the agency's enhancement request to increase the Community Developmental Disability Organizations (CDDOs) administration allocation.

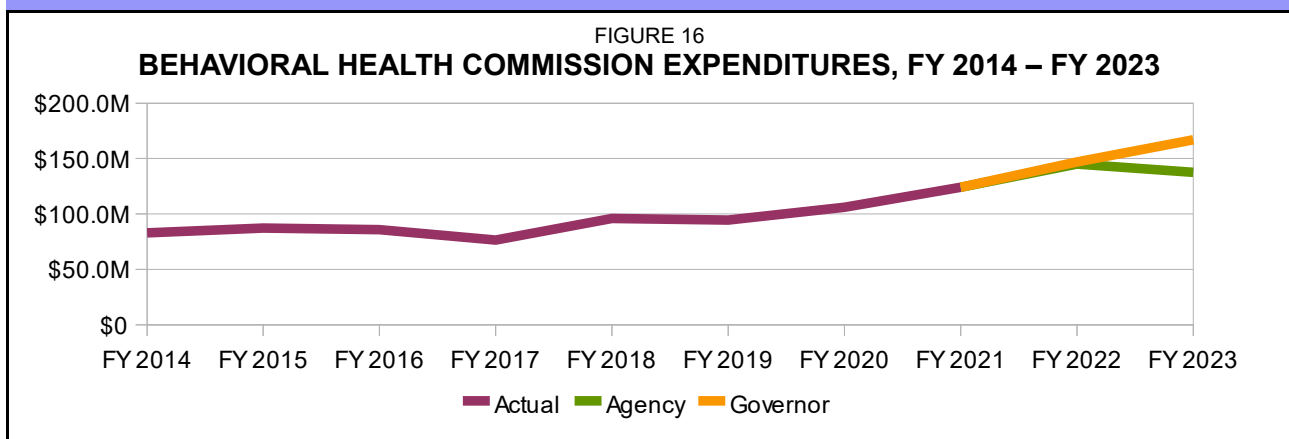
ENHANCEMENT REQUEST FOR CDDO ADMINISTRATION ALLOCATION

CDDOs serve as the entry point to the developmental disabilities services system, similar to how AAAs or community mental health centers function. As such, CDDOs serve

as entities that assess wavier applicants for functional eligibility for waiver services. Similar to community mental health centers, CDDOs receives funding from the State for administrative purposes. KDADS requests \$2.5 million, including \$1.5 million SGF, to increase the allocation for CDDOs. The agency anticipates that this increase will help CDDOs meet increased demand for eligibility and expand system capacity.

The **Governor** recommends Aging and Disability Commission expenditures of \$58.2 million, including \$24.9 million SGF, for FY 2023. This is a decrease of \$2.5 million below the agency's FY 2023 request. This decrease is due to the Governor not recommending the agency's enhancement request for an increase in the CDDO administration allocation.

BEHAVIORAL HEALTH COMMISSION



STATUTORY BASIS: • KSA 65-4001, KSA 75-5375, KSA 65-4007, KSA 75-3307b, KSA 79-4805, KSA 39-1601 to KSA 39-1604

PROGRAM GOALS:

- Address and treat people who are in immediate crisis.
- Increase availability of diagnosis and treatment of serious mental illness (SMI) and substance use disorder (SUD).
- Stabilize patients so that they can return to the community.

The Behavioral Health Commission provides oversight for various programs and grants to assist individuals with severe and persistent mental illness (SPMI) and individuals with substance use disorders (SUDs).

organizations, advocacy groups, a pharmacy benefits manager, housing organizations, and universities.

MENTAL HEALTH SERVICES

The foundation for all community mental health services is the Mental Health Reform Act, (KSA 39-1601 *et seq.*). Additionally, the Treatment Act for Mentally Ill Persons, KSA 59-2901 *et seq.*, provides for how patients shall be provided both voluntary and involuntary psychiatric treatment. Funding through grants and contracts is awarded to community mental health centers (CMHCs), private community mental health providers, psychiatric residential treatment facilities (PRTFs), nursing facilities for mental health (NFMHs), consumer-run

SUBSTANCE USE DISORDERS AND ADDITION SERVICES

The Behavioral Health Commission supports a system of services for individuals experiencing alcoholism, drug dependence, or a gambling addiction, using federal block grant moneys, Medicaid, and state funds. The Commission's SUD and additional services are generally broken up into efforts toward prevention through education, awareness, and contact, and grants to support a system of services for low-income individuals experiencing alcoholism, drug dependence, or gambling addiction.

FIGURE 17
BEHAVIORAL HEALTH COMMISSION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Output Measure:					
1.Number of Persons with Severe and Persistent Mental Illness Receiving Outpatient Services	17,116	15,691	17,515	16,404	18,044
2.Number of Individuals Receiving SUD treatment*	9,206	9,876	9,445	10,500	10,500

FIGURE 17
BEHAVIORAL HEALTH COMMISSION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
3. Number of Individuals Served in a KDADS-Funded Crisis Program*	13,094	13,260	16,717	14,586	16,045
4. Number of Individuals Receiving Problem Gambling Treatment*	193	223	198	234	246
Financing (In Thousands)	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 53,713.2	\$ 43,720.0		\$ 88,010.5	\$ 120,739.9
Federal Funds	27,118.6	37,814.7		25,430.1	24,781.2
All Other Funds	25,268.6	42,606.1		33,624.1	21,486.4
TOTAL	\$ 106,100.4	\$ 124,140.8		\$ 147,064.7	\$ 167,007.5
Percentage Change:					
SGF	14.9 %	(18.6) %		101.3 %	37.2 %
All Funds	12.1 %	17.0 %		18.5 %	13.6 %
FTE Positions	24.0	32.0		48.0	48.0

*The Governor's Office does not utilize this measure for evaluation purposes.

PERFORMANCE AND BUDGET ANALYSIS

The Behavioral Health Commission primarily oversees grants and contracts for Kansas' various mental health and substance use disorder providers.

- Person-centered treatment planning;
- Crisis services;
- Outpatient mental health and substance use services; and
- Screening, assessment, diagnosis and risk assessment.

FUNDING FOR COMMUNITY MENTAL HEALTH CENTERS

As part of its oversight, the agency serves as the pass-through agency for funding to the community mental health centers (CMHCs) across the state. There are currently 26 CMHCs in the state to provide behavioral health services to individuals. In FY 2021, CMHCs receive approximately \$54.0 million, including \$37.1 million SGF, from the agency to provide behavioral health services to Kansans. This funding generally goes towards services for uninsured, and other at-risk individuals and provides screenings for the state hospitals.

There are currently no CCBHCs operating in the state. KDADS indicated that it would implement a phased approach to transitioning CMHCs to CCBHCs. This plan would begin in FY 2022 and continue through FY 2025.

CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS

During the 2021 Session, the Legislature passed Senate Sub. for HB 2208, which, among other things, required KDADS to establish a certification process for certified community behavioral health clinics (CCBHCs), a relatively new Medicaid provider type. Generally, these providers are required to provide expanded services, including but not limited to:

FIGURE 18
PHASED IMPLEMENTATION OF CCBHC CERTIFICATION

	FY 2022	FY 2023	FY 2024	FY 2025
Number of CCBHCs	6	9	18	26
Services Cost Estimate—Low End				
SGF	\$ 627,342	\$ 5,646,077	\$ 11,292,153	\$ 16,310,888
All Funds	1,568,355	14,115,191	28,230,383	40,777,220
Services Cost Estimate—High End				
SGF	\$ 1,106,096	\$ 9,954,861	\$ 19,909,722	\$ 28,758,488
All Funds	2,765,239	24,887,153	49,774,306	71,896,220

In 2021 SB 159, the Legislature added \$2.7 million, including \$1.2 million SGF, for CCBHC funding for FY 2022. This funding would provide \$1.6 million, including \$627,342 SGF, for the low-end service estimate in FY 2022. *Staff note:* These service figures would be included as Medicaid Programs expenditures.

The additional \$1.1 million, including \$556,710 SGF, would provide additional operating funding for the agency itself to allow for 10.0 FTE positions and other contractual services associated with CCBHC certification and ongoing compliance duties the agency anticipates.

FY 2022 REVISED ESTIMATE

The **agency** requests \$145.1 million, including \$86.0 million SGF, for Behavioral Health Commission expenditures in FY 2022. This is an increase of \$10.7 million above the FY 2022 approved amount.

This increase is partly due to an internal reorganization incorporating the staff in charge of the Client Assessment, Referral, and Evaluation assessment. These assessments to identify mental health needs for anyone entering into a nursing facility. The increase is also due to additional funding for the agency's State Institutional Alternatives contract, which is the agency's initiative to screen individuals prior to admission into a state hospital for potential care in the community.

Additionally, the revised estimate includes reappropriations for acute psychiatric beds for youth in Hays. These funds were originally

budgeted in FY 2021, but due to delays in securing the contract, the funds were delayed into FY 2022. The agency anticipates still using those funds in FY 2022 as part of the efforts to remodel the space to prepare the planned beds.

The **Governor** recommends Behavioral Health Commission expenditures of \$147.1 million, including \$88.0 million SGF, in FY 2022. This is an increase of \$2.0 million above the agency's FY 2022 revised estimate. This increase is due to the Governor's recommendation to fund Crisis Intervention Centers. This funding would assist in the establishment of Crisis Intervention Centers, which would provide new capacity within communities for involuntary patients experiencing mental health crises. Currently, Crisis Stabilization Centers provide services for individuals on a voluntary basis, and are not designed for involuntary treatment. The goal of these new centers is to divert involuntary admissions from the state hospitals by treating those individuals in the community.

FY 2023 REQUEST

The agency requests \$137.7 million, including \$81.7 million SGF, for Behavioral Health Commission expenditures for FY 2023. This is a decrease of \$7.4 million below the FY 2022 revised estimate. This decrease is primarily due to the costs associated with the reappropriations for the youth acute care beds in Hays not reoccurring in FY 2023.

The **Governor** recommends Behavioral Health Commission expenditures of \$167.0

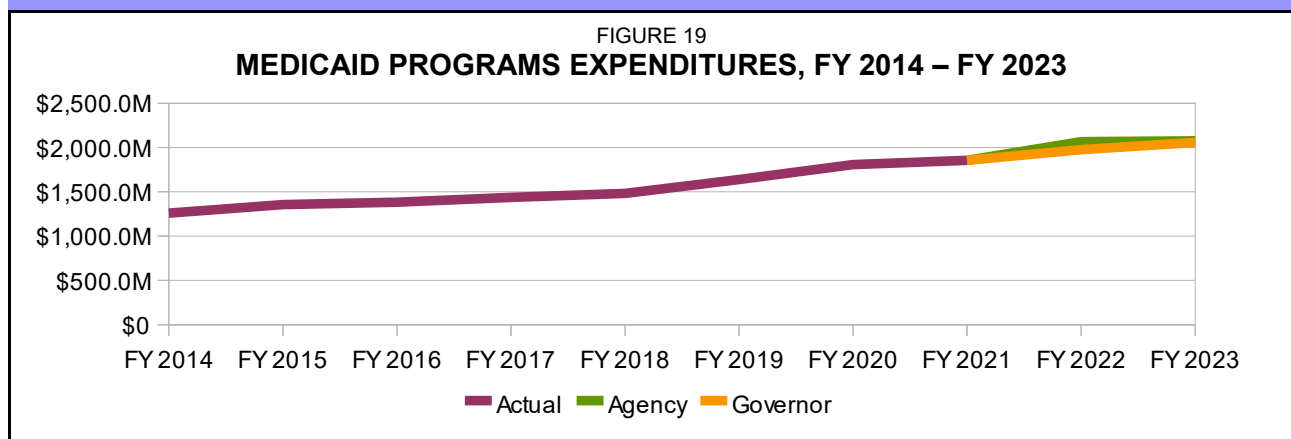
million, including \$120.7 million SGF, for FY 2023. This is an increase of \$29.3 million above the agency's FY 2023 request. This increase continues the Governor's recommendation to fund Crisis Intervention Centers. The increase also includes \$2.8 million SGF for additional enhanced funding for mobile competency evaluations to reduce waiting times for the state hospitals.

Additionally, the recommendation includes an increase of \$15.0 million SGF to build capacity for 50 new regional beds. This funding would add 25 new regional involuntary beds and 25 forensic beds for competency needs. These

beds would aim to reduce wait times at the state hospitals. Lastly, the increase also represents \$1.5 million SGF to implement the State's Suicide Prevention Plan, which would support local suicide prevention coalitions and provide grants to local communities.

The recommendation also includes a shift in the funding source of \$7.5 million from the State Highway Fund to the SGF. These were funds traditionally utilized for mental health grants. The shift in funding would not reduce services, but is part of the Governor's plan to reduce transfers from the State Highway Fund.

MEDICAID PROGRAMS



STATUTORY BASIS: • KSA 75-5945 & 39-1801 *et seq.* HCBS (FE) KS.0303.R05.00; HCBS (IDD) KS.0224.R06.00; HCBS (AU) KS.0476.R02.00; HCBS (PD) KS.0304.R05.00; HCBS (TA):KS.4165.R06.00; HCBS (BI) KS.4164.R06.02; HCBS (SED):KS.0320.R04.00

PROGRAM GOALS:

- Ensure that Kansas with high level of care needs (regarding activities of daily living and instrumental activities of daily living) and at imminent risk of institutionalization are served and supported while remaining in the homes and communities.
- Deliver equitable services and supports to Kansans with different forms of disabilities by encouraging competitive and integrated employment alternatives and opportunities, incentivizing positive movement towards greater independence through competitive employment, and creating a path for disability employment and empowerment in the state of Kansas.
- Divert psychiatric hospitalization by providing intensive Home and Community Based Support Services (HCBS) to children and youth in their homes and communities; provide short-term rehabilitation to individuals with brain injury; support parents of children with autism spectrum disorder; support children and youth chronically ill or medically fragile and dependent upon a ventilator or medical device to compensate for the loss of vital bodily function; and support frail and elderly Kansans above 65 years of age.

Medicaid Programs include all of the medical services programs KDADS manages, most of which are included in KanCare. Services include mental health services, psychiatric residential treatment facilities, nursing facilities for mental health, substance use disorder

services, the Nursing Facility Program, Head Injury Rehabilitation Hospitals, Intermediate Care Facilities for Individuals with Intellectual Disabilities, HCBS waivers, and the Program for All-Inclusive Care for the Elderly (PACE).

FIGURE 20
MEDICAID PROGRAMS, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Output Measure:					
1.Number of Participants Eligible to Receive HCBS I/DD Services (Monthly Average)*	9,115	9,155	9,108	9,155	9,155
2.Number of Individuals on Waitlist to Receive HCBS I/DD Services*	4,464	4,720	4,423	4,768	4,943

FIGURE 20
MEDICAID PROGRAMS, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
3.Number of Participants Eligible to Receive HCBS PD Services (Monthly Average)*	6,128	6,221	6,059	6,221	6,221
4.Number of Individuals on Waitlist to Receive HCBS PD Services*	2,027	2,227	1,919	2,427	2,627
5.Number of Participants Enrolled In PACE Program (Monthly Average)	676	729	663	822	899
Financing (In Millions)	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 666.5	\$ 578.8		\$ 689.2	\$ 793.7
Federal Funds	1,106.0	1,210.9		1,249.0	1,228.3
All Other Funds	34.6	66.1		38.3	34.5
TOTAL	\$ 1,807.1	\$ 1,855.8		\$ 1,976.5	\$ 2,056.6
Percentage Change:					
SGF	(2.8) %	(13.2) %		19.1 %	15.2 %
All Funds	10.3 %	2.7 %		6.5 %	4.1 %
FTE Positions	--	--		--	--

*The Governor's Office does not utilize this measure for evaluation purposes.

PERFORMANCE AND BUDGET ANALYSIS

Generally, Medicaid Programs include reimbursements for all of the Medicaid programs that KDADS oversees including: payments for behavioral health services, nursing facility payments, and HCBS waiver services.

HCBS WAIVER SERVICES

The HCBS waiver program is authorized under Section 1915(c) of the Social Security Act. Through the HCBS waiver program, a Medicaid beneficiary can receive a wide range of services designed to allow the individual to live in their home or community rather than receive institutionalized care.

WAITLIST HISTORY

Due to funding constraints and capacity issues, several of the waivers have waitlists, by which individuals are assessed, and determined eligible, but are placed on a list until HCBS services can be provided. Both the Physical Disability (PD) and the Intellectual/Developmental Disability (I/DD) waivers have historically had waitlists. While not technically a waitlist, the Autism waiver has a proposed recipient list, where individuals are

identified as potential waiver participants, and once a spot on the waiver opens, the individual is assessed and placed on the waiver.

During the 2021 Legislature, funding was added for Brain Injury (BI) waiver services in order to avoid a potential waitlist. Several years ago, the Legislature expanded the population eligible for the BI waiver. With this expanded population, the agency anticipates an increase in waiver participants over the next several years.

REIMBURSEMENT RATES

The agency sets a base rate that a managed care organization is permitted to pay a provider for HCBS services. These rates have remained relatively flat over the last several years, with incremental increases beginning in FY 2017. While there were increases for all of the waivers in FY 2017, FY 2018, and FY 2019, the only percentage increase for rates in FY 2021 and FY 2022 were for the I/DD waiver. Additionally, the 2021 Legislature approved an increase for the T1000 (specialized medical care) code for the Technology Assisted (TA) waiver. However,

that code also appears in the I/DD waiver, which did not receive the same increase.

PROGRAM FOR ALL-INCLUSIVE CARE FOR THE ELDERLY

This program also includes expenditures for PACE, which provides community-based care and services to individuals age 55 or older who would otherwise need a nursing home level of care. There have been efforts during the last several sessions to expand PACE.

These efforts include increasing the protected income level for PACE and HCBS waivers to 300.0 percent of supplemental security income. During the 2021 Interim, the agency presented testimony to the Senior Care Task Force noting that as of August 1, 2021, there were approximately 758 PACE participants. At the final 2021 Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight meeting, the agency provided an updated report that PACE enrollment had increased to 817, as of December 1, 2021.

FY 2022 REVISED ESTIMATE

The agency's revised estimate totals \$2.1 billion, including \$755.2 million SGF, for Medicaid Programs expenditures in FY 2022. This is a decrease of \$58.4 million below the FY 2022 approved amount. The decrease is primarily related to a decrease in the estimate for HCBS waiver services.

LAPSED REAPPROPRIATIONS

The agency's FY 2022 revised estimate proposes to lapse \$43.9 million SGF that reappropriated from FY 2021 in FY 2022. These reappropriations were funds associated with human services caseload estimates.

The **Governor** recommends Medicaid expenditures of \$2.0 billion, including \$689.2 million SGF, in FY 2022. This is a decrease of \$89.7 million below the agency's FY 2022 revised estimate. This decrease is an adjustment to bring the Medicaid expenditures inline with the fall 2021 human services consensus caseloads estimate, which decreased primarily due to a lower than anticipated medicaid-eligible population.

FY 2023 REQUEST

The agency requests \$2.1 billion, including \$776.6 million SGF, for Medicaid Programs expenditures for FY 2023. This is an increase of \$8.9 million above the FY 2022 revised estimate. The increase is primarily related to the agency's enhancement requests, detailed below, as well as a slight increase in the estimated expenditures for waiver services based on expected population increases. The increase is partially offset by the absence of expenditures for the agency's 10.0 percent HCBS Federal Medical Assistance Percentage (FMAP) plan, which do not reoccur for FY 2023.

PCA RATES

The agency requests \$23.2 million, including \$9.3 million SGF to standardize the personal care attendant (PCA) services rates across all of the waivers and provide a 2.0 percent increase in those rates for FY 2023. The agency reports that these rates are not uniform across the waivers, which has created issues in recruiting attendants when individuals transition between waivers.

PACE RATES REBASE

The agency requests \$2.4 million, including \$959,777 to rebase PACE rates for FY 2023. This would effectively provide a 6.5 percent increase for PACE rates. According to the agency, federal rules require that PACE rates be rebased no less than every three years. The state last provided a rebase of PACE rates effective FY 2020.

FUNDING TO REDUCE WAITLISTS

Both the PD and I/DD waivers have historically had waitlists for services.

- **PD WAIVER.** KDADS requests \$7.3 million, including \$2.9 million SGF, for funding to reduce the PD waiver waitlist, which KDADS estimates will transition approximately 350 individuals to the waiver. As of November 2021, there were 2,195 individuals waiting for PD waiver services.
- **I/DD WAIVER.** KDADS requests \$17.3 million, including \$6.9 million SGF, for funding to reduce the I/DD waiver

waitlist, which KDADS estimates will transition approximately 350 individuals to the waiver. As of November 2021, there were 4,612 individuals waiting for I/DD waiver services.

CAP FOR ASSISTIVE SERVICES

The agency requests \$1.8 million, including \$716,495 SGF, to increase the lifetime limit on assistive services from \$7,500 to \$10,000 for FY 2023. These services allow for home modifications, vehicle modifications, and durable medical equipment. Currently, there is a lifetime cap on assistive services of \$7,500, and the agency reports that the limit has not been increased for two decades.

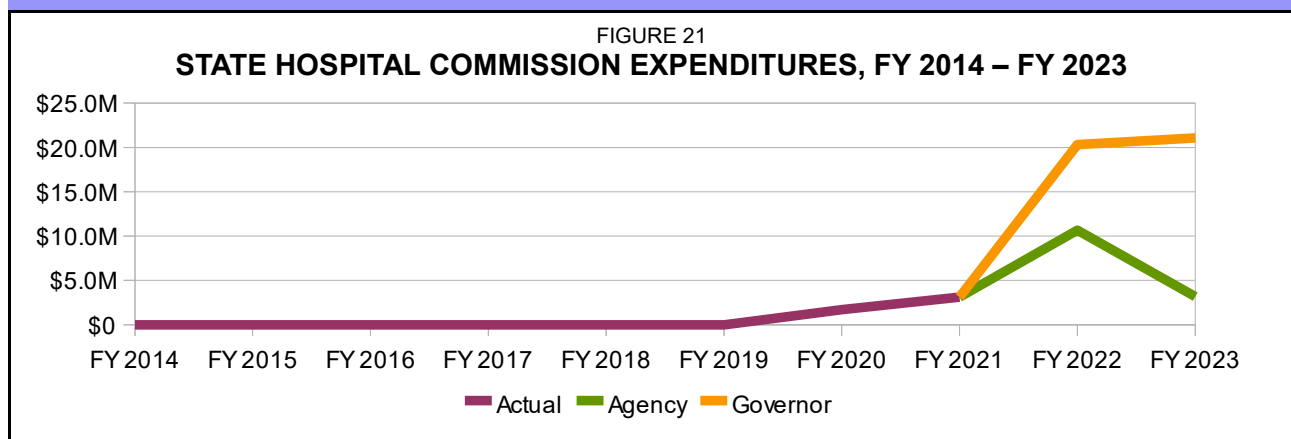
T1000 SPECIALIZED NURSING CODE.

The agency requests \$1.7 million, including \$665,049 SGF, to raise the rate for the T1000 code to \$43.00 per hour to match the rate on the TA Waiver. The 2021 Legislature added funding to increase the T1000 Specialized Nursing Code from approximately \$31.00 to \$43.00 per hour for the TA waiver, but not for the I/DD waiver.

The **Governor** recommends Medicaid expenditures of \$2.1 billion, including \$793.7 million SGF, for FY 2023. This is a decrease of \$18.5 million below the agency's FY 2023 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests for additional funding to move people from the I/DD and PD waiver waitlists onto the waiver.

The recommendation also includes an increase of \$8.6 million, including \$24.1 million SGF, to bring Medicaid expenditures consistent with the fall 2021 human services consensus caseloads estimate. The Governor also recommended a shift in the funding source of \$3.8 million from the Children's Initiative Fund to the SGF. These funds are traditionally used in caseloads to draw down additional Medicaid funding, however the Governor recommends using SGF moneys for these expenditures to allow for the Children's Initiative Fund moneys to be used elsewhere as recommended by the Children's Cabinet.

STATE HOSPITAL COMMISSION



STATUTORY BASIS: • KSA 76-12a01

PROGRAM GOALS:

- Ensure state hospital budget submissions are integrated into the KDADS budget priorities and goals.
- Standardize risk management reporting across the state hospitals to inform the Governing Body about patient safety and care practices.
- Lead projects to modernize processes and implement technology solutions to improve and enhance critical processes, patient safety and clinical outcomes.

The State Hospital Commission is responsible for providing leadership, guidance, direction, oversight, training, and support to the state hospitals. The Commission provides day-to-day management and collaboration with

superintendents and executive staff at the state hospitals to assist the hospitals with conditions of participation for certification with the federal Centers for Medicare and Medicaid Services and accreditation with The Joint Commission.

FIGURE 22
STATE HOSPITAL COMMISSION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
There are no performance measures submitted for this program.					
Financing (In Thousands)	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 1,438.4	\$ 588.3		\$ 9,763.8	\$ 20,736.1
Federal Funds	129.8	72.2		9,645.7	-
All Other Funds	132.3	2,457.4		906.4	355.3
TOTAL	\$ 1,700.5	\$ 3,117.9		\$ 20,315.9	\$ 21,091.4
Percentage Change:					
SGF	--	(59.1) %		1,559.7 %	112.4 %
All Funds	--	83.4 %		551.6 %	3.8 %
FTE Positions	7.5	7.0		7.0	7.0

BUDGET ANALYSIS

The State Hospital Commission was formed in FY 2019 to provide oversight over the four state hospitals in an effort to facilitate

coordinated leadership, guidance, direction, oversight, and training.

FY 2022 REVISED ESTIMATE

The agency requests \$10.7 million, including \$9.8 million SGF, for State Hospital Commission expenditures. This is an increase of \$7.2 million above the FY 2022 approved amount, which is due to the project to replace the State Hospitals' Electronic Health Records system being delayed into FY 2022.

The **Governor** recommends State Hospital Commission expenditures of \$20.3 million, including \$9.8 million SGF, in FY 2022. This is an increase of \$9.6 million above the agency's FY 2022 revised estimate. The increase is due to the Governor's plan for salaries and wages increases for nursing staff at 24/7 facilities. The recommendation funds the increases with ARPA moneys in FY 2022.

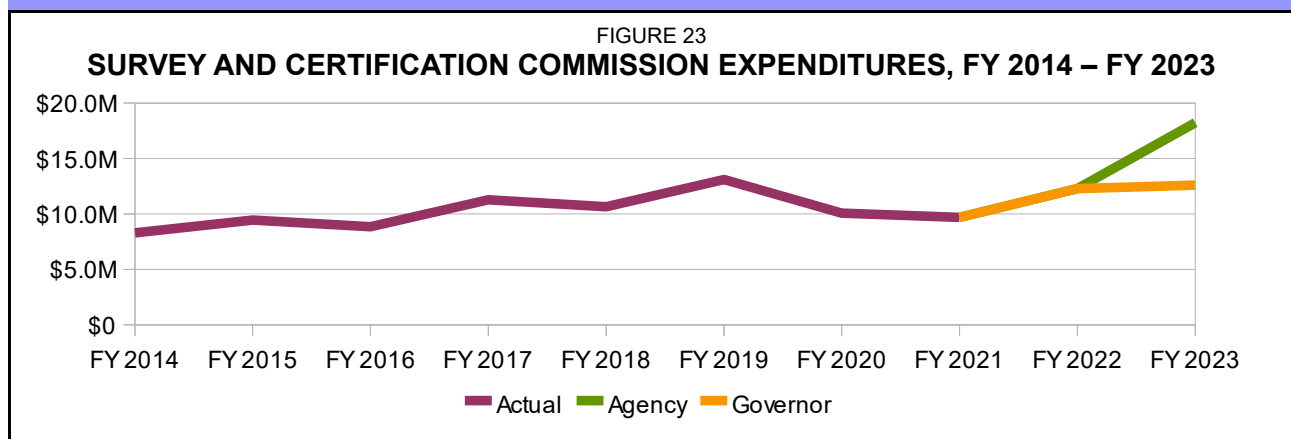
FY 2023 REQUEST

The agency requests \$3.2 million, including \$2.8 million SGF, for State Hospital Commission expenditures. This is a decrease of

\$7.5 million below the FY 2022 revised estimate. This decrease is due to the agency anticipating completion of infrastructure installation for the Electronic Health Records system in FY 2022.

The **Governor** recommends State Hospital Commission expenditures of \$21.1 million, including \$20.7 million SGF, for FY 2023. This is an increase of \$17.9 million above the agency's FY 2023 request. The increase is attributable to the funding associated with the Governor's 24/7 Pay Plan. As with FY 2022, these funds are provided to KDADS to be disbursed to the state hospitals. However, for FY 2023, the Governor recommends these expenditures be funded with SGF moneys as opposed to federal ARPA funds. The increase is partially offset by an \$87,000 SGF reduction due to the Governor not recommending the agency's enhancement request for an additional FTE position for the commission.

SURVEY AND CERTIFICATION COMMISSION



- STATUTORY BASIS:** • 42 CFR Parts 405, 431, 447, 482, 483, 485, 488, and 489; KSA Chapter 39 Article 9 Adult Care Home Statutes; KAR Chapter 26 Adult Care Homes
- PROGRAM GOALS:**
- Provide enforcement and oversight to ensure the requirements that long-term care facilities must meet to participate in the Medicare and Medicaid programs.
 - Ensure compliance with statutory requirements for licensure of adult care homes and ongoing inspections/investigations of complaints related to allegations of Abuse Neglect and Exploitation.
 - Ensure compliance with statutory requirements for the Criminal Record Check Program and Nurse Aide registry as well as several health occupations curriculum, course approval, and licensure/certification of these occupations.

The primary purpose of the Survey and Certification Commission is to protect public health through the inspection and licensing of adult care homes in Kansas, as defined by KSA 39-923. The Commission develops and enforces regulations related to adult care homes. Field staff document compliance with state regulations and federal certification standards through on-site surveys. Investigations of alleged abuse, neglect, or exploitation also are conducted. In rare cases, the Commission may assume temporary management of a nursing home facility pursuant to a court order.

Health Occupations Credentialing (HOC) administers the Health Occupations Credentialing Act (KSA 65-5001 *et seq.*), a review process whereby health professions seeking credentialing apply for a credentialing review. The program also issues licenses to dietitians, speech-language pathologists, audiologists, and adult care home administrators. Certification programs administered by the program include nurse aides, home health aides, and medication aides.

FIGURE 24
SURVEY AND CERTIFICATION COMMISSION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Average Number of months between surveys	13	16	14	16	16
2. Number of Background Checks Processed*	75,000	86,017	77,006	174,000	174,000
3. Number of Surveys Exited*	290	342	307	350	350

Financing (In Thousands)	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 2,623.9	\$ 3,053.4		\$ 3,974.9	\$ 4,078.3
Federal Funds	6,202.4	5,507.2		6,479.9	6,691.6
All Other Funds	1,232.5	1,128.5		1,833.6	1,836.6
TOTAL	\$ 10,058.8	\$ 9,689.1		\$ 12,288.4	\$ 12,606.6
Percentage Change:					
SGF	(25.7) %	16.4 %		30.2 %	2.6 %
All Funds	(23.2) %	(3.7) %		26.8 %	2.6 %
FTE Positions	118.4	121.0		118.7	126.7

*The Governor's Office does not utilize this measure for evaluation purposes.

PERFORMANCE AND BUDGET ANALYSIS

The Survey and Certification Commission largely operates through surveying adult care homes for compliance in state and federal guidelines. The facilities include:

- **NURSING FACILITIES**, which are facilities that provide 24/7 care for six or more individual who require skilled nursing care;
- **ASSISTED LIVING FACILITIES**, which provide care for six or more individuals who require assistance in their daily activities, but do not require 24/7 care;
- **RESIDENTIAL HEALTH CARE FACILITIES**, which provide care for six or more individuals who require assistance in their daily activities, but do not require 24/7 care where the facility is divided into individual living units;
- **HOME PLUS FACILITIES**, which provide care to not more than 12 individuals and are typically located in a residential area; and
- **ADULT DAY CARE FACILITIES**, which provide care for individuals needing assistance with activities of daily living, but operate less than 24 hours a day.

HEALTH OCCUPATIONS CREDENTIALING

Included in the Survey and Certification Commission is the health occupations credentialing program, which provides the oversight and licensing for a number of long-term care positions including, but not limited to:

nurse aides, home health aides, and adult care home operators. As part of the licensing process, the agency requires criminal background checks to be conducted for all individuals employed by facilities licensed by KDADS.

FY 2022 REVISED ESTIMATE

The agency requests \$12.3 million, including \$4.0 million SGF, for Survey and Certification Commission expenditures. This is a decrease of \$328,385 below the FY 2022 approved amount, which is primarily due to the agency readjusting its request to better reflect FY 2021 actual expenditures.

The **Governor** concurs with the agency's FY 2022 revised estimate.

FY 2023 REQUEST

The agency requests \$18.2 million, including \$9.5 million SGF, for Survey and Certification Commission expenditures. This is an increase of \$6.0 million above the FY 2022 revised estimate. This increase is primarily due to the agency's enhancement requests detailed below:

FUNDING AND FTE POSITIONS FOR SURVEY AND CREDENTIALING

The agency requests \$1.7 million, including \$1.3 million SGF, as well as 15.0 FTE positions, for FY 2023. A majority of these FTE positions would increase the surveying staff for the state-licensed facilities. Currently, the state has 7.0 FTE positions to cover 457 facilities. This increase would bring the surveying team to 15.0 FTE positions. The request also includes

positions for data specialists, quality improvement coordinators, and administrative support.

FINGERPRINT BACKGROUND CHECKS

The agency requests \$4.8 million SGF to cover the costs associated with the background checks while the agency explores a statutory change to the background check requirements. The state requires individuals applying to work in various long-term care facilities to have a completed background check. The agency is currently limited to charging \$19.00 through agreements with providers for each background check. The agency reports that the actual cost is \$47.00 for each check, which leaves \$28.00 that the agency must absorb in its operational costs.

The **Governor** recommends Survey and Certification Commission expenditures of \$12.6 million, including \$4.1 million SGF, for FY 2023. This is a decrease of \$5.6 million, including \$5.4 million SGF, below the agency's FY 2023 request. The decrease is due to the the Governor not recommending the agency's enhancement request to cover costs associated with fingerprint background checks the agency is required to conduct as part of its credentialing duties. The decrease is also due to the Governor only partially recommending the agency's enhancement for additional surveying staff. The Governor's recommendation includes 8.0 FTE positions, which is half of the number requested by the agency.

CAPITAL IMPROVEMENTS

The Kansas Department for Aging and Disability Services serves as the point of contact to coordinate all of the capital improvement projects for the four state hospitals:

KANSAS NEUROLOGICAL INSTITUTE

Kansas Neurological Institute (KNI) was established in 1960 by repurposing a former veterans' hospital.

PARSONS STATE HOSPITAL AND TRAINING CENTER

Established in 1903, Parsons State Hospital and Training Center (Parsons) is one of the two state institutions serving individuals with intellectual and developmental disabilities. The

hospital has historically reported that its infrastructure is deteriorating.

LARNED STATE HOSPITAL

Larned State Hospital (LSH) was established in 1914 and serves the western portion of the state. It comprises three main units: an adult psychiatric program, the state security program, and the sexual predator treatment program.

OSAWATOMIE STATE HOSPITAL

Established in 1866, Osawatomie State Hospital (OSH) was Kansas' first established institution for mental health. While the original buildings have been demolished, the campus comprises several older buildings that have fallen into disrepair.

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Capital Projects:					
Rehab and Repair Projects	\$ 3,339,076	\$ 6,292,463	\$ 6,292,463	\$ 11,335,142	\$ 11,335,142
Biddle Remodel	-	6,969,001	6,969,001	-	-
Spruce Remodel	95,273	1,136,613	1,136,613	-	-
<i>Subtotal–Projects</i>	<u>\$ 3,434,349</u>	<u>\$ 14,398,077</u>	<u>\$ 14,398,077</u>	<u>\$ 11,335,142</u>	<u>\$ 11,335,142</u>
Debt Service Principal:					
State Rehab and Repair Debt Service	-*	2,340,000	2,340,000	2,455,000	2,455,000
<i>Subtotal–Debt</i>	<u>\$ -</u>	<u>\$ 2,340,000</u>	<u>\$ 2,340,000</u>	<u>\$ 2,455,000</u>	<u>\$ 2,455,000</u>
TOTAL	<u>\$ 3,434,349</u>	<u>\$ 16,738,077</u>	<u>\$ 16,738,077</u>	<u>\$ 13,790,142</u>	<u>\$ 13,790,142</u>
Financing:					
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	3,434,349	16,738,077	16,738,077	13,790,142	13,790,142
TOTAL	<u>\$ 3,434,349</u>	<u>\$ 16,738,077</u>	<u>\$ 16,738,077</u>	<u>\$ 13,790,142</u>	<u>\$ 13,790,142</u>
*The agency had approximately \$6.1 million, all from the State Institutions Building Fund, for debt service principal payments in FY 2021 that were miscategorized as debt service interest payments. Therefore they do not appear in the table above.					

FY 2022 CAPITAL IMPROVEMENTS

The **agency** requests \$16.7 million, all from the State Institutions Building Fund, for expenditures in FY 2022. This includes the

costs associated with remodel of the Biddle Building in relation to the plan to lift the moratorium on voluntary admissions at OSH.

The 2020 Legislature originally appropriated the funding in FY 2021, however the project has continually been delayed due to the COVID-19 pandemic. The revised estimate includes \$1.1 million associated with the remodel of the Spruce Building at Parsons. This was also a project that was previously planned but delayed. The request also include \$2.3 million

for debt service principal payments associated with previous rehabilitation and repair projects at the state hospitals.

The **Governor** concurs with the agency's revised estimate for capital improvement expenditures in FY 2022.

FY 2023 CAPITAL IMPROVEMENTS

The **agency** requests \$13.8 million, all from the State Institutions Building Fund, for capital improvement expenditures for FY 2023. This includes \$11.3 million for rehabilitation and repair projects at the state hospitals and \$2.5 million for debt service principal payments for

older rehabilitation and repair projects at the state hospitals.

The **Governor** concurs with the agency's revised estimate for capital improvement expenditures for FY 2023.