

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Operating Expenditures:					
State General Fund	\$ 671,450,876	890,926,610	852,678,242	\$ 850,403,092	\$ 790,191,986
Federal Funds	2,567,691,665	2,441,589,162	2,435,117,453	2,406,192,937	3,166,233,731
All Other Funds	652,457,060	670,883,085	694,225,520	706,334,439	764,685,143
<i>Subtotal</i>	<u>\$ 3,891,599,601</u>	<u>4,003,398,857</u>	<u>3,982,021,215</u>	<u>\$ 3,962,930,468</u>	<u>\$ 4,721,110,860</u>
Capital Improvements:					
State General Fund	\$ 32,276,107	\$ 223,893	\$ 223,893	\$ -	\$ -
Federal Funds	29,059,356	112,573	112,573	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 61,335,463</u>	<u>\$ 336,466</u>	<u>\$ 336,466</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 3,952,935,064</u>	<u>\$ 4,003,735,323</u>	<u>\$ 3,982,357,681</u>	<u>\$ 3,962,930,468</u>	<u>\$ 4,721,110,860</u>
Percentage Change:					
State General Fund	5.2 %	26.6 %	21.2 %	(4.6) %	(7.4) %
All Funds	4.0 %	1.3 %	0.7 %	(1.0) %	18.6 %
FTE Positions	1,788.8	1,783.4	1,782.4	1,800.4	1,791.4

The Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to protect and improve the health and environment of all Kansans. This is accomplished through public health programs and through the preservation, protection, and remediation of natural resources in the environment. The agency is divided into three main divisions: the Division of Public Health, the Division of Health Care Finance, and the Division of Environment.

The **Division of Public Health** works with local health departments and other organizations to help assure the health of Kansans through public health services and regulatory programs. The Division includes the Office of the Director and the following eight bureaus: Disease Control and Prevention, Health Promotion, Facilities Licensure, Family Health, Community Health Systems, Oral Health, Epidemiology and Public Health Informatics, and the Health and Environmental Laboratories. The Administration program is also included in the Division of Public Health function.

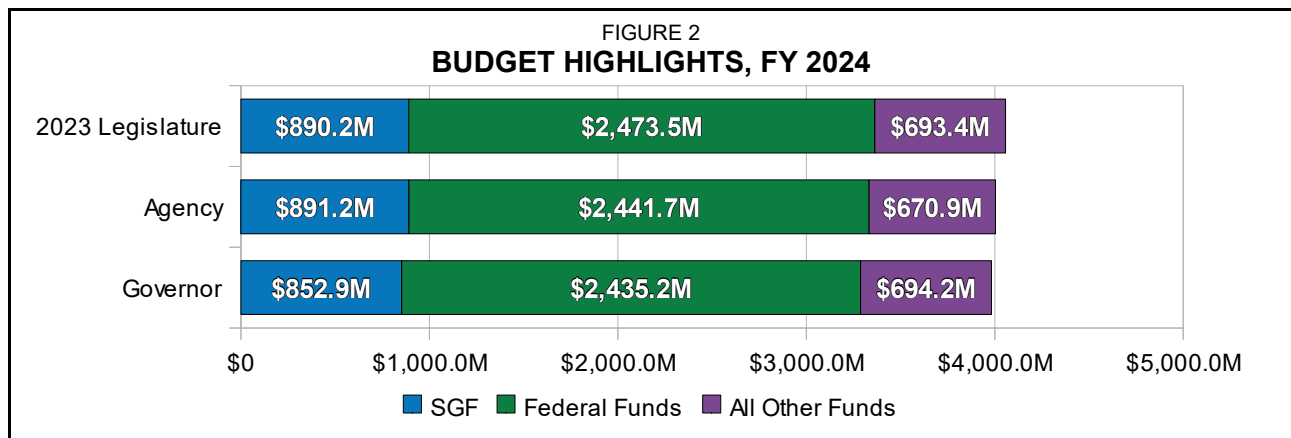
The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda, which combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The powers, duties, and functions of the Division are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and to coordinate with public health programs. The Division oversees the State’s Medicaid and Children’s Health Insurance programs.

The **Division of Environment** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes five bureaus: Waste Management, Air, Water, Environmental Remediation, and Environmental Field Services (including the Office of the Director of the Division of Environment).

EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$3,985,158,341 including \$820,089,259 from the State General Fund (SGF), for the Kansas Department of Health and Environment for FY 2024. Two adjustments have been made subsequently to that amount, which changes the current year approved amount without any legislative action required. The following adjustments change the current year approved amount to \$4,057,029,272 from all funds, including \$890,180,945 SGF:

- SGF REAPPROPRIATION.** KDHE carried over \$70,091,686 in unspent SGF moneys into FY 2024. The primary sources of the reappropriated funds were \$19.8 million for human services caseloads, \$25.9 million for operating expenditures in the division of Health Care Finance, and \$14.3 million for the Children's Health Insurance Program (CHIP). Caseload reappropriations were largely due to member estimates and program use being lower than anticipated, and reappropriations for operating expenditures were due to the agency funding certain contractual expenditures using fee funds rather than SGF.
- STATE WATER PLAN REAPPROPRIATIONS.** The agency received \$1.5 million in reappropriations from the State Water Plan Fund (SWPF) from FY 2023 into FY 2024.
- CHILDREN'S INITIATIVES FUND RAPPROPRIATIONS.** The agency received \$284,625 in reappropriations from the Children's Initiatives Fund (CIF) from FY 2023 into FY 2024.



The **agency** requests a revised estimate of \$4.0 billion, including \$891.2 million SGF, in expenditures and 1,783.44 FTE positions in FY 2024. This is an all funds decrease of \$53.3 million, or 1.3 percent, including an SGF increase of \$969,558, or 0.1 percent, from the amount approved by the 2023 Legislature.

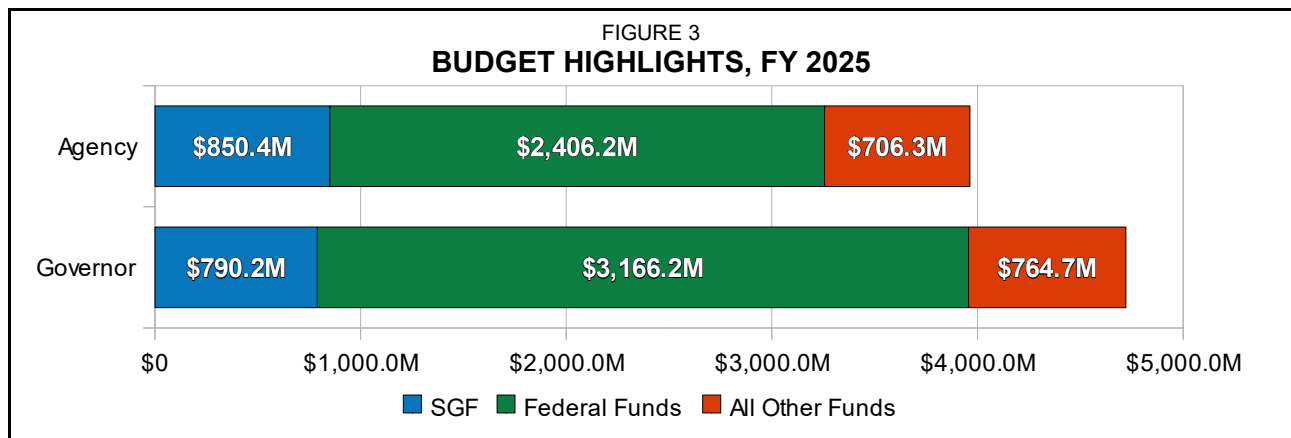
The estimate includes \$45.3 million for the Administration function, \$268.9 million for the Division of Public Health, \$3.6 billion for the Division of Health Care Finance, and \$78.0 million for the Division of Environment. The all funds decrease is largely due to a decrease in the anticipated amount of federal funds available for COVID-19 relief and a decrease in the amount of federal funds for the Medicaid Program. The SGF increase is due to the agency's four supplemental requests, totaling \$969,557.

The revised estimate includes 1,783.44 FTE positions, which reflects a decrease of 18.32 FTE positions below the number approved by the 2023 Legislature. These include a decrease of 2.25 FTE positions in the Administration function, a decrease of 15.25 FTE positions in the Division of Public Health, and a decrease of 18.0 FTE positions in the Division of Health Care Finance, as well as an increase of 17.18 FTE positions in the Division of Environment. The decreased positions are largely due to the agency deleting positions that are unfilled and not anticipated to be filled. The

increase in the FTE positions in the Environment is due to the agency adding positions across several program areas, including the Bureau of Waste Management (4.4 FTE positions), Bureau of Air (2.0 FTE positions), Bureau of Water (5.68 FTE positions), Bureau of Environmental Remediation (4.5 FTE positions) and the Bureau of Environmental Field Services (0.60 FTE position). Positions being added include engineers, scientists, data managers, geologists, and administrative staff.

The **Governor** recommends expenditures of \$4.0 billion, including \$852.9 million SGF, in FY 2024. This is an all funds decrease of \$21.4 million, or 0.5 percent, including an SGF decrease of \$38.2 million, or 4.3 percent, below the agency's FY 2024 revised estimate. The decrease is largely due to adjustments to accept the fall human services consensus caseload estimates (39.7 million SGF) and a lapse of SGF funding for the Kansas Modular Medicaid System (KMMS) (\$7.1 million SGF), offset by the Governor's recommendation to partially fund the agency's enhancement request for laboratory move and furnishing expenditures in FY 2024 rather than fully funding it in FY 2025.

The Governor's recommendation also includes 1,782.4 FTE positions, which is a decrease of 1.0 FTE position below the agency's FY 2024 revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request for an additional FTE position in the Medicaid Eligibility program.



The **agency** requests \$4.0 billion, including \$850.4 million SGF, in expenditures and 1,800.44 FTE positions for FY 2025. This is an all funds decrease of \$40.8 million, or 1.0 percent, including an SGF decrease of \$40.7 million, or 4.6 percent, below the FY 2024 revised estimate. The request includes \$34.0 million for the Administration function, \$234.4 million for the Division of Public Health, \$3.6 billion for the Division of Health Care Finance, and \$89.4 million for the Division of Environment.

The all funds decrease is primarily attributable to a decrease in transactions directly related to the COVID-19 pandemic, such as expenditures for temporary nursing staff and laboratory services. Also contributing were decreased federal funds for a variety of grant programs in the divisions of Public Health and Administration, including the COVID-19 Health Disparities grant and the childcare development block grant. The SGF decrease is due to \$70.1 million in reappropriated funds in the agency's FY 2024 budget that are not budgeted for FY 2025. The SGF decreases are partially offset by the agency's enhancement requests totaling \$42.7 million from all funds, including \$33.0 million SGF.

The agency's request includes 1,800.44 FTE positions, which is an increase of 17.0 FTE positions above the FY 2024 revised estimate due to the agency's enhancement requests for 17.0 new FTE positions in the Division of Health Care Finance.

The **Governor** recommends expenditures of \$4.7 billion, including \$790.2 million SGF, for FY 2025. This is an all funds increase of \$758.2 million, or 19.1 percent, including an SGF decrease of \$60.2 million, or 7.1 percent, from the agency's FY 2024 revised estimate. The all funds increase is largely due to the Governor's recommendation to fund Medicaid Expansion beginning in January 2025 and to fully accept the fall 2023 human services consensus caseload estimates, offset by the Governor's recommendation to not fund several of the agency's enhancement requests. The SGF decrease is largely due to the Governor budgeting for the SGF savings anticipated to occur in conjunction with the expansion of Medicaid in January 2025, as well as the Governor not recommending several of the agency's enhancement requests.

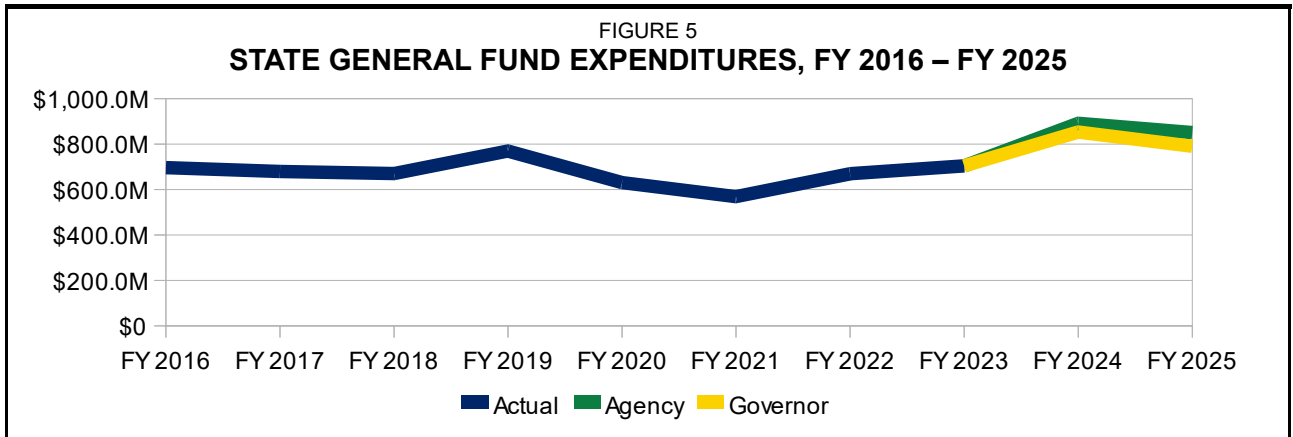
The Governor's recommendation also includes 1,791.4 FTE positions, which is a decrease of 9.0 FTE positions below the agency's FY 2024 revised number. The decrease is due to the Governor partially recommending the agency's supplemental request for an additional 17.0 FTE positions in the Medicaid Eligibility program.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025

Category of Expenditure:	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Salaries and Wages	\$ 104,639,008	\$ 136,504,081	\$ 136,465,049	\$ 139,080,978	\$ 136,843,842
Contractual Services	372,052,632	335,200,691	342,093,668	315,257,924	350,286,372
Commodities	12,390,813	6,760,258	6,760,258	6,665,014	6,436,294
Capital Outlay	4,812,530	2,868,646	6,076,846	8,775,873	5,567,673
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 493,894,983</u>	<u>\$ 481,333,676</u>	<u>\$ 491,395,821</u>	<u>\$ 469,779,789</u>	<u>\$ 499,134,181</u>
Aid to Local Units	77,406,122	73,551,707	73,551,707	76,160,566	73,686,566
Other Assistance	3,320,298,496	3,448,513,474	3,417,073,687	3,416,990,113	4,148,290,113
<i>Subtotal—Operating</i>	<u>\$ 3,891,599,601</u>	<u>\$ 4,003,398,857</u>	<u>\$ 3,982,021,215</u>	<u>\$ 3,962,930,468</u>	<u>\$ 4,721,110,860</u>
Capital Improvements	61,335,463	336,466	336,466	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 3,952,935,064</u>	<u>\$ 4,003,735,323</u>	<u>\$ 3,982,357,681</u>	<u>\$ 3,962,930,468</u>	<u>\$ 4,721,110,860</u>
Financing:					
State General Fund	\$ 703,726,983	\$ 891,150,503	\$ 852,902,135	\$ 850,403,092	\$ 790,191,986
State Water Plan Fund	3,406,783	5,673,100	11,473,100	7,838,480	7,838,480
Children's Initiatives Fund	8,266,585	8,861,567	8,861,567	8,576,942	9,876,942
Federal Funds	2,596,751,021	2,441,701,735	2,435,230,026	2,406,192,937	3,166,233,731
All Other Funds	640,783,692	656,348,418	673,890,853	689,919,017	746,969,721
TOTAL	<u>\$ 3,952,935,064</u>	<u>\$ 4,003,735,323</u>	<u>\$ 3,982,357,681</u>	<u>\$ 3,962,930,468</u>	<u>\$ 4,721,110,860</u>
FTE Positions	1,788.8	1,783.4	1,782.4	1,800.4	1,791.4

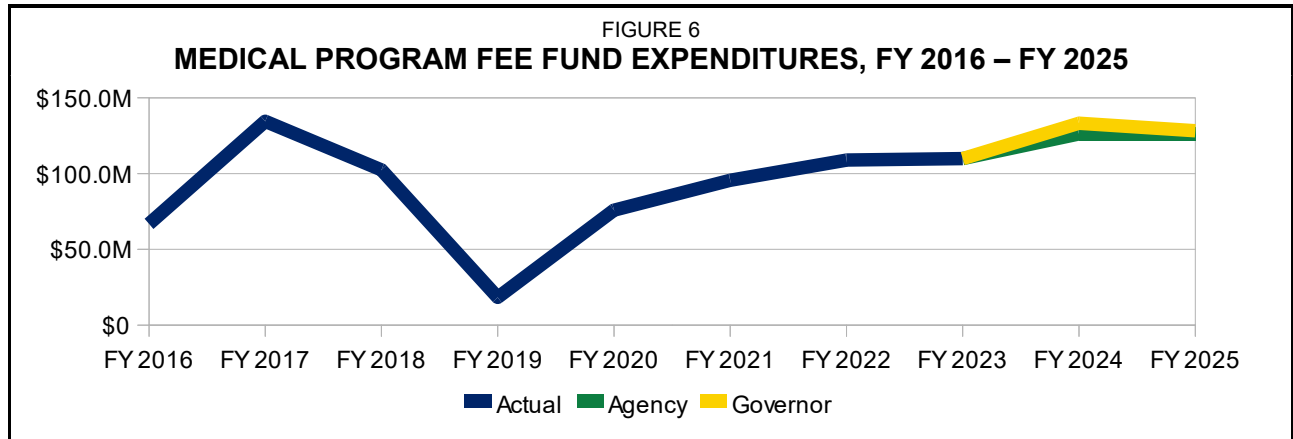
STATE GENERAL FUND



For the Kansas Department of Health and Environment, SGF expenditures have ranged between a low point of \$568.6 million in FY 2021 to \$891.2 million in the agency's FY 2024 revised request. The increase in FY 2019 was primarily attributable to increases in human services consensus caseload estimates due to several factors, including rate changes and population increases. Other SGF increases that year included reinstatement of the federal Health Homes program, funding for three youth crisis centers, funding increases for the Wichita Center for Graduate Medical Education (WCGME) program, changes in the Medicaid tobacco cessation policy, and increased funding for the Tiny-K program.

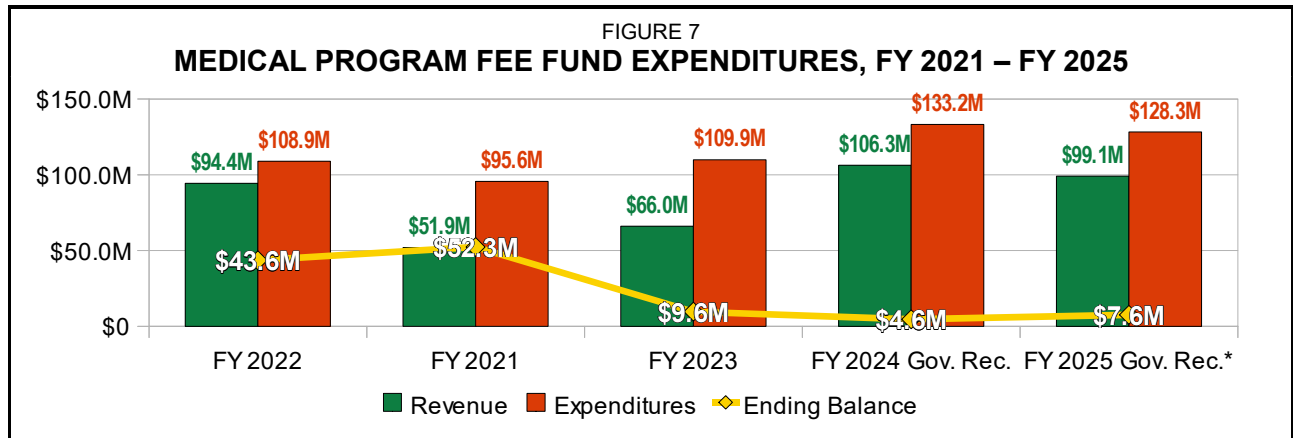
The increase in FY 2024 is largely due to an increase in the amount of SGF needed to fund human services caseloads as the 6.2 percent enhancement to the Federal Medical Assistance Percentage (FMAP) began to phase out in the last quarter of FY 2023.

MEDICAL PROGRAM FEE FUND



The Medical Program Fee Fund was established by KSA 39-710. The largest revenue sources for the fund are national and state drug rebate agreements and estate recoveries. The Division of Health Care Finance collects two types of drug rebates: those required by federal law, and supplemental rebates related to the Preferred Drug List (PDL). This special revenue fee fund has an appropriation limit set by the Legislature. The appropriation limit set by the 2023 Legislature was \$135,923,554 in FY 2023 and \$126,123,554 for FY 2024. The fee fund is used primarily to fund Medicaid caseloads.

MEDICAL PROGRAM FEE FUND



* For FY 2025, the lowest month ending balance for the Medical Program Fee Fund will occur in May, with a balance of \$(472,740).

FY 2024 ANALYSIS

FIGURE 8

SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ 820,089,259	\$ 3,985,158,341	1,801.8
1. SGF Reappropriation	70,091,686	70,091,686	--
2. State Water Plan Fund Change	-	1,494,620	--
3. Children's Initiatives Fund Change	-	284,625	--
<i>Subtotal—Legislative Approved</i>	<u>\$ 890,180,945</u>	<u>\$ 4,057,029,272</u>	<u>1,801.8</u>
Agency Revised Estimate:			
Supplemental Requests:			
4. Laboratory Equipment	\$ 410,000	\$ 410,000	--
5. Medicaid Eligibility Employment Data Contract	383,750	1,535,000	1.0
6. Pay Plan Shortfall	166,049	166,049	--
7. Medicaid Operations and Eligibility FTE	9,758	39,032	--
<i>Subtotal—Supplemental Requests Only</i>	<u>\$ 969,557</u>	<u>\$ 2,150,081</u>	<u>1.0</u>
8. Laboratory Construction Funds	-	(30,875,000)	--
9. Contractual Services in Medicaid Administration	-	(37,106,443)	--
10. COVID-19 Transactions	-	(12,937,714)	--
11. Strengthening Public Health Grant Funds	-	6,095,775	--
12. Rural Hospital Innovation Grants	-	5,000,000	--
13. Small-Town Infrastructure Federal Funds	-	5,000,000	--
14. Early Childhood Data Integration and System Enhancements	-	2,500,600	--
15. Abandoned Mined Land Reclamation Funds	-	2,355,072	--
16. Public Health Informatics	-	1,713,057	--
17. All Other Adjustments	1	2,810,623	(19.3)
<i>Subtotal—Agency Revised Estimate</i>	<u>\$ 891,150,503</u>	<u>\$ 4,003,735,323</u>	<u>1,783.5</u>
Governor's Recommendation:			
18. Supplementals Not Recommended	\$ (9,758)	\$ (39,032)	(1.0)
19. Part C Data Management System	2,316,377	2,316,377	--
20. Laboratory Move and Furnishing	6,234,800	6,234,800	--
21. KMMS SGF Lapse	(7,100,000)	-	--
22. Fall Caseload Adjustments	(39,689,787)	(35,689,787)	--
23. HB 2302 Water Approved Transfers	-	5,800,000	--
TOTAL	<u><u>\$ 852,902,135</u></u>	<u><u>\$ 3,982,357,681</u></u>	<u><u>1,782.5</u></u>

LEGISLATIVE APPROVED

Subsequent to the 2023 Session, several adjustments were made to the \$4.0 billion appropriated to the Kansas Department of Health and Environment for FY 2024. These adjustments change the current year approved amount without any legislative action required and include the following:

1. **SGF REAPPROPRIATION.** The SGF reappropriation of \$70.1 million was largely due to \$19.8 million in funds appropriated for human services caseloads, \$25.9 million in funds appropriated for operating expenditures in the division of Health Care Finance, and \$14.3 million in funding for the Children's Health Insurance Program (CHIP) that were not spent in FY 2023. Caseload reappropriations were largely due to member estimates and program use being lower than anticipated, and reappropriations for operating expenditures were due to the agency funding certain contractual expenditures using fee funds rather than SGF.

2. **STATE WATER PLAN CHANGE.** The agency received \$ 1.5 million in reappropriations from the State Water Plan Fund (SWPF) from FY 2023 into FY 2024.
3. **CHILDREN'S INITIATIVES FUND CHANGE.** The agency received \$284,625 in reappropriations from the CIF from FY 2023 into FY 2024.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$4.0 billion, including \$891.2 million SGF, in expenditures and 1,783.44 FTE positions in FY 2024. This is an all funds decrease of \$53.3 million, or 1.3 percent, including an SGF increase of \$969,558, or 0.1 percent, from the amount approved by the 2023 Legislature.

The estimate includes \$45.3 million for the Administration function, \$268.9 million for the Division of Public Health, \$3.6 billion for the Division of Health Care Finance, and \$78.0 million for the Division of Environment.

The revised estimate includes \$2.2 million, including \$969,557 SGF, for the following supplemental requests:

4. **LABORATORY EQUIPMENT.** The agency is requesting \$410,000 SGF to increase its capacity to test for per- and polyfluorinated alkyl substances (PFAS) in drinking water.
5. **MEDICAID EMPLOYMENT DATA CONTRACT.** The agency is requesting \$1.5 million, including \$383,750 SGF, for a new employment data contract beginning in February 2024. These expenditures are eligible for a 75.0 percent federal match.
6. **PAY PLAN SHORTFALL.** The revised estimate includes \$166,049 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25.
7. **MEDICAID OPERATIONS AND ELIGIBILITY FTE POSITIONS.** The agency is requesting \$39,032, including \$9,758 SGF, and 1.0 FTE position to hire an additional eligibility supervisor for six months of FY 2024. The annual salary for the position will be \$57,400, with total compensation estimated at \$78,064. This position is eligible for a federal match.

Absent the supplemental requests, the revised estimate includes a decrease of \$53.7 million in base budget expenditures. Significant adjustments are as follows:

8. **LABORATORY CONSTRUCTION FUNDS.** The agency's FY 2024 revised estimate includes a decrease of \$30.9 million, all federal funds, for the construction of the new KDHE laboratory. These funds were originally appropriated for FY 2024 but were spent in FY 2023 and are included in the agency's FY 2023 actuals data.
9. **CONTRACTUAL SERVICES IN MEDICAID ADMINISTRATION.** The agency's FY 2024 revised estimate includes a decrease of \$37.1 million, all special revenue funds, due to decreased spending on contractual services in the Medicaid program. These decreases were largely associated with the agency's contract with Gainwell Technologies, which provides services related to the Medicaid Management Information System, and Optumas, which provides actuarial services.

10. **COVID-19 TRANSACTIONS.** The agency's FY 2024 revised estimate includes a decrease of \$12.9 million due to a decrease in the amount of federal funds available for COVID-19 relief activities.
11. **STRENGTHENING PUBLIC HEALTH GRANT FUNDS.** The agency's FY 2024 revised estimate includes an increase of \$6.1 million, all federal funds, for the Strengthening Public Health Grant. This federal grant through the Centers for Disease Control and Prevention (CDC) supports critical public health infrastructure with a focus on workforce, foundational capabilities, and data modernization.
12. **RURAL HOSPITAL INNOVATION GRANTS.** The agency's FY 2024 revised estimate includes an increase of \$5.0 million, all federal funds, for the rural hospital innovation program. These funds are part of \$10.0 million that were originally appropriated in FY 2023. However, the funds were not spent and were moved forward to FY 2024 and FY 2025. Funds through this program are awarded to hospitals in eligible counties to transition a hospital's current healthcare delivery model to a model more appropriate for the community that the hospital serves.
13. **SMALL-TOWN INFRASTRUCTURE.** The agency's FY 2024 revised estimate includes an increase of \$5.0 million, all federal funds, for the small town infrastructure program that provides grants to support technical assistance and drinking water and sewer system upgrades for towns with populations less than 500. These funds, which were included in the \$374.0 million in discretionary American Rescue Plan Act (ARPA) funds, were approved by the State Finance Council on December 21, 2022. A total of \$10.0 million was awarded to the agency, with \$5.0 anticipated to be spent in FY 2024.
14. **EARLY CHILDHOOD DATA INTEGRATION AND SYSTEM ENHANCEMENTS.** The agency's FY 2024 revised estimate includes an increase of \$2.5 million, all federal funds from the ARPA, to modernize the Childcare Licensing and Regulation Information System (CLARIS), which is used for both child care and foster care licensing programs. These funds, which were included in the \$374.0 million in discretionary American ARPA funds, were approved by the State Finance Council on December 21, 2022. A total of \$5.0 million was awarded to the agency, with \$2.5 million anticipated to be spent in FY 2024.
15. **ABANDONED MINED LAND RECLAMATION FUNDS.** The agency's FY 2024 revised estimate includes an increase of \$2.4 million, all federal funds, for contractual services in the Remediation program to aid in the restoration of land and water resources that have been degraded by the adverse effects of coal mining practices.
16. **PUBLIC HEALTH INFORMATICS BUREAU.** The agency's FY 2024 revised estimate includes an increase of \$1.7 million, all federal funds, due to increases across a variety of grants in the Bureau of Public Health Informatics.
17. **ALL OTHER ADJUSTMENTS.** The agency's FY 2024 revised estimate includes an increase of \$2.8 million, all special revenue funds, largely due to fluctuations in federal grants across all bureaus and programs, and a decrease of 19.3 FTE positions in the Divisions of Administration, Public Health, and Health Care Finance.

The revised estimate includes 1,783.4 FTE positions, which reflects a decrease of 18.3 FTE positions below the number approved by the 2023 Legislature. These include a decrease of 2.25 FTE positions in the Administration function, a decrease of 15.25 FTE positions in the Division of Public Health, and a decrease of 18.0 FTE positions in the Division of Health Care Finance, as well

as an increase of 17.18 FTE positions in the Division of Environment. The decreases in KDHE Health are largely due to the agency deleting positions that are unfilled and not anticipated to be filled. The increase in the Division of Environment is due to the agency adding positions across several program areas, including the Bureau of Waste Management (4.4 FTE positions), Bureau of Air (2.0 FTE positions), Bureau of Water (5.68 FTE positions), Bureau of Environmental Remediation (4.5 FTE positions) and the Bureau of Environmental Field Services (0.60 FTE position). Positions being added include engineers, scientists, data managers, geologists, and administrative staff.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$4.0 billion, including \$852.9 million SGF, in FY 2024. This is an all funds decrease of \$21.4 million, or 0.5 percent, including an SGF decrease of \$38.2 million, or 4.3 percent, from the agency's FY 2024 revised estimate.

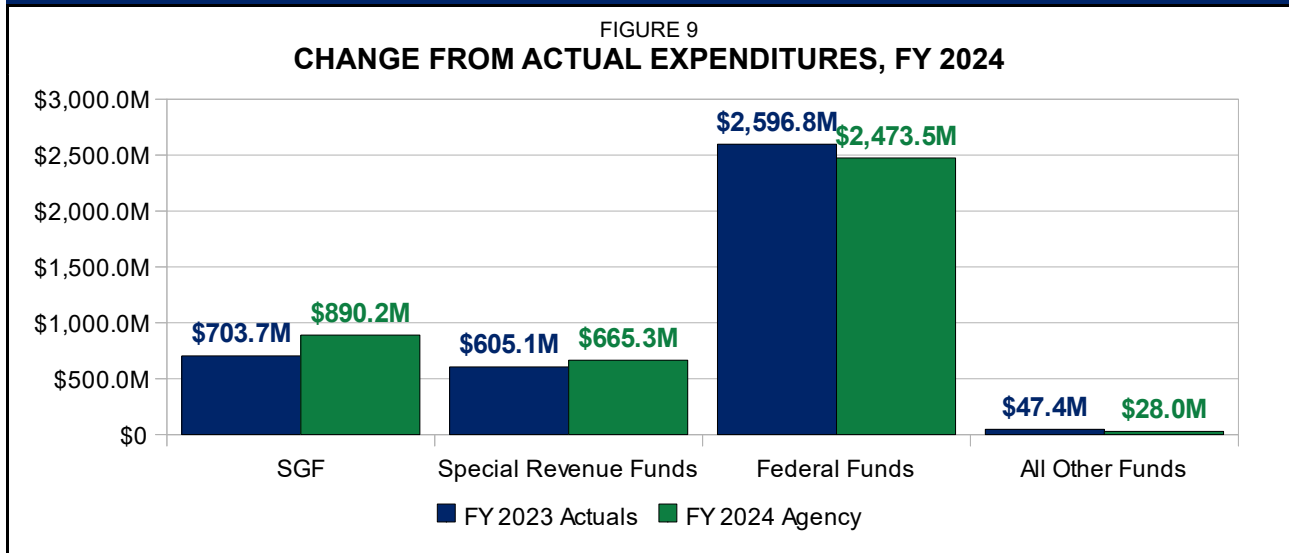
The Governor's recommendation also includes 1,782.4 FTE positions, which is a decrease of 1.0 FTE position below the agency's FY 2024 revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request for an additional FTE position in the Medicaid Eligibility program.

The **Governor's** recommendation includes the following adjustments:

18. **SUPPLEMENTALS NOT RECOMMENDED.** The Governor does not recommend adoption of the agency's supplemental request for \$39,032, including \$9,758 SGF, and 1.0 FTE position for an Eligibility Supervisor in the Medicaid Eligibility program.
19. **PART C DATA MANAGEMENT SYSTEM.** The Governor recommends the addition of \$2.3 million SGF for the development and implementation of a data management system for Part C early intervention services (Tiny-K) to track referrals, service timelines, evaluations, and billing information.
20. **LABORATORY MOVE AND FURNISHING.** The Governor recommends one-time funding of \$6.2 million SGF for expenditures associated with furnishing and moving into the new KDHE laboratory building.
21. **KMMS SGF LAPSE.** The Governor recommends the lapse of \$7.1 million SGF that was used to temporarily support the Kansas Modular Medicaid System (KMMS) project. The agency was not able to claim a federal match while waiting to be certified by the Centers for Medicaid and Medicare Services (CMS) and received an SGF enhancement for this purpose. Following certification, the agency has retroactively claimed funding and reported a savings of \$7.1 million into their fee fund. The Governor recommends an SGF lapse of this amount, and further recommends funding related budget expenditures using fee fund savings.
22. **FALL CASELOAD ADJUSTMENTS.** The Governor recommends the deletion of \$35.7 million, including the deletion of \$39.7 million SGF, to fully fund the fall 2023 human services consensus caseload estimates. The decrease in the all funds is largely due to funds that were reappropriated from FY 2023 into FY 2024.
23. **HB 2302 WATER APPROVED TRANSFERS.** The Governor recommends additional SWPF transfers from the Kansas Water Office to the Kansas Department of Health and Environment totaling \$5.8 million in FY 2024. This adjustment aligns with action taken by the State Finance Council on November 13, 2023.

The recommendation transfers \$5.8 million SWPF for water quality initiatives, including contamination remediation, total maximum daily load initiatives, surface water trash removal, and small town infrastructure support, and results in decreased expenditures for the Kansas Water Office totaling \$5.8 million, while increasing expenditures for the Kansas Department of Health and Environment by \$5.8 million in FY 2024.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$4.0 billion, including \$891.2 million SGF, in FY 2024. This is an increase in SGF expenditures of \$187.4 million above the agency's FY 2023 actual amount. The increase in SGF expenditures is largely due to differences in expenditures for human services caseloads between FY 2023 and FY 2024. The shift in SGF expenditures between the two fiscal years is due to the phasing out of the 6.2 percent enhancement to the FMAP associated with the COVID-19 pandemic. The agency's actual caseload expenditures for FY 2023 included three quarters with the 6.2 percent increase to the FMAP and one quarter of a 5.0 percent increase to the FMAP. This decreased the amount of SGF needed to fund caseloads in FY 2023. In FY 2024, however, the FMAP enhancement was being phased out, leaving quarter one with a 2.5 percent increase, quarter two with a 1.5 percent increase, and quarters three and four with no COVID-19-related FMAP increase. This increased the SGF expenditures for human services caseloads in FY 2024.

The SGF increase can also be attributed to contractual expenditures in the Division of Healthcare Finance that were funded using fee funds in FY 2023 and shifted to SGF in FY 2024.

The agency's FY 2024 revised estimate includes a federal funds decrease of \$155.0 million below the agency's FY 2023 actual amount. This decrease is due to several factors: a decrease in federal funds needed for human services caseloads between FY 2023 and FY 2024, a decrease in federal funds related to the COVID-19 pandemic between FY 2023 and FY 2024, and a one-time expenditure of \$56.0 million in federal funds for bonuses for child care workers in FY 2023.

FY 2025 ANALYSIS

FIGURE 10

SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
Agency Request:			
Request without Major Changes	\$ 891,150,503	\$ 4,003,735,323	1,783.4
Enhancement Requests:			
<i>Administration Program</i>			
1. Migration to OITS ServiceNow	\$ 150,000	\$ 150,000	-
<i>Public Health</i>			
2. Laboratory Furnishing and Moving Expenses	9,273,800	9,273,800	-
3. Laboratory Sustainability	951,700	951,700	-
4. Laboratory Courier Services	1,072,309	1,072,309	-
5. Oral Health Programs	370,000	370,000	-
6. Family Planning Access	2,000,000	2,000,000	-
7. County and Regional Public Health Data	1,129,014	1,129,014	-
8. Local Public Health Program	1,579,204	1,579,204	-
9. Lead Poisoning Prevention	1,149,449	1,149,449	-
10. Live Scan Fingerprint Devices	336,000	336,000	-
11. Family Infant-Toddler Program	444,000	444,000	-
12. SoundSTART Program	2,030,000	2,030,000	-
<i>Health Care Finance</i>			
13. Medicaid Operations and Eligibility FTE Positions	710,809	1,804,584	17.0
14. Medicaid Employment Data Contract	1,624,750	6,499,000	-
<i>Environment</i>			
15. Small-Town Infrastructure Assistance	10,000,000	10,000,000	--
16. Livestock Waste Management	210,000	210,000	--
<i>Subtotal—Enhancement Requests Only</i>	<u>\$ 33,031,035</u>	<u>\$ 38,999,060</u>	<u>17.0</u>
17. Reappropriations not budgeted for in FY 2025	\$ (68,744,266)	\$ (68,744,266)	--
18. Bureau of Family Health	\$ (2,500,000)	\$ (3,800,544)	--
19. Public Health Operating Expenditures	(2,740,196)	(2,740,196)	--
20. COVID-19 Transactions	-	(37,088,553)	--
21. COVID 19 Health Disparities Grant	-	(14,856,152)	--
22. Increase in Federal Funds for CHIP	-	15,151,393	--
23. Medicaid Administration	-	31,615,270	--
24. Contamination Remediation	-	500,000	--
25. Local Environmental Protection Program	-	400,000	--
26. Surface Water Trash Removal	-	50,000	--
27. Ark River Ditch Lining	-	1,000,000	--
28. Aquifer Recharge Basins	-	500,000	--
29. Ground Water Quality Monitoring	-	1,060,000	--
30. WRAPS Effectiveness Monitoring	-	200,000	--
31. All Other Adjustments	206,016	(3,050,867)	--
<i>Subtotal—Agency Request</i>	<u>\$ 850,403,092</u>	<u>\$ 3,962,930,468</u>	<u>1,800.4</u>
Governor's Recommendation:			
32. Enhancements Not Recommended	\$ (13,994,180)	\$ (14,541,068)	(9.0)
33. Part C Data Management System	1,430,813	1,430,813	--
34. Child Care Health and Safety Grants	-	1,300,000	--
35. Disease Control and Prevention Programs	1,511,750	-	--
36. Environmentally At-Risk Community Testing	1,000,000	1,000,000	--
37. Critical Access Hospital Cost Adjustment	1,600,000	4,000,000	--

FIGURE 10

SUMMARY OF BUDGET REQUEST, FY 2025

38. Fall Caseload Adjustments	10,000,000	50,000,000	--
39. Medicaid Expansion Expenditures	30,879,745	714,990,647	--
40. Medicaid Expansion SGF Savings	(92,639,234)	-	--
TOTAL	\$ 790,191,986	\$ 4,721,110,860	1,791.4

AGENCY REQUEST

The **agency** requests \$4.0 billion, including \$850.4 million SGF, for FY 2025. This is an all funds decrease of \$40.8 million, or 1.0 percent, including an SGF decrease of \$40.7 million, or 4.6 percent, below the FY 2024 revised estimate. The request includes \$34.0 million for the Administration function, \$234.4 million for the Division of Public Health, \$3.6 billion for the Division of Health Care Finance, and \$79.2 million for the Division of Environment.

The request includes \$42.7 million, including \$33.0 million SGF, for the following enhancement requests:

1. **MIGRATION TO OITS.** The agency requests \$150,000 SGF to migrate KDHE asset and hardware management into the centralized Office of Information Technology Services (OITS) ServiceNow environment.
2. **LABORATORY FURNISHING AND MOVING EXPENSES.** The agency is requesting a one-time enhancement of \$9.3 million SGF for costs associated with furnishing and moving into the new laboratory facility.
3. **LABORATORY SUSTAINABILITY.** The agency is requesting \$951,700 SGF to sustain the equipment, staffing, and infrastructure of the new lab.
4. **LABORATORY COURIER SERVICES.** The agency is requesting \$1.1 million SGF to provide statewide courier services to all laboratory clients.
5. **ORAL HEALTH PROGRAMS.** The agency is requesting \$370,000 SGF to fund the continuation of oral health programs within the state.
6. **FAMILY PLANNING ACCESS.** The agency requests \$2.0 million SGF to expand and maintain Title X/Family Planning services, such as contraception, chronic disease screening, and preconception health care throughout Kansas.
7. **COUNTY AND REGIONAL PUBLIC HEALTH DATA.** The agency is requesting \$1.1 million SGF to maintain the current level of data collection through the Kansas Behavioral Risk Factor Surveillance System (BRFSS).
8. **LOCAL PUBLIC HEALTH PROGRAM.** The agency is requesting \$1.6 million to support the local public health program (LPHP) in its efforts to increase the capacity and capabilities of local health departments.
9. **LEAD POISONING PREVENTION.** The agency requests \$1.1 million SGF to initiate a Childhood Lead Poisoning Prevention pilot program in Kansas.
10. **LIVE SCAN FINGERPRINT DEVICES.** The agency is requesting \$336,000 SGF to purchase 12 Live Scan Fingerprint Devices. The enhancement will fund the purchase of three devices (\$28,000 each) and ongoing annual maintenance fees of \$120,000 (\$10,000 per device) in order to comply with KBI requirements of maintenance.

11. **FAMILY INFANT-TODDLER PROGRAM.** The agency is requesting \$444,000 to hire three additional teachers at Kansas School for the Blind (KSSB) to increase program reach.
12. **SOUNDSTART PROGRAM.** The agency is requesting \$2.0 million to fund the Kansas Early Childhood Developmental Services to provide direct services to children who are birth to three years old and are deaf or hard of hearing.
13. **MEDICAID OPERATIONS AND ELIGIBILITY FTE POSITIONS.** The agency is requesting \$1.8 million, including \$710,809 SGF, and 17.0 FTE positions to support the Medicaid program. The positions will fall into three categories: Centralized Credentialing (2.0 FTE positions), Data (6.0 FTE positions), and Quality Compliance and Integrated Health Oversight (8.0 FTE positions).
14. **MEDICAID EMPLOYMENT DATA CONTRACT.** The agency is requesting \$6.5 million, including \$1.6 million SGF, for a new employment data contract to monitor eligibility for the Medicaid program.
15. **SMALL-TOWN INFRASTRUCTURE ASSISTANCE.** The agency is requesting \$10.0 million SGF to support technical assistance and drinking water and sewer system upgrades for towns with a population less than 500 for FY 2025. The agency notes towns in Kansas with a population under 1,000 are the most likely to fall out of compliance with state and federal requirements or fail to correct public health issues. The agency notes the funding would grant relief to towns having issues arising from deteriorated drinking water and wastewater infrastructure.
16. **LIVESTOCK WASTE MANAGEMENT.** The agency is requesting \$210,000 SGF for livestock waste management for FY 2025. The agency indicates the funding would allow the agency to hire additional contract engineers and add additional contract clerical services. Contract engineers would be used to review proposed plans for confined animal feeding operations. Contracted clerical services would be used to assist the agency in converting paper documentation to electronic formats.

Absent the enhancement requests, the request includes a decrease of \$83.5 million, including a decrease of \$73.8 million in base budget expenditures. Significant adjustments are as follows:

17. **REAPPROPRIATIONS NOT BUDGETED FOR IN FY 2025.** The agency's FY 2025 request includes a decrease of \$68.7 million SGF due to funds that were reappropriated to FY 2024 and not budgeted for in FY 2025.
18. **BUREAU OF FAMILY HEALTH.** The agency's request includes a decrease of \$3.8 million, including a decrease of \$2.5 million SGF, due to expenditures for a child care pilot program in FY 2024 that are not budgeted for in FY 2025, as well as a decrease in additional federal grant funding in the Bureau of Family Health.
19. **PUBLIC HEALTH OPERATING EXPENDITURES.** The agency's request includes a decrease of \$2.7 million SGF due to decreased operating expenditures in the Division of Public Health.
20. **COVID-19 TRANSACTIONS.** The agency's FY 2025 request includes a decrease of \$37.1 million, all special revenue funds, for COVID-19 transactions. These transactions included funding for activities directly related to the prevention of COVID-19, such as

temporary nursing staff to carry out contact tracing and other roles, laboratory equipment, and expenditures for testing.

21. **COVID-19 HEALTH DISPARITIES GRANT.** The agency's FY 2025 request includes a decrease of \$5.2 million, all federal funds, due to the end of the COVID-19 health disparities grant in May 2024.
22. **INCREASE IN FEDERAL FUNDS FOR CHIP.** The agency's FY 2025 request includes an increase of \$15.1 million in federal funds for the Children's Health Insurance Program (CHIP). This increase is due to a slight increase in the federal share for CHIP in FY 2025 as well as an anticipated increase in membership.
23. **MEDICAID ADMINISTRATION.** The agency's FY 2025 request includes an increase of \$31.6 million, all special revenue funds, for contractual services within the Medicaid Administration program. The changes were primarily associated with Gainwell, the agency's fiscal agent, due to updates to the Transformed Medicaid Statistical Information System (T-MSIS), a federal database for Medicaid and CHIP information.
24. **CONTAMINATION REMEDIATION.** The agency is requesting \$500,000 in SWPF transfers from the Kansas Water Office for contamination remediation for FY 2025. This transfer would be in addition to the requested appropriation totaling \$1.1 million and result in estimated expenditures totaling \$1.6 million for contamination remediation for FY 2025. The agency indicates funds would be used for emergency response activities where there is an immediate danger to human health, the environment, or both, and to provide alternative water supplies to citizens with impacted drinking water.
25. **LOCAL ENVIRONMENTAL PROTECTION PROGRAM.** The agency is requesting \$400,000 in SWPF transfers from the Kansas Water Office for local environmental protection program costs for FY 2025. This transfer would be in addition to the requested appropriation totaling \$250,000 and result in estimated expenditures totaling \$650,000 for local environmental protection program costs for FY 2025. The agency indicates the funding would allow the State to provide financial resources to counties for on-site wastewater system upgrades and replacements, as well as resources for private water well testing. The agency further indicates that funding for this program has not been appropriated since FY 2012. The 2023 Legislature appropriated funding for the program in FY 2024 and the agency's request includes continuing appropriations for the program for FY 2025.
26. **SURFACE WATER TRASH REMOVAL.** The agency is requesting \$50,000 in SWPF transfers from the Kansas Water Office for stream trash removal for FY 2025. This transfer would be the only funding for the program in FY 2025 because the agency's request does not include a direct appropriation for this purpose. The agency indicates funding would go toward a pilot effort to remove and keep trash out of Kansas rivers.
27. **ARKANSAS RIVER DITCH LINING.** The agency is requesting \$1.0 million in SWPF transfers from the Kansas Water Office for drinking water protection for FY 2025. This transfer would be in addition to the requested appropriation totaling \$800,000 and result in estimated expenditures totaling \$1.8 million for drinking water protection for FY 2025. The agency indicates the funding would allow the agency to line 20 miles of Amazon Ditch in Kearny and Finney counties. The agency indicates that the source of pollutants found in the Arkansas River emanate from Colorado and those pollutants are interacting with groundwater in Kansas that has traditionally been of good quality. This contamination is the result of leakage from irrigation ditches that distribute river water to

upland areas. The funding would allow the agency to line or seal a portion of those ditches to limit the amount of contaminated river water that could leak into the existing groundwater in the area.

28. **AQUIFER RECHARGE BASINS.** The agency is requesting \$500,000 in SWPF transfers from the Kansas Water Office for aquifer recharge basins for FY 2025. This transfer would be the only funding for the program in FY 2025 because the agency's request does not include a direct appropriation for this purpose. The agency indicates funding would go toward initiatives that encourage the infiltration and percolation of high-quality rain water into poor-quality groundwater through the development of artificial playas, upland detention terraces, and depressions with Hickenbottom injection wells. The agency indicates this initiative is a long-range initiative that will require multiple years of study.
29. **GROUND WATER QUALITY MONITORING.** The agency is requesting \$1.1 million in SWPF transfers from the Kansas Water Office for total maxim daily load initiatives and use attainability analysis for FY 2025. This transfer would be in addition to the requested appropriation totaling \$391,378 and result in estimated expenditures totaling \$1.5 million for total maxim daily load initiatives and use attainability analysis for FY 2025. The agency indicates the funding would re-establish an ambient groundwater quality monitoring program in the state. The agency indicates the groundwater quality monitoring program will: 1) collect baseline data to identify areas of the state where groundwater quality is already at risk or exceeding health standards and allow detection of future deterioration and 2) create a public data platform that integrates groundwater quality data across agencies and links with existing Kansas Geological Survey (KGS) water databases.
30. **WRAPS EFFECTIVENESS MONITORING.** The agency is requesting \$200,000 in SWPF transfers from the Kansas Water Office for watershed restoration and protection strategy (WRAPS) for FY 2025. This transfer would be in addition to the requested appropriation totaling \$1.0 million and result in estimated expenditures totaling \$1.2 million for WRAPS for FY 2025. The agency indicates the funding would focus outsourced monitoring efforts to collect water quality data in an intensive manner to better evaluate the true impact of the watershed practice investments that are currently implemented.
31. **ALL OTHER ADJUSTMENTS.** The agency's FY 2025 request includes a decrease of \$3.1 million, including an increase of \$206,016 SGF, for all other adjustments. These adjustments are largely due to fluctuations in federal grants across the agency.

The **agency's** request also includes 1,800.4 FTE positions. This is an increase of 17.0 FTE positions above the number in the agency's FY 2024 revised estimate due to 17.0 additional FTE positions included in the agency's enhancement request in the Division of Health Care Finance.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$4.7 billion, including \$790.2 million SGF, for FY 2025. This is an all funds increase of \$758.2 million, or 19.1 percent, including an SGF decrease of \$60.2 million, or 7.1 percent, from the agency's FY 2024 revised estimate.

The **Governor's** recommendation also includes 1,791.4 FTE positions, which is a decrease of 9.0 FTE position below the agency's FY 2024 revised number. The decrease is due to the Governor partially recommending the agency's supplemental request for an additional 17.0 FTE positions in the Medicaid Eligibility program.

The **Governor's** recommendation includes the following adjustments:

32. **ENHANCEMENTS NOT RECOMMENDED.** The Governor recommends a decrease of \$14.5 million, including \$14.0 million SGF, to not recommend or partially recommend the following enhancement requests: (*Staff Note:* Descriptions of agency enhancement requests can be found in the Supplemental and Enhancements section for this agency.)

The Governor did not recommend adoption of the following requests:

- Laboratory Courier Services (\$1.1 million SGF);
- County and Regional Public Health Data (\$1.1 million SGF);
- Local Public Health Program (\$1.6 million SGF);
- Lead Poisoning Prevention (\$1.1 million SGF);
- Family Infant-Toddler Program (\$444,000 SGF); and
- SoundSTART Program (\$2.0 million SGF);

The Governor recommends partial adoption of the following requests:

- Medicaid Operations and Eligibility FTE Positions (\$902,292, including \$355,405 SGF; 9.0 FTE positions); and
- Laboratory Furnishing and Moving Expenses (\$3.0 million). This enhancement request was fully funded but the remaining funds are included in the FY 2024 Governor's Recommendation.

The Governor recommends funding the following enhancement requests for a total of \$24.5 million all funds, including \$19.0 million SGF:

- Migration to OITS ServiceNow (\$150,000 SGF);
- Laboratory Sustainability (\$951,700 SGF);
- Oral Health Programs (\$370,000 SGF);
- Family Planning Access (\$2.0 million SGF);
- Live Scan Fingerprint Devices (\$336,000 SGF);
- Medicaid Employment Data Contract (\$6.5 million all funds, \$1.6 million SGF);
- Small Town Infrastructure Assistance (\$10.0 million SGF); and
- Livestock Waste Management (\$210,000 SGF).

33. **PART C DATA MANAGEMENT SYSTEM.** The Governor recommends adding \$1.4 million SGF for continuing maintenance of the data management system for Part C early intervention services to track referrals, service timelines, evaluations, and billing information.

34. **CHILD CARE HEALTH AND SAFETY GRANTS.** The Governor recommends adding \$1.3 million, all from the Children's Initiatives Fund, for Child Care Health and Safety Grants to assist providers with updating facilities to be in compliance with required health and safety standards. Grants will be available statewide and awarded through collaboration with the Child Care Health Consultant Network.

35. **DISEASE CONTROL AND PREVENTION PROGRAMS.** The Governor recommends the addition of \$1.5 million SGF as a one-time replacement of federal funds that were rescinded as part of the Federal debt ceiling agreements in June 2023. The federal funds were intended to expand, train, and sustain workforce to combat infectious diseases, such as HIV, tuberculosis, and syphilis.

36. **ENVIRONMENTALLY AT-RISK COMMUNITY TESTING.** The Governor recommends the addition of \$1.0 million for testing in at-risk communities. Testing would include comprehensive metabolic panel, complete blood count with differential test, routine comprehensive urinalysis with microscopic examination, and alpha-fetoprotein tests. Communities will be identified based on environmental factors and will be required to provide matching funds.
37. **CRITICAL ACCESS HOSPITAL COST ADJUSTMENT.** The Governor recommends the addition of \$4.0 million, including \$1.6 million SGF, to increase the cost adjustment factor for Critical Access Hospitals. The cost adjustment factor has not been increased for ten years and will require a state plan amendment if approved.
38. **FALL HUMAN SERVICES CASELOAD ADJUSTMENTS.** The Governor recommends the addition of \$50.0 million, including \$10.0 million SGF, to accept the fall human services caseload estimates. The increase is largely due to expenditures to meet newly clarified federal requirements that certain medical services, including personal care and private duty nursing services, be provided to any child on Medicaid who meets medical need requirements.
39. **MEDICAID EXPANSION EXPENDITURES.** The Governor recommends adding \$715.0 million from all funds, including \$30.9 million SGF, to fund Medicaid expansion beginning January 1, 2025.
40. **MEDICAID EXPANSION SGF SAVINGS.** The Governor's recommendation includes \$92.6 million in savings associated with Medicaid expansion. These savings are attributable to provisions in the federal ARPA granting states that have not yet enacted Medicaid expansion a 5.0 percent increase to their regular FMAP rate. This enhanced FMAP rate would be in effect for eight quarters after expansion takes effect.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

FIGURE 11
FY 2024 SUPPLEMENTAL REQUESTS

Request	SGF	Agency All Funds	FTE	SGF	Governor All Funds	FTE
FY 2024 Supplementals:						
<i>Administration Program</i>						
1. Pay Plan Shortfall	\$ 166,049	\$ 166,049	-	\$ 166,049	\$ 166,049	-
<i>Public Health</i>						
2. Laboratory Equipment	410,000	410,000	-	410,000	410,000	-
<i>Health Care Finance</i>						
3. Medicaid Operations and Eligibility FTE Positions	9,758	39,032	1.0	-	-	-
4. Medicaid Employment Data Contract	383,750	1,535,000	-	383,750	1,535,000	-
TOTAL	\$ 969,557	\$ 2,150,081	1.0	\$ 959,799	\$ 2,111,049	-

1. **PAY PLAN SHORTFALL.** The revised estimate includes \$166,049 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25. The 2023 Legislature appropriated \$120.0 million, including \$46.0 million SGF, across all state agencies to provide salary adjustments for FY 2024 based on the Department of Administration Market Survey. This total amount was short by approximately \$11.8 million, including \$11.4 million SGF, statewide in FY 2024. To account for this, the State Finance Council prorated agency distribution of the available appropriations by approximately 20.0 percent. For KDHE a supplemental appropriation of \$166,049 SGF in FY 2024 is required to achieve the intended effect of the Legislative Pay Plan in 2023 SB 25.

The Governor recommends adoption of this request.

2. **LABORATORY EQUIPMENT.** The agency is requesting \$410,000 SGF to increase its capacity to test for per- and polyfluorinated alkyl substances (PFAS) in FY 2024. The Environmental Protection Agency (EPA) has issued a preliminary regulation for PFAS that includes a health-based maximum contaminant level goal. To ensure the delivery of safe drinking water, all Kansas public water systems will need to be monitored starting January 2024, and KDHE will need to increase its capacity to test these drinking water samples. A solid phase extraction system specifically designed to test for PFAS and a Liquid Chromatography with Mass Spectrometry instrument are needed to perform the testing. This is the only technology and extraction technique approved by EPA to analyze for these compounds.

The Governor recommends adoption of this request.

3. **MEDICAID OPERATIONS AND ELIGIBILITY FTE POSITION.** The agency is requesting \$39,032, including \$9,758 SGF, and 1.0 FTE position to hire an additional eligibility supervisor for six months of FY 2024. The annual salary for the position will be \$57,400, with total compensation estimated at \$78,064.

The Governor does not recommend adoption of this request.

4. **MEDICAID EMPLOYMENT DATA CONTRACT.** The agency is requesting \$1.5 million, including \$383,750 SGF, for a new employment data contract in FY 2024. Verification of employment data is required to determine Medicaid eligibility, and the agency is currently in the process of rebidding its contract for electronic employment verification. Only one bid was received, and the contract, if awarded, is expected to begin February 2024 and come with increased costs.

The Governor recommends adoption of this request.

FIGURE 12
FY 2025 ENHANCEMENT REQUESTS

Request	SGF	Agency All Funds	FTE	SGF	Governor All Funds	FTE
FY 2025 Enhancements:						
<i>Administration Program</i>						
1. Migration to OITS ServiceNow	\$ 150,000	\$ 150,000	-	\$ 150,000	150,000	-
<i>Public Health</i>						
2. Laboratory Furnishing and Moving Expenses	9,273,800	9,273,800	-	3,039,000	3,039,000	-
3. Laboratory Sustainability	951,700	951,700	-	951,700	951,700	-
4. Laboratory Courier Services	1,072,309	1,072,309	-	-	-	-
5. Oral Health Programs	370,000	370,000	-	370,000	370,000	-
6. Family Planning Access	2,000,000	2,000,000	-	2,000,000	2,000,000	-
7. County and Regional Public Health Data	1,129,014	1,129,014	-	-	-	-
8. Local Public Health Program	1,579,204	1,579,204	-	-	-	-
9. Lead Poisoning Prevention	1,149,449	1,149,449	-	-	-	-
10. Live Scan Fingerprint Devices	336,000	336,000	-	336,000	336,000	-
11. Family Infant-Toddler Program	444,000	444,000	-	-	-	-
12. SoundSTART Program	2,030,000	2,030,000	-	-	-	-
<i>Health Care Finance</i>						
13. Medicaid Operations and Eligibility FTE Positions	710,809	1,804,584	17.0	355,405	902,292	9.0
14. Medicaid Employment Data Contract	1,624,750	6,499,000	-	1,624,750	6,499,000	-
<i>Subtotal - KDHE Health</i>	\$ 22,821,035	\$ 28,789,060	17.0	8,826,855	14,247,992	9.0
<i>Environment</i>						
15. Small-Town Infrastructure Assistance	10,000,000	10,000,000	-	10,000,000	10,000,000	-
16. Livestock Waste Management	210,000	210,000	-	210,000	210,000	-
<i>Subtotal - KDHE Environment</i>	\$ 10,210,000	\$ 10,210,000	-	10,210,000	10,210,000	-
TOTAL	\$ 33,031,035	\$ 38,999,060	17.0	\$ 19,036,855	\$ 24,457,992	18.0

1. **MIGRATION TO OITS.** The agency requests \$150,000 SGF to migrate KDHE asset and hardware management into the centralized OITS ServiceNow environment for FY 2025. The agency's current hardware and asset management is in several different systems, including spreadsheets, SharePoint, and Microsoft Access. By moving the assets into this new system, the agency will be able to track agency assets more efficiently, create automated reports that assist the agency with reconciliations, and track maintenance renewals.

The Governor recommends adoption of this request.

2. **LABORATORY FURNISHING AND MOVING EXPENSES.** The agency is requesting a one-time enhancement of \$9.3 million SGF for costs associated with furnishing and moving into the new laboratory facility. The funds will be used to replace equipment that is outdated or would likely not survive the transport to the new facility (\$5.5 million), pay for the transport of sensitive equipment by trained professionals (\$1.5 million), hire professionals to install the new IT infrastructure in the facility and purchase on-site servers (\$705,800), fund the use of a third-party facility for laboratory needs during the move (\$500,000), and temporarily fund the simultaneous operation of both labs during the moving phase (\$1.0 million).

The Governor recommends adoption of this request; however, the recommendation is split across years, recommending \$6.2 million SGF in FY 2024 and \$3.0 million SGF for FY 2025.

3. **LABORATORY SUSTAINABILITY.** The agency is requesting \$951,700 SGF to sustain the equipment, staffing, and infrastructure of the new KDHE lab for FY 2025. Funds will cover the monthly cost of leasing new computers (\$11,700), accessing data ports from the Office of Information and Technology (\$14,400), a rotating schedule of audio/visual equipment replacement (\$38,700), two bulk gas tanks to hold argon and nitrogen (\$28,400), the deployment of two mobile laboratories for educational events (\$50,000), mobile laboratory maintenance and replacement (\$45,000), the State portion of tests billed to Medicaid (\$66,000), 12 additional phones (\$4,800), the lease of new printers and copiers (\$29,200), an automatic data logging system to monitor equipment (\$42,400), the cost of the additional rent paid to the Department of Administration (\$394,000), staff training and retention (\$38,500), off-site document storage (\$6,000), purchasing and maintaining support equipment such as refrigerators and freezers (\$105,600), the data charge for Wireless access points (\$31,800), wireless access point replacement (\$13,200), and Zoom room licensing (\$32,000).

The Governor recommends adoption of this request.

4. **LABORATORY COURIER SERVICES.** The agency is requesting \$1.1 million SGF to provide statewide courier services to all laboratory clients for FY 2025. The statewide courier service was brought on board using federal COVID-19 relief funds in 2021 and, as of the end of FY 2024, KDHE will no longer have funds to continue this service. The agency reports that the courier service has reduced the average transit time from collection to delivery from 3.0 days to 1.8 days and that the service has been used by 95 health departments, with 87 health departments using it regularly.

The Governor does not recommend adoption of this request.

5. **ORAL HEALTH PROGRAMS.** The agency is requesting \$370,000 SGF to fund the continuation of oral health programs within the state for FY 2025. The primary funding source for the Bureau of Oral Health has been a grant through the CDC. The current grant is due to expire in FY 2024 and the new CDC grant is anticipated to be more competitive and narrow in scope. This enhancement will be used to fund the continuation of the Bureau of Oral Health's initiatives to support oral health awareness and education in schools and communities.

The Governor recommends adoption of this request.

6. **FAMILY PLANNING ACCESS.** The agency requests \$2.0 million SGF to expand and maintain services, such as contraception, chronic disease screening, and preconception health care, throughout Kansas for FY 2025. The Family Planning program currently receives \$350,000 SGF and awards over \$2.1 million annually to approximately 45 programs that provide services in 50 Kansas counties. Core family planning services include contraception, pregnancy testing, achieving pregnancy, basic infertility services, preconception health, screening and treatment of sexually transmitted infections, and chronic disease screening, such as pap tests and breast exams. No family planning grantees in Kansas are permitted to provide abortion services.

The Governor recommends adoption of this request.

7. **COUNTY AND REGIONAL PUBLIC HEALTH DATA.** The agency is requesting \$1.1 million SGF to maintain the current level of data collection through the Kansas Behavioral Risk Factor Surveillance System (BRFSS). The Kansas BRFSS is an anonymous survey of Kansas adults on disease, health risk behaviors, and health disparities. Data from the BRFSS is used to justify requested funds on federal grant proposals and community health assessments, and monitoring progress on state health objectives. Funding for the BRFSS has been a compilation of efforts from foundations and public health partners; however, the agency reports that this funding is anticipated to decrease in FY 2024 due to federal funding restrictions.

The Governor does not recommend adoption of this request.

8. **LOCAL PUBLIC HEALTH PROGRAM.** The agency is requesting \$1.6 million to support the Local Public Health Program (LPHP) for FY 2025. The goals of the LPHP are to increase the capacity and capabilities of local health departments (LHDs) by providing funding, workforce development, and connections to resources, and to increase coordination between KDHE, LHDs, and other public health system partners. The LPHP includes a team of eight nurses based in the regions they serve, the Kansas Grant Management System, and KansasTRAIN, a learning management system that provides workforce development for the Kansas Public Health system. A high turnover rate during the pandemic creating a workforce with less experienced staff. These funds will be used to support the current workforce in their professional development.

The Governor does not recommend adoption of this request.

9. **LEAD POISONING PREVENTION.** The agency requests \$1.1 million SGF to initiate a Childhood Lead Poisoning Prevention pilot program in Kansas for FY 2025. The program will address environmental exposure assessments for lead, lead source

remediation, and resident relocation costs for 25 homes/families. If the program is successful, future budget enhancement requests will be made.

The Governor does not recommend adoption of this request.

10. **LIVE SCAN FINGERPRINT DEVICES.** The agency is requesting \$336,000 SGF to purchase 12 Live Scan Fingerprint Devices for FY 2025. The enhancement will fund the purchase of three devices (\$28,000 each) and ongoing annual maintenance fees of \$120,000 (\$10,000 per device) in order to comply with KBI requirements of maintenance. Live Scan is a digital fingerprinting process that captures an individual's unique fingerprints electronically and transmits them to a law enforcement agency. KDHE Child Care Licensing is required by federal and state rule to collect fingerprints on all child care staff before they can begin employment or obtain a license. KDHE plans to place these machines at "hubs" around the state to increase accessibility to child care facilities.

The Governor recommends adoption of this request.

11. **FAMILY INFANT-TODDLER PROGRAM.** The agency is requesting \$444,000 to hire three additional teachers at Kansas School for the Blind (KSSB) to increase program reach for FY 2025. These teachers will be hired to work in undeserved geographic regions to provide more equitable services to kids across the state. These teachers will join the seven that were hired using funds appropriated by the 2023 legislature. The enhancement will fund the salaries, benefits, and costs to ensure proper qualifications, travel, supplies, equipment, and continuing education.

The Governor does not recommend adoption of this request.

12. **SOUNDSTART PROGRAM.** The agency is requesting \$2.0 million to fund the Kansas Early Childhood Developmental Services to provide direct services to children who are birth to three years old and are deaf or hard of hearing for FY 2025. This would fund 11 providers to provide direct services, a program coordinator to manage workflow and referrals, and the implementation of a deaf mentor program.

The Governor does not recommend adoption of this request.

13. **MEDICAID OPERATIONS AND ELIGIBILITY FTE POSITIONS.** The agency is requesting \$1.8 million, including \$710,809 SGF, and 17.0 FTE positions to support the Medicaid program. The positions will fall into three categories: Centralized Credentialing (2.0 FTE positions), Data (6.0 FTE positions), and Quality Compliance and Integrated Health Oversight (8.0 FTE positions). The Centralized Credentialing positions will support the program's transition to a centralized provider credentialing system in January 2025, and the others will support the program in implementing new federal requirements, monitoring and developing recommendations to respond to changes in health care, and provide oversight as the new Managed Care Organization (MCO) contracts take effect. The titles of each position and the associated salaries are as follows:

- Manager of Provider Enrollment and Credentialing, \$75,000 (1.0 FTE position)
- Credentialing Coordinator, \$46,160 (1.0 FTE position)
- Data Director, \$115,000 (1.0 FTE position)
- Data Implementation and Usage Manager, \$95,700 (1.0 FTE position)

- Data Analyst - Integrated Care and MCO contracts, \$78,160 (4.0 FTE positions)
- Director of Integrated Care \$99,300 (1.0 FTE position)
- Manager for Adults Programs, \$71,240 (1.0 FTE position)
- Adult Program Managers, \$56,500 (3.0 FTE positions)
- Manager for Children, 71,240 (1.0 FTE position)
- Manager for Children Programs, \$71,240 (3.0 FTE positions)

The Governor recommends partial adoption of this request by adding \$902,202 , including \$355,405 SGF, and 9.0 FTE positions.

14. **MEDICAID EMPLOYMENT DATA CONTRACT.** The agency is requesting \$6.5 million, including \$1.6 million SGF, for a new employment data contract for Medicaid eligibility for FY 2025. Verification of employment data is required to determine Medicaid eligibility, and the agency is currently in the process of rebidding its contract for electronic employment verification. Only one bid was received, and the contract, if awarded, is expected to begin February 2024 and come with increased costs.

The Governor recommends adoption of this request.

15. **SMALL-TOWN INFRASTRUCTURE ASSISTANCE.** The agency is requesting \$10.0 million SGF to support technical assistance and drinking water and sewer system upgrades for towns with a population less than 500 for FY 2025. The agency notes towns in Kansas with a population under 1,000 are the most likely to have drinking water and sewer systems that fall out of compliance with state and federal requirements or fail to correct public health issues. The agency notes the funding would grant relief to towns having issues arising from deteriorated drinking water and wastewater infrastructure.

The Governor recommends adoption of this request.

16. **LIVESTOCK WASTE MANAGEMENT.** The agency is requesting \$210,000 SGF for livestock waste management for FY 2025. The agency indicates the funding would allow the agency to hire additional contract engineers and add additional contract clerical services. Contract engineers would be used to review proposed plans for confined animal feeding operations. Contracted clerical services would be used to assist the agency in converting paper documentation to electronic formats.

The Governor recommends adoption of this request.

SPECIAL TOPICS

FEDERAL MEDICAL ASSISTANCE PERCENTAGE SAVINGS

The Federal Medical Assistance Percentage (FMAP) determines the state and federal shares of funding for Medicaid, Adoption Assistance, and Foster Care. It is determined annually by the Secretary of Health and Human Services and is based on each state's per capita personal income compared with the average per capita personal income in other states.

The Families First Coronavirus Response Act (FFCRA) provided a temporary 6.2 percentage point increase to the FMAP beginning on January 1, 2020. The 6.2 percent increase was originally intended to last the duration of the federal public health emergency (PHE) associated with the COVID-19 pandemic; however, the federal Omnibus bill, signed into law in December 2022, uncoupled the 6.2 percent increase from the PHE. The same legislation created a phase-down approach to phase out the 6.2 percent increase by the end of calendar year 2023. With this approach, quarter 1 of calendar year 2023 included a 6.2 percent increase; quarter 2 included a 5.0 percent increase; quarter 3 included a 2.5 percent increase; and quarter 4 included a 1.5 percent increase. It is expected that there will not be any enhanced FMAP associated with the COVID-19 pandemic beginning in January 2024.

KDHE provided the information displayed in the table below. The table details the savings accumulated thus far due to the 6.2 percent increase to the federal share, and it also includes the savings due to the increased enhanced FMAP (eFMAP). The eFMAP applies to Medicaid Services, such as the Children's Health Insurance Program (CHIP), and is calculated using a different formula than the regular FMAP. The eFMAP is increased by 4.34 percentage points during the PHE. KDHE reports the total SGF savings through the end of State FY 2023 is \$959.6 million.

Quarter Ending	FMAP Savings (6.2%)	Enhanced FMAP Savings (4.34%)	Total SGF Savings
March 2020	\$ 58,435,092	\$ 1,882,863	\$ 60,317,955
June 2020	63,476,684	1,947,016	65,423,700
<i>Subtotal FY 2020:</i>	<i>\$ 121,911,776</i>	<i>\$ 3,829,879</i>	<i>\$ 125,741,655</i>
September 2020	\$ 60,205,603	\$ 1,895,712	\$ 62,101,315
December 2020	59,806,369	1,958,688	61,765,057
March 2021	61,581,962	1,955,930	63,537,892
June 2021	66,029,133	2,032,091	68,061,224
<i>Subtotal FY 2021:</i>	<i>\$ 247,623,067</i>	<i>\$ 7,842,421</i>	<i>\$ 255,465,488</i>
September 2021	\$ 66,399,011	\$ 1,951,806	\$ 68,350,817
December 2021	67,485,073	2,195,241	69,680,314
March 2022	67,586,668	2,177,830	69,764,498
June 2022	65,283,708	2,125,248	67,408,956
<i>Subtotal FY 2022:</i>	<i>\$ 266,754,460</i>	<i>\$ 8,450,125</i>	<i>\$ 275,204,585</i>
September 2022	\$ 64,230,674	\$ 1,901,444	\$ 66,132,118
December 2022	85,493,466	2,276,639	87,770,105
March 2023	82,346,512	2,027,614	84,374,126
June 2023*	63,186,409	1,682,020	64,868,429
<i>Subtotal FY 2023:</i>	<i>295,257,061</i>	<i>7,887,717</i>	<i>303,144,778</i>
GRAND TOTAL:	\$ 931,546,364	\$ 28,010,142	\$ 959,556,506

SPECIAL TOPICS
2023 SEN. SUB. FOR HB 2302

The 2023 Legislature passed and the Governor signed Senate Sub. for HB 2302, which authorizes a transfer of \$35.0 million SGF to the State Water Plan Fund (SWPF) in FY 2024 and intends the same transfer be made every successive year through FY 2027. This amount is in addition to the \$6.0 million SGF transfer already authorized in statute, resulting in authorized transfers from the SGF to the SWPF totaling \$41.0 million in FY 2024.

The bill also transfers \$5.0 million SWPF to a newly created Water Technical Assistance Fund and \$12.0 million SWPF to a newly created Water Projects Grant Fund in FY 2024. If the Legislature approves the appropriation of \$35.0 million SGF to the SWPF in future years, the \$5.0 million SWPF transfer to the Water Technical Assistance Fund and \$12.0 million SWPF transfer to the Water Projects Grant Fund would occur. Both funds are administered by the Kansas Water Office.

The 2022 Legislature appropriated an additional \$18.0 million SWPF to the Kansas Water Office in 2024. That increased funding is estimated to be expended by the Kansas Water Office in FY 2024. For FY 2025, the Kansas Water Office requests to maintain those appropriations and to transfer most of those moneys to other state agencies rather than expend them. This will show decreased expenditures for the Kansas Water Office and increased expenditures for other state agencies in FY 2025.

For the KDHE, the agency's FY 2025 request includes transfers from the Kansas Water Office totaling \$3.7 million from the SWPF. The table below shows requested appropriations, transfers, and net requested spending by program area for FY 2025.

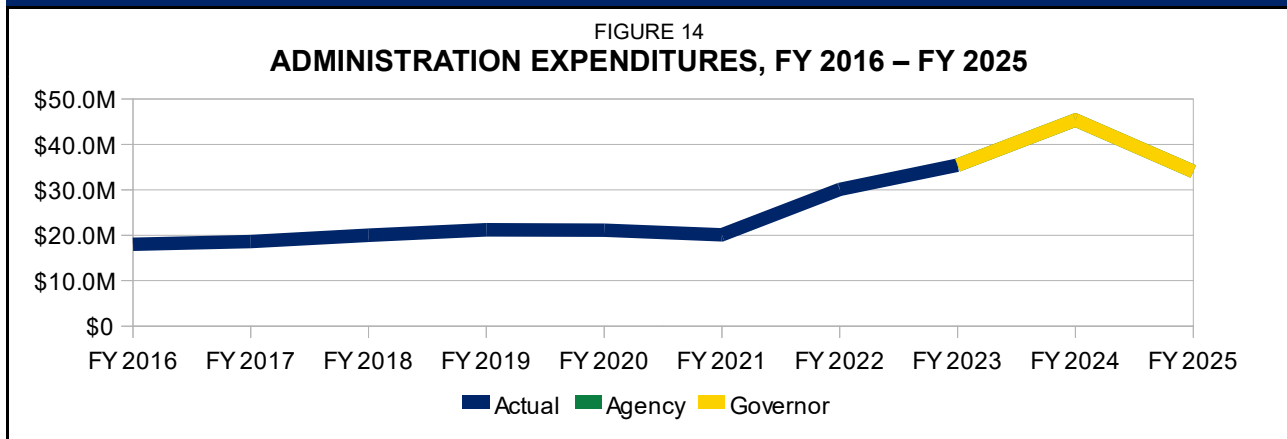
STATE WATER PLAN FUND APPROPRIATIONS AND TRANSFERS, FY 2025			
<u>Program</u>	<u>Gov. Rec. Appropriation</u>	<u>Gov. Rec. Transfers In</u>	<u>Gov. Rec. Spending</u>
Contamination Remediation	\$ 1,105,578	\$ 500,000	\$ 1,605,578
Local Environmental Protection Program	250,000	400,000	650,000
Nonpoint Source Program	430,587	-	430,587
Total Maximum Daily Load Initiatives	391,378	1,060,000	1,451,378
Drinking Water Protection	800,000	1,000,000	1,800,000
Watershed Restoration and Protection	1,000,000	200,000	1,200,000
Aquifer Recharge Basin	-	500,000	500,000
Harmful Algae Bloom Pilot	150,937	-	150,937
Stream Trash Removal	-	50,000	50,000
TOTAL	\$ 4,128,480	\$ 3,710,000	\$ 7,838,480

PROGRAM OVERVIEW

FIGURE 13
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2023 – FY 2025

Programs	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Expenditures:					
Administration	\$ 35,420,972	\$ 45,347,416	\$ 45,347,416	\$ 34,045,737	\$ 34,045,737
Public Health	380,874,250	268,859,814	277,410,991	234,392,145	224,484,182
Health Care Finance	3,450,799,466	3,611,540,916	3,575,812,097	3,605,051,493	4,373,139,848
Environment	85,840,376	77,987,177	83,787,177	89,441,093	89,441,093
TOTAL	\$ 3,952,935,064	\$ 4,003,735,323	\$ 3,982,357,681	\$ 3,962,930,468	\$ 4,721,110,860
FTE Positions:					
Administration	155.0	152.8	152.8	152.8	152.8
Public Health	619.7	606.5	606.5	606.5	606.5
Health Care Finance	633.0	626.0	625.0	643.0	634.0
Environment	381.0	398.2	398.2	398.2	398.2
TOTAL	1,788.8	1,783.4	1,782.5	1,800.4	1,791.4

ADMINISTRATION



STATUTORY BASIS: • This program did not provide any statutory information or goals.

The Administration Program provides the central management and administrative support functions of KDHE. The program includes the Secretary's Office, which sets agency policy and coordinates operations in order to carry out statutory mandates. The Office of Legal Services supports all program areas in the enforcement of health and environmental laws and regulations. Management and Budget provides financial and strategic planning support services to all programs in KDHE. Financial Services include budget development, grant management, maintenance of accounts and reports, central reporting, and execution of all financial transactions.

The Office of Communications supplies written, oral, and visual communications services to convey KDHE's program objectives to internal and external audiences. The Office of Information Technology Services (OITS) is under the Kansas Executive Chief Information

Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology, from hardware and basic desktop applications to vendor-produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget.

The agency also confers with the Office of Personnel Services staff from the Department of Administration on all KDHE personnel transactions, such as recruitment and selection, employment management, benefit administration, classification and workforce planning, examination and certification of qualified candidates, employee relations, and Equal Employment Opportunity and affirmative action program implementation.

FIGURE 15
ADMINISTRATION PROGRAM FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 6,383,143	\$ 9,223,722	\$ 9,223,722	\$ 8,244,041	\$ 8,244,041
Federal Funds	13,613,032	20,691,697	20,691,697	8,835,937	8,835,937
All Other Funds	15,424,797	15,431,997	15,431,997	16,965,759	16,965,759
TOTAL	\$ 35,420,972	\$ 45,347,416	\$ 45,347,416	\$ 34,045,737	\$ 34,045,737
Percent Change:					
SGF	33.3 %	44.5 %	-- %	(10.6) %	-- %
All Funds	17.8 %	28.0 %	-- %	(24.9) %	-- %
FTE Positions	155.0	152.8	152.8	152.8	152.8

BUDGET ANALYSIS

The Administration Program provides the central management and administrative support functions of KDHE.

FY 2024 REVISED ESTIMATE

The **agency** submits a revised estimate for FY 2024 expenditures of \$45.3 million, including \$9.2 million SGF, for the Administration Program. This is an all funds increase of \$8.1 million, or 21.7 percent, including an SGF increase of \$1.3 million, or 16.7 percent, above the FY 2024 approved amount.

The all funds increase is largely due to new federal grants focused on public health infrastructure and workforce. The SGF increase is largely due to increased operating expenses for the divisions of administration and health care finance.

The FY 2024 revised estimate for the Administration Program includes 157.0 FTE positions, which is a decrease of 2.25 FTE positions below the FY 2023 approved number.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's revised estimate of expenditures for the Administration Program in FY 2024,

FY 2025 REQUEST

The **agency** requests FY 2025 expenditures totaling \$34.0 million, including \$8.2 million SGF, for the Administration Program. This is an all funds decrease of \$11.3 million, or 24.9 percent, including an SGF decrease of \$979,681, or 10.6 percent, from the FY 2024 revised estimate. The decrease is primarily attributable to decreased funds associated with a COVID-19 health disparities grant and the SGF decrease is due to lower operating expenditures in the divisions of administration and health care finance.

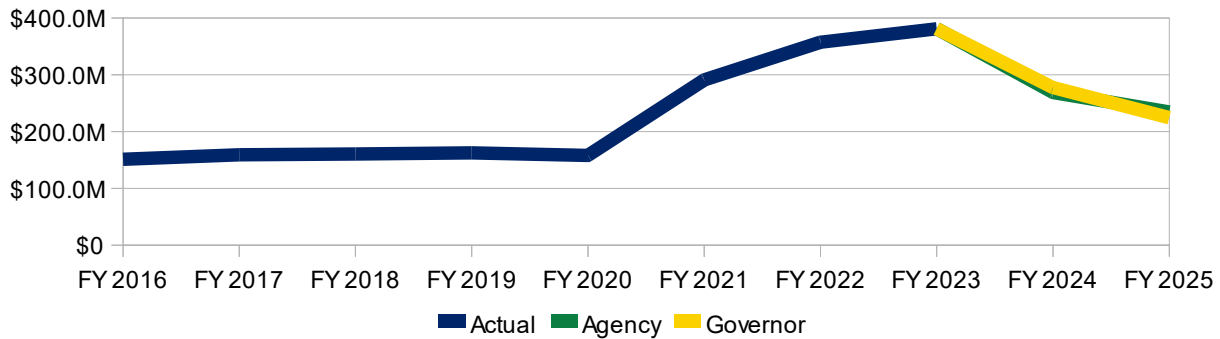
The FY 2025 request includes 152.75 FTE positions, which is the same as the FY 2024 revised estimate number.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's request of expenditures for the Administration Program for FY 2025.

PUBLIC HEALTH

FIGURE 16
PUBLIC HEALTH EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • KSA 65-1668 to 1675; KSA 75-5666; KSA 65-241 to 246; KSA 65-116; KSA 75-6102(f)(1)(2)(3); KSA 65-101 to 102; KSA 65-118 to 119; KSA 65-128; KSA 65-177; KSA 65-1,202; KSA 65-1,241 *et seq.*; KSA 75-5661; KSA 65-2401 to 2438; KSA 65-180; KSA 65-1,157a; KSA 65-5a01 through 65-5a16; KSA 65-1,159a; KSA 65-5a13; KSA 65-5a14; KSA 65-1132 and 65-1133; KSA 65-501 *et seq.*; KSA 74-7801 and 74-7803; KSA 75-5648 and 75-5649; KSA 65-101; KSA 68-6803; KSA 65-103a

- PROGRAM GOALS:**
- Enhance the health and safety of Kansas communities.
 - Strengthen the public health system through collaboration, support, and monitoring.
 - Intervene in the spread of sexually transmitted infections (STIs), including HIV, and reduce the complications occurring from these infections.
 - Reduce the incidence of vaccine preventable disease (VPD).
 - Protect Kansans from public health hazards.
 - Collect, analyze, and disseminate public health data.
 - Facilitate access to comprehensive and coordinated clinical and public health services; improve access to comprehensive screening, including health, social, developmental, and behavioral; promote policies, systems, and resources to meet the needs of Kansas women, men, children, and families.
 - Protect and promote public health and the optimal development of children in out-of-home care through the inspection and licensing of child care facilities; and provide a basic level of consumer protection for parents and guardians selecting child care.
 - Improve access to comprehensive and quality nutritional services for women, mothers, and children.
 - Increase access to preventive health services and reduce the health impact of chronic disease and injury among Kansans.
 - Decrease the prevalence of health risk behaviors that contribute to the leading preventable chronic diseases and injury in the Kansas population.

The Division of Public Health seeks to promote and protect health and prevent disease and injury among the people of Kansas. Three core functions are employed to further this mission. The assessment function is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. The policy development function utilizes scientific knowledge in making important health policy decisions. Finally, the assurances

function makes certain that services are provided to meet the State's health goals. This may be done directly through state or local programs, indirectly through encouraging other public or private entities to act, or by regulatory activity.

While the bulk of its staff and programs are located in Topeka, the Division of Public Health provides direct services throughout the state, with staff stationed in several of KDHE's district

offices. In addition, the Division works closely with 100 local health departments serving all 105 Kansas counties. The Division includes a Health Administration subprogram, the KDHE Laboratory, and seven bureaus that administer the Division of Public Health programs.

The **Bureau of Disease Control and Prevention** concentrates on identifying, preventing, and controlling communicable diseases of crucial public health concern. The Bureau conducts focused programming through two sections: the STI/HIV (Sexually Transmitted Infections/Human Immunodeficiency Virus) Section and the TB (Tuberculosis/Immunization) Section.

The **Bureau of Health Promotions** facilitates the development of state and local health objectives that offer a prevention framework for health promotion and evidence-based decision-making to promote improvements in population health status. The Bureau pursues funding resources and collaborative partnerships to respond to the state's leading health problems in the areas of chronic disease, including heart disease, dental disease, arthritis, cancer, injury and disability, obesity, stroke, and diabetes.

The **Bureau of Facilities and Licensing** ensures compliance with State licensing laws and federal certification regulations for the Centers for Medicare and Medicaid Services (CMS) for all acute and continuing health care provider and supplier types. Health facility surveyors document compliance with regulations and survey in instances of allegations of abuse, neglect, or exploitation occurring in a facility. This bureau also manages all new construction, renovation, and remodeling projects and surveys to ensure compliance with safety code requirements.

The **Bureau of Family Health** supports a statewide system of public health services for maternal and child populations, including women of reproductive age, pregnant women, infants, children, and adolescents up to 22 years old. The Early Care and Youth Programs section (Child Care Licensing) is responsible for licensing and regulating more than 5,000 child care facilities and agencies serving children under the age of 16. Other programs include:

- Special Health Services;
- Nutrition and WIC Services; and
- Healthy Homes and the Lead Hazard Prevention Program.

The **Bureau of Community Health Systems** provides leadership for the agency in the Public Health and Hospital Preparedness Program, which coordinates response to all public health and radiation emergency situations, whether caused by natural events or acts of terrorism. The Right-to-Know Program works closely with local emergency management and local emergency planning commissions to assist them in emergency preparedness. Other main programs include the Radiation Program and the Kansas Radon Program.

The Bureau of Community Health Systems also houses the Primary Care, Rural Health, and Special Populations Health programs, which serve Kansans who face financial, geographic, or other barriers to accessing health care services. The Kansas Trauma Program advises the Secretary on trauma-related matters, supports the Kansas Trauma Registry, and provides oversight of trauma center designation processes. The bureau also coordinates statewide minority health and health equity initiatives and acts as a liaison for local health departments and critical access hospitals across the state.

The **Bureau of Oral Health** works to increase awareness and improve the oral health of all Kansans through oral health data collection, surveillance, and dissemination; statewide oral health education, promotion, and collaboration; development of science-based oral health policy; and programming dedicated to dental disease prevention.

The **Bureau of Epidemiology and Public Health Informatics**, under the supervision of the State Epidemiologist, serves as a data and information support group for the agency, as well as other state agencies. The primary responsibilities of the Bureau are vital records acquisition, management, and issuance; data and information acquisition; and analysis, distribution, and publication for the public,

policymakers, and program managers. The Bureau also manages the State's reportable disease surveillance system, responds to outbreaks of disease related to infectious and environmental agents, and provides professional staffing to a 24-hour disease response hotline. The Bureau is the administrative home of the State's Health Information Technology Coordinator Program.

The **Kansas Health and Environmental Laboratory** provides support to disease prevention programs to reduce the incidence of disease and adverse health conditions through

analysis and active surveillance systems. The laboratory program identifies factors affecting the health and quality of life of infants born with metabolic and genetic diseases; provides microbiological services aimed at the prevention and diagnosis of infectious diseases and to assure the quality of drinking water supplies in Kansas; and helps to maintain and improve the accuracy and precision of technical and analytical data produced by all health (clinical), environmental, law enforcement laboratories, and physician office laboratories in Kansas.

FIGURE 17
PUBLIC HEALTH FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 68,669,722	\$ 50,150,402	\$ 58,701,579	\$ 63,898,952	\$ 54,202,739
Federal Funds	285,972,960	190,668,747	190,668,747	142,790,018	141,278,268
All Other Funds	26,231,568	28,040,665	28,040,665	27,703,175	29,003,175
TOTAL	\$ 380,874,250	\$ 268,859,814	\$ 277,410,991	\$ 234,392,145	\$ 224,484,182
Percent Change:					
SGF	138.5 %	(27.0) %	17.1 %	27.4 %	(15.2) %
All Funds	6.6 %	(29.4) %	3.2 %	(12.8) %	(4.2) %
FTE Positions	619.7	606.5	606.5	606.5	606.5

FIGURE 18
SUMMARY OF PUBLIC HEALTH, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ 44,288,815	\$ 216,113,762	514.7
1. GF Reappropriation	3,195,063	3,195,063	--
2. CIF adjustment	-	284,625	
<i>Subtotal—Legislative Approved</i>	<u>\$ 47,483,878</u>	<u>\$ 219,593,450</u>	<u>514.7</u>
Agency Revised Estimate:			
Supplemental Requests:			
3. Laboratory Equipment	\$ 410,000	\$ 410,000	--
<i>Subtotal—Supplemental Requests Only</i>	<u>\$ 410,000</u>	<u>\$ 410,000</u>	<u>--</u>
4. Transfer of Laboratory Expenditures	\$ 1,971,240	\$ 12,963,417	91.8
5. COVID-19 Transactions	-	25,367,331	--
6. Rural Hospital Innovation Grants	-	5,000,000	--
7. Early Childhood Data Integration and System	-	2,500,600	--
8. Immunization Grants	-	2,755,221	--
9. All Other Adjustments	285,284	269,795	--
<i>Subtotal—Agency Revised Estimate</i>	<u>\$ 50,150,402</u>	<u>\$ 268,859,814</u>	<u>606.5</u>
Governor’s Recommendation:			
10. Supplementals Not Recommended	\$ -	\$ -	--
11. Part C Data Management	2,316,377	2,316,377	--
12. Laboratory Move and Furnishing	6,234,800	6,234,800	--
TOTAL	<u>\$ 58,701,579</u>	<u>\$ 277,410,991</u>	<u>606.5</u>

BUDGET ANALYSIS

The agency submits a Division of Public Health revised estimate of \$268.9 million, including \$50.2 million SGF, in FY 2024. This is an all funds increase of \$52.7 million, or 24.4 percent, including an SGF increase of \$5.9

million, or 13.2 percent, above the amount approved by the 2023 Legislature. The agency’s FY 2023 revised request includes the following for each bureau:

- \$363,578 for Health Administration;
- \$20.1 million for the Bureau of Disease Control and Prevention;
- \$21.7 million for the Bureau of Health Promotions;
- \$4.5 million for the Bureau of Facilities and Licensing;
- \$97.6 for the Bureau of Family Health;
- \$40.0 million for the Bureau of Community Health Systems;
- \$1.1 million for the Bureau of Oral Health;
- \$12.7 million for the KDHE Laboratory; and
- \$21.9 million for the Bureau of Epidemiology and Public Health Informatics.

Notable budget items include:

The all funds increase is largely due to an increase in transactions associated with the transfer of the budget for the KDHE laboratory from the Division of Environment to the Division of Public Health. In addition to operating expenses, the transfer of the laboratory increased the amount of COVID-19 transaction funding in the division of public health. While the funding for COVID-19 transactions was an

increase over the agency's approved amount, it is a decrease of \$17.3 million below the FY 2023 actual amount.

Also contributing to the all funds increase are federal funds for the Rural Hospital Innovation grants and Early Childhood Data Integration. These are federal funds provided through the ARPA that were approved by the State Finance Council in December 2022 and were not included in the agency's approved amount.

The agency's revised FY 2024 request includes 606.5 FTE positions, which is a decrease of 15.3 positions below the number approved by the 2023 legislature.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends FY 2024 Division of Public Health expenditures totaling \$277.4 million, including \$58.7 million SGF. This is an increase of \$8.6 million SGF, or 3.2 percent, above the agency's FY 2024 revised estimate. The increase is due to the Governor funding \$6.2 million of the agency's enhancement request for laboratory moving and furnishing expenditures in FY 2024, and the Governor's recommendation to fund Part C data management program.

FIGURE 19

SUMMARY OF PUBLIC HEALTH FY 2025

	SGF	All Funds	FTE
Agency Request:			
Request without Major Changes	\$ 50,300,402	\$ 263,842,847	606.5
Enhancement Requests:			
1. Laboratory Furnishing and Moving Expenses	9,273,800	9,273,800	--
2. Laboratory Sustainability	951,700	951,700	--
3. Laboratory Courier Services	1,072,309	1,072,309	--
4. Oral Health Programs	370,000	370,000	--
5. Family Planning Access	2,000,000	2,000,000	--
6. County and Regional Public Health Data	1,129,014	1,129,014	--
7. Local Public Health Program	1,579,204	1,579,204	--
8. Lead Poisoning Prevention	1,149,449	1,149,449	--
9. Live Scan Fingerprint Devices	336,000	336,000	--
10. Family Infant-Toddler Program	444,000	444,000	--
11. SoundSTART Program	2,030,000	2,030,000	--
<i>Subtotal—Enhancement Requests Only</i>	<i>\$ 20,335,476</i>	<i>\$ 20,335,476</i>	<i>--</i>
12. Reappropriations from FY 2023	\$ (2,659,541)	\$ (2,659,541)	--
13. Operating expenditures	(2,740,196)	(2,740,196)	--
14. Bureau of Family Health	(2,500,000)	(3,800,544)	--
15. COVID-19 Transactions	-	(37,088,553)	--
16. All Other Adjustments	1,162,811	(3,497,344)	--
<i>Subtotal—Agency Request</i>	<i>\$ 63,898,952</i>	<i>\$ 234,392,145</i>	<i>606.5</i>
Governor’s Recommendation:			
17. Enhancements Not Recommended	\$ (13,638,776)	\$ (13,638,776)	--
18. Part C Data Management System	1,430,813	1,430,813	--
19. Child Care Health and Safety Grants	-	1,300,000	--
20. Disease Control and Prevention Programs	1,511,750	-	--
21. Environmentally At-Risk Community Testing	1,000,000	1,000,000	--
TOTAL	\$ 54,202,739	\$ 224,484,182	606.5

BUDGET ANALYSIS

The agency submits a Division of Public Health revised estimate of \$234.4 million, including \$63.9 million SGF, in FY 2025. This is an all funds decrease of \$34.5 million, or 12.8 percent, including an SGF increase of \$13.7 million, or 27.4 percent, from the amount approved by the 2023 Legislature. The agency’s FY 2025 revised request includes the following for each bureau:

- \$24,273 for Health Administration;
- \$18.2 million for the Bureau of Disease Control and Prevention;
- \$17.7 million for the Bureau of Health Promotions;
- \$4.5 million for the Bureau of Facilities and Licensing;
- \$98.6 for the Bureau of Family Health;
- \$39.3 million for the Bureau of Community Health Systems;
- \$1.5 million for the Bureau of Oral Health;
- \$23.8 million for the KDHE Laboratory; and
- \$19.9 million for the Bureau of Epidemiology and Public Health Informatics.

Notable budget items include:

The all funds increase is largely due to a decrease in transactions associated with the COVID-19 pandemic, a decrease in federal funds for grants, and an anticipated decrease in operating expenditures. The SGF increase is due to the agency's 11 enhancement requests in the Division of Public Health, which total \$20.3 million. The SGF increase was offset by the end of SGF funding for the Childcare Pilot Program, and funds that were reappropriated to FY 2024 and not budgeted for in FY 2025.

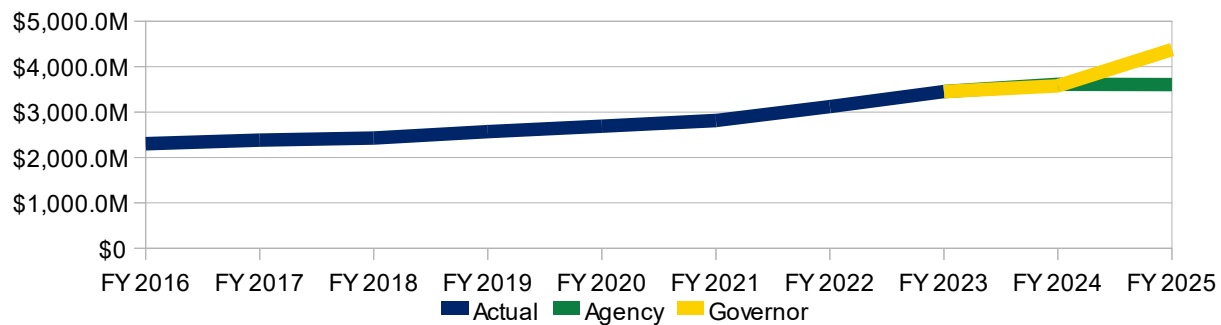
The revised estimate for the Division of Public Health includes 606.49 FTE positions, which is the same as the number approved by the 2023 Legislature.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends FY 2025 Division of Public Health expenditures totaling \$224.5 million, including \$54.2 million SGF. This is a decrease of \$9.9 million, including \$9.7 SGF, below the agency's FY 2024 revised estimate. The decrease is due to the Governor not recommending several of the agency's enhancement requests.

HEALTH CARE FINANCE

FIGURE 20
HEALTH CARE FINANCE EXPENDITURES, FY 2016 – FY 2025



STATUTORY BASIS: • Social Security Act Title XIX and Title XXI

PROGRAM GOALS:

- Improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services.
- Increase coordination with public health programs.
- Improve the quality of care for all Kansans.
- Control program costs.
- Implement long-lasting reforms that improve the quality of health and wellness of Kansans.

The Division of Health Care Finance is responsible for developing and maintaining a coordinated health policy agenda that combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The Division oversees the State's Medicaid program (Title XIX), and the Children's Health Insurance Program (CHIP) (Title XXI), and is responsible for interagency coordination and promoting integrated oversight. The Division includes two major program areas: Medicaid/KanCare administration and Medicaid/KanCare assistance.

MEDICAID/KANCARE

KanCare is the program through which the State administers Medicaid. The State contracts with three managed care organizations (MCOs) to coordinate health care for individuals enrolled in Medicaid. KDHE maintains financial management and contract oversight of the KanCare program, while the Kansas Department for Aging and Disability Services (KDADS) administers Medicaid waiver programs for disability services, mental health,

and substance abuse, as well as operates the state hospitals and institutions. All Medicaid/KanCare expenditures that are not considered assistance to individuals under the program are administration expenditures.

The Division of Health Care Finance develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan, and CHIP. Individuals served by these programs include low-income children and adults, individuals with disabilities, and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the Division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System, and ensures compliance with relevant federal rules and regulations.

Medicaid is a joint federal and state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program, and federal matching funds are available for the

costs of these services. As a condition of state participation, each state must agree to cover certain populations and certain services. These eligibility groups and services are referred to as “mandatory.”

Nearly all health care services purchased by KDHE are financed through a combination of state and federal matching dollars through either Title XIX (Medicaid) or Title XXI (CHIP). Under Title XIX, the federal government provides approximately 60.0 percent of the cost of Medicaid services, with no upper limit on what the federal government will reimburse the State. The State provides the remaining 40.0 percent of the cost of Medicaid services. Under Title XXI, the federal government provides approximately 70.0 percent of the cost, up to a maximum allotment, and the State provides the remaining 30.0 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service (FFS) and managed care models, as described below.

The federal authorization of the current KanCare program was approved by the federal Centers for Medicare and Medicaid Services (CMS) on December 18, 2018, and is effective January 1, 2019, through December 31, 2023. The agency completed the request for proposal (RFP) process for the MCOs contracted for KanCare beginning January 1, 2019. The three MCOs are Aetna, Sunflower Health Plan, and United Healthcare of the Midwest. Aetna joined as a new MCO, while Sunflower Health Plan and United Healthcare of the Midwest continued in their roles. Amerigroup, a former MCO, no longer provides services.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, CHIP, to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid. CHIP is a federal and state partnership similar to Medicaid. The program was designed to provide coverage to “targeted low-income children.” Through CHIP, Kansas provides free or low-cost health insurance coverage to children who:

- Are under the age of 19;

- Do not qualify for Medicaid;
- Have family incomes under 250.0 percent of the federal poverty level (2008 FPL standard); and
- Are not covered by the State Employee Health Plan (SEHP) or other private health insurance.

In FY 2021, the agency spent more than \$2.5 billion purchasing health care for approximately 461,000 persons through Medicaid and CHIP. It is the third largest purchaser of health care services and the largest purchaser of children’s health care services in Kansas.

The Division of Health Care Finance is composed of the following programs: Medicaid Director, Medicaid Operations, Program Finance and Estimations, Policy, Research and Initiatives, Kansas Eligibility Enforcement System (KEES), and Medicaid/KanCare assistance.

THE MEDICAID DIRECTOR

The Medicaid Director oversees the operations and administrative responsibilities of the Division and is responsible for ensuring the Division’s compliance with statutory obligations.

The Office is responsible for coordinating all programs established to assist with the mission and vision of the Division, as well as the oversight of the daily operational issues for the three KanCare MCOs. This oversight spans across the full range of managed care Medicaid and CHIP populations. The realm of responsibilities includes issue resolution for members and providers; review of material for accuracy, clarity, compliance with program requirements, and readability; and coordination with Division of Public Health programs.

MEDICAID OPERATIONS

Medicaid Operations is composed of three groups: the Medicaid Program Compliance and Contracting group, the Kansas Enterprise Systems group, and the Medicaid Eligibility group.

The **Compliance and Contracting group** is responsible for the procurement, management, and oversight of all contracts that include Medicaid and CHIP funding, and is responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare. This group also provides collaborative oversight to the seven Home and Community Based Services (1915) waivers with KDADS, and oversight of the fair hearings process.

The **Kansas Enterprise Systems group** manages the oversight of the Medicaid system operations, including management of the vendors responsible for system services, and project management. This group includes the KEES Operations Unit, the Kansas Modular Medicaid System (KMMS) Operations, and the Project Management Unit.

The **Medicaid Eligibility Unit** has five units that oversee all aspects of Medicaid eligibility: Eligibility Policy, Eligibility Systems, Eligibility Operations, Eligibility Training and Quality, and Eligibility Outreach and Presumptive Medical Disability Determination (PMDT) Unit. Responsibilities include overseeing all program, policy, and training activities related to beneficiaries and their enrollment into the program. This unit interprets federal and state laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience, and actively works with community partners to develop strategies for enrolling eligible beneficiaries. The Eligibility Unit monitors the functionality of KEES, monitors the timely processing of eligibility requests, and monitors eligibility contractor compliance.

PROGRAM FINANCE AND ESTIMATIONS

The Program Finance and Estimations group provides fiscal management, financial analysis, and estimates related to Medicaid and CHIP utilization to all division program areas. It is composed of three units: The Federal Reporting Unit, the Budget/Fiscal Unit, and the Medicaid Eligibility Quality Control Unit (MEQC).

The **Federal Reporting Unit** is charged with the fiscal management and accurate financial reporting of the Division's medical programs.

Key finance activities include accurate reporting and tracking of expenditures and revenues, submission of quarterly federal Medicaid and CHIP reports for all KanCare expenditures, submission of quarterly Medicaid and CHIP administration and assistance estimates to CMS, prudent management of cash balances, timely and accurate federal fund draws, cost allocation plan maintenance and updates, management of provider payments through the Medicaid Management Information System, and fiscal management of division contracts.

The **Budget/Fiscal Unit** is responsible for financial reviews and oversight of the KanCare MCOs, development of the division budget, multi-agency combined medical caseload projections, risk management tracking, and fiscal monitoring of critical projects.

The **Medicaid Eligibility Quality Control (MEQC)** is a federally mandated unit that provides comprehensive audit analysis of state compliance with Medicaid and CHIP eligibility regulations and provides data to assist with corrective action planning for identified error deficiencies. MEQC performs audits on cases processed by the KanCare Clearinghouse, the KDHE Out-Stationed Unit, and any other assigned entities.

POLICY, RESEARCH, AND INITIATIVES

The **Medicaid Initiatives, Research, and Training Unit** is responsible for researching and developing new Medicaid policies and initiatives and serves as a liaison for KanCare with the Division of Public Health, KDADS, and the Legislature when Medicaid initiatives overlap with these entities.

The **Data Analytics Unit** provides the agency and outside stakeholders with health care data information policy setting and continuous program and financial improvement. This is accomplished through collecting health care information from claims associated with the Kansas Medicaid population, including programmatic and administrative data.

The **Private Insurance Unit** administers the Kansas Health Insurance Information System (KHIIS), Health Professional Licensure, Medicare Historical Part A and B Dual eligibility,

capitation, and the Hospital Inpatient Discharge data sets, which produce standard as well as *ad hoc* reports.

KEES

KEES is the information system used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE has

partnered with the Department for Children and Families to include eligibility for other human services programs, such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), child care assistance, Low Income Energy Assistance Program (LIEAP), and others.

FIGURE 21
HEALTH CARE FINANCE PROGRAM FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 626,669,721	\$ 829,330,072	\$ 782,530,527	\$ 765,756,728	\$ 715,241,835
Federal Funds	2,277,458,835	2,203,774,573	2,197,302,864	2,228,563,265	2,990,115,809
All Other Funds	546,670,910	578,436,271	595,978,706	610,731,500	667,782,204
TOTAL	\$ 3,450,799,466	\$ 3,611,540,916	\$ 3,575,812,097	\$ 3,605,051,493	\$ 4,373,139,848
Percent Change:					
SGF	(0.7) %	32.3 %	(5.6) %	(7.7) %	(6.6) %
All Funds	10.6 %	4.7 %	(1.0) %	(0.2) %	21.3 %
FTE Positions	633.0	626.0	625.0	643.0	634.0

FIGURE 22
SUMMARY OF HEALTH CARE FINANCE BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ 763,403,191	\$ 3,582,720,881	644.0
1. SGF Reappropriation	65,909,421	65,909,421	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 829,312,612</i>	<i>\$ 3,648,630,302</i>	<i>644.0</i>
Agency Revised Estimate:			
Supplemental Requests:			
2. Medicaid Operations and Eligibility FTE Positions	383,750	1,535,000	1.0
3. Medicaid Operations and Eligibility FTE	9,758	39,032	--
<i>Subtotal—Supplemental Requests Only</i>	<i>\$ 393,508</i>	<i>\$ 1,574,032</i>	<i>1.0</i>
4. Contractual Services in Medicaid Administration	-	(37,543,226)	--
5. All Other Adjustments	(376,048)	(1,120,192)	(19.0)
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 829,330,072</i>	<i>\$ 3,611,540,916</i>	<i>626.0</i>
Governor's Recommendation:			
6. Supplementals Not Recommended	(9,758)	(39,032)	(1.0)
7. KMMS SGF Lapse	(7,100,000)	-	--
8. Fall Caseload Adjustments	(39,689,787)	(35,689,787)	--
TOTAL	\$ 782,530,527	\$ 3,575,812,097	625.0

BUDGET ANALYSIS

The agency submits a Health Care Finance revised estimate of \$3.6 billion, including \$829.3 million SGF, in FY 2024. This is an all funds decrease of \$37.1 million, or 1.0 percent, including an SGF increase of \$17,460, or less than 0.1 percent, from the amount approved by the 2023 Legislature.

The SGF increase is due to the agency's supplemental requests totaling \$393,508, offset by other adjustments that are primarily made up of decreased expenditures for contractual services for the Medicaid program. The all funds decrease is largely due to decreased spending on contractual services in the

Medicaid program. These decreases were largely associated with the agency's contract with Gainwell Technologies, which provides services related to the Medicaid Management Information System, and Optumas, which provides actuarial services.

The Health Care Finance revised request for FY 2024 includes 626.0 FTE positions. This is a decrease of 18.0 FTE positions below the approved number. These positions were unfilled positions deleted by the agency to more accurately reflect its FTE count.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends FY 2024 Division of Health Care Finance expenditures totaling \$3.6 billion, including \$782.5 million SGF. This is a decrease of \$35.7 million from all

funds, including a decrease of \$46.8 million SGF, below the agency's FY 2024 revised estimate, largely due to a lapse of SGF for the Kansas Modular Medicaid System (KMMS) and adjustments to the human services caseloads.

FIGURE 23
SUMMARY OF HEALTH CARE FINANCE BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
Agency Request:			
Request without Major Changes	\$ 829,330,072	\$ 3,611,540,916	626.0
Enhancement Requests:			
1. Medicaid Operations and Eligibility FTE Positions	710,809	1,804,584	17.0
2. Medicaid Employment Data Contract	1,624,750	6,499,000	-
<i>Subtotal—Enhancement Requests Only</i>	<u>\$ 2,335,559</u>	<u>\$ 8,303,584</u>	<u>17.0</u>
3. Reappropriations from FY 2023	\$ (65,909,421)	\$ (65,909,421)	--
4. CHIP Federal Funds	-	15,151,393	--
5. Medicaid Administration Contractual Services	-	31,615,270	--
6. All Other Adjustments	518	4,349,751	--
<i>Subtotal—Agency Request</i>	<u>\$ 765,756,728</u>	<u>\$ 3,605,051,493</u>	<u>643.0</u>
Governor's Recommendation:			
7. Enhancements Not Recommended	\$ (355,404)	\$ (902,292)	(9.0)
8. Critical Access Hospital Cost Adjustment	1,600,000	4,000,000	--
9. Fall Caseload Adjustments	10,000,000	50,000,000	--
10. Medicaid Expansion Expenditures	30,879,745	714,990,647	--
11. Medicaid Expansion SGF Savings	(92,639,234)	-	--
TOTAL	<u>\$ 715,241,835</u>	<u>\$ 4,373,139,848</u>	<u>634.0</u>

BUDGET ANALYSIS

The **agency** requests Health Care Finance expenditures of \$3.6 billion, including \$765.8 million SGF, for FY 2025. This is an all funds decrease of \$6.5 million, or 0.2 percent, including an SGF decrease of \$63.6 million, or 7.7 percent, below the FY 2024 revised estimate.

The decrease in SGF expenditures for FY 2024 is largely due to funds that were reappropriated from FY 2023 into FY 2024 that are not budgeted to reoccur in FY 2025. This was offset by the agency's two enhancement requests for FY 2025, totaling \$2.3 million SGF.

The all funds decrease is largely due to funds that were reappropriated from FY 2023 to FY 2024 that are not budgeted to reoccur in FY 2025. This was partially offset by increased contractual fees for Gainwell, the agency's fiscal agent, due to changes connected to the Transformed Medicaid Statistical Information System (T-MSIS), a federal database for Medicaid and CHIP information, and increased

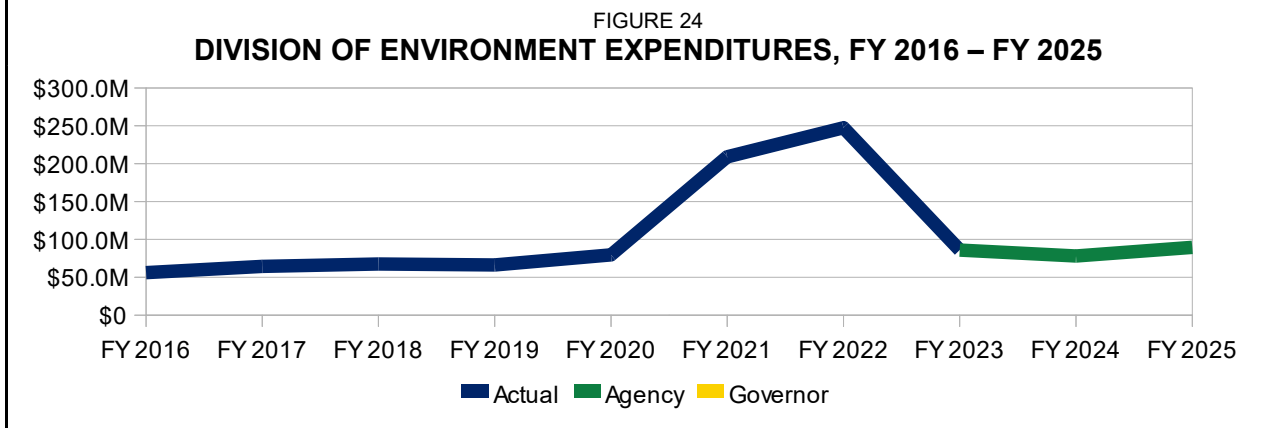
federal funds drawn down for the CHIP as the program is expected to grow in membership in FY 2025.

The agency's request for the Division of Health Care Finance for FY 2025 includes 643.0 FTE positions, which is an increase of 17.0 FTE positions above the FY 2024 revised estimate. The positions are due to the agency's enhancement request for 17.0 additional FTE positions in the Medicaid Operations and Eligibility programs.

GOVERNOR'S RECOMMENDATION

The Governor recommends FY 2025 Division of Health Care Finance expenditures totaling \$4.4 billion, including \$715.2 million SGF. This is an increase of \$768.1 million from all funds, including a decrease of \$50.5 million SGF, from the agency's FY 2024 revised request. The all fund increase and SGF decrease is largely due to the addition of funding to expand Medicaid Eligibility, offset by adjustments to fully fund the fall 2023 human services caseload estimates.

DIVISION OF ENVIRONMENT



STATUTORY BASIS: • KSA 65-3005; 65-3024; 65-163, *et seq.*; 65-171d, *et seq.*; 65-171; 55-1117; 82a-1201, *et seq.*; 65-161; 65-3453 through 65-3457; 82a-901, *et seq.*; 65-3401, *et seq.*; 65-3430, *et seq.*; 65-166a; 65-674; 65-677; 65-157; 65-101, 109a

- PROGRAM GOALS:**
- Meet all National Ambient Air Quality Standards.
 - Conduct air quality compliance inspections.
 - Monitor water quality of Kansas waters to assist in development of water quality standards and total maximum daily loads, and track environment changes for water quality improvement.
 - Oversee public water supply systems, wastewater and stormwater facilities, underground injection control wells, and underground hydrocarbon storage wells with regards to standards, regulations, and technical assistance.
 - Promote redevelopment of contaminated properties to allow beneficial use of dilapidated or impacted properties.
 - Improve environmental health conditions for Kansans through contaminated site assessment, response, and cleanup.
 - Oversee the regulation of all hazardous and solid waste facilities in Kansas in accordance with the authorizing statutes.
 - Issue permits for confined animal feeding operations.
 - Conduct compliance inspections, complaint investigations, and spill responses.
 - Conduct clinical and environmental testing with a high degree of accuracy.

The Division of Environment protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the bureaus of Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

The **Bureau of Waste Management** has primary responsibility for the solid waste, hazardous waste, and waste tire programs, which are entirely funded from state fees and federal grants. The Bureau of Waste Management works with the Bureau of Environmental Field Services for inspections and the Bureau of Environmental Remediation

for closed city dump remediation and corrective action.

The **Bureau of Air** protects the public from the harmful effects of air pollution and conserves the natural resources of the state by preventing damage to the environment from the releases of air contaminants.

The **Bureau of Water** issues permits for wastewater treatment, control and disposal for municipalities, industries, and commercial and livestock entities. The Bureau also regulates and permits the construction and operation of public water supplies. The Bureau provides training to system operators; administers two low-interest loan programs for water works and wastewater treatment works; administers programs to address nonpoint sources of

pollution; and regulates the storage of natural gas and liquefied petroleum in natural underground salt formations.

The **Bureau of Environmental Remediation** identifies, investigates, and takes appropriate remedial actions when pollution endangers the public health, natural resources, and environment of the state. Responsibilities include investigating pollution sources, designing and overseeing remedial activities at contaminated sites, and negotiating with parties responsible for effective cleanup. The Bureau also utilizes remediation funds to take corrective action at sites where a responsible party cannot be found or is uncooperative. In

addition, the Bureau is also responsible for administering the duties of the Department related to the regulation and clean up of alleged illegal drug manufacturing sites.

The **Bureau of Environmental Field Services**, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau also is responsible for the stream segment classification program. District and satellite offices provide direct services, inspections, and technical assistance to businesses and industries.

FIGURE 25
DIVISION OF ENVIRONMENT FINANCING, FY 2023 – FY 2025

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ 2,004,397	\$ 2,446,307	\$ 2,446,307	\$ 12,503,371	\$ 12,503,371
Federal Funds	19,706,194	26,566,718	26,566,718	26,003,717	26,003,717
All Other Funds	64,129,785	48,974,152	54,774,152	50,934,005	50,934,005
TOTAL	\$ 85,840,376	\$ 77,987,177	\$ 83,787,177	\$ 89,441,093	\$ 89,441,093
Percent Change:					
SGF	114.0 %	22.0 %	-- %	411.1 %	-- %
All Funds	188.3 %	(9.1) %	7.4 %	14.7 %	-- %
FTE Positions	381.0	398.2	398.2	398.2	398.2

BUDGET ANALYSIS

FY 2024 ANALYSIS

The **agency** estimates Division of Environment revised FY 2024 expenditures of \$78.0 million, including \$2.4 million SGF. This is an all funds decrease of \$71.1 million, or 47.7 percent, below the FY 2024 approved amount. The agency's revised estimate includes the following adjustments:

- **STATE WATER PLAN FUND REAPPROPRIATIONS.** The agency's estimate includes State Water Plan Fund reappropriations totaling \$1.5 million.
- **PAY PLAN SHORTFALL.** The revised estimate includes \$20,361 SGF in FY 2024 to account for a shortfall in appropriations for the Legislative Pay Plan in 2023 SB 25. The 2023 Legislature appropriated \$120.0 million, including \$46.0 million SGF, across all

state agencies to provide salary adjustments for FY 2024 based on the Department of Administration Market Survey. This total amount was short by approximately \$11.8 million, including \$11.4 million SGF, statewide in FY 2024. To account for this, the State Finance Council prorated agency distribution of the available appropriations by approximately 20.0 percent. For the Division of Environment, a supplemental appropriation of \$20,361 SGF in FY 2024 is required to achieve the intended effect of the Legislative Pay Plan in 2023 SB 25.

- **ABANDONED MINED LAND RECLAMATION FUNDS.** The agency's FY 2024 revised estimate includes an increase of \$2.4 million, all federal funds, for contractual services in the Remediation program to aid in the

restoration of land and water resources that have been degraded by the adverse effects of coal mining practices.

- **LABS TO PUBLIC HEALTH.** The Division of Environment's FY 2024 revised estimate includes a reduction of \$83.0 million all funds, including \$2.2 million SGF, and a reduction of 107.0 FTE positions for the Health and Environment Laboratories. As a part of an agency-wide reorganization effort, the agency lab program will be reflected in the Division of Public Health. This reorganization effort includes all lab expenditures, including \$30.9 million federal ARPA moneys for the building of a new lab facility.
- **WASTE MANAGEMENT.** The agency's FY 2024 revised estimate includes an increase of \$725,135, all from special revenue funds, and an increase of 4.4 FTE positions for the Bureau of Waste Management in FY 2024. The increase is mostly attributable to base salary and wages expenditures, along with fringe benefit rates, because the agency's request includes hiring an additional environmental specialist and temporary unclassified positions.
- **AIR QUALITY.** The agency's FY 2024 revised estimate includes an increase of \$328,500, all from special revenue funds, and an increase of 2.0 FTE positions for the Bureau of Air Quality in FY 2024. The increase is attributable to base salary and wages expenditures, along with fringe benefit rates, because the agency's request includes hiring two additional engineering associates. The increase is also attributable to increased estimates for contractual services. Specifically, the agency is estimating higher expenditures for temporary staffing and attorney and lawyer fees in FY 2024.
- **WATER.** The agency's FY 2024 revised estimate includes an increase of \$1.1 million, including \$27,103 SGF, and an increase of 5.68 FTE positions for the Bureau of Water in FY 2024. The increase is mostly attributable to base salary and wages expenditures, along with fringe benefit rates, because the agency's request includes hiring additional staff, including an environmental scientist, professional engineer, geology associate, database manager, and engineering technician.
- **REMEDIATION.** The agency's FY 2024 revised estimate includes an increase of \$692,343, including \$93,732 SGF, and an increase of 4.5 FTE positions for the Bureau of Environmental Remediation in FY 2024. The increase is mostly attributable to base salary and wages expenditures, along with fringe benefit rates, because the agency's request includes hiring additional staff, including environmental compliance and regulatory specialists, an environmental data management specialist, and administrative positions.
- **FIELD SERVICES.** The agency's FY 2024 revised estimate includes an increase of \$155,827, including \$45,044 SGF, and an increase of 0.5 FTE position for the Bureau of Environmental Field Services in FY 2024. The increase is mostly attributable to contractual services. Specifically, the agency is estimating increased expenditures for other professional fees.
- **SMALL-TOWN INFRASTRUCTURE.** The agency's FY 2024 revised estimate includes an increase of \$5.0 million, all federal funds, for the small-town infrastructure program that provides grants to support technical assistance and drinking water and sewer system upgrades for towns with populations less than 1,000. These funds, which were included in the \$374.0 million in discretionary ARPA, were approved by the State Finance Council on December 21, 2022. A total of \$10.0 million was awarded to the agency, with \$5.0 million anticipated to be spent in FY 2024.

The agency's revised estimate includes 398.2 FTE positions for the Division of Environment, which is a decrease of 89.8 FTE positions below the approved number. This decrease is attributable to the agency reorganizing the Health and Environment Laboratories to the Division of Public Health, and is partially offset by the Division of Environment requesting to add 17.18 FTE positions across all other Division of Environment programs.

The **Governor** concurs with the agency's FY 2024 revised estimate for the Division of Environment and recommends transfers from the Kansas Water Office totaling \$5.8 million SWPF for water quality initiatives. The Governor recommends transfers totaling \$1.5 million for contamination remediation, \$1.0 million for total maximum daily load initiatives, \$50,000 for surface water trash removal, and \$3.2 million for small-town infrastructure support.

FY 2025 ANALYSIS

The **agency** requests Division of Environment FY 2025 expenditures of \$89.4 million, including \$12.5 million SGF. This is an all funds increase of \$11.5 million, or 14.7 percent, above the FY 2024 revised estimate. The agency's request includes the following major adjustments:

- **LIVESTOCK WASTE MANAGEMENT.** The agency is requesting \$210,000 SGF for livestock waste management for FY 2025. The agency indicates the funding would allow the agency to hire additional contract engineers and add additional contract clerical services. Contract engineers would be used to review proposed plans for confined animal feeding operations. Contracted clerical services would be used to assist the agency in converting paper documentation to electronic formats.
- **SMALL-TOWN INFRASTRUCTURE ASSISTANCE.** The agency is requesting \$10.0 million SGF to support technical assistance and drinking water and sewer system upgrades for towns with a population less than 1,000 for FY 2025. The agency notes towns in Kansas with a population under 1,000

are the most likely to have drinking water and sewer systems fall out of compliance with state and Federal requirements or fail to correct public health issues. The agency notes the funding would grant relief to towns having issues arising from deteriorated drinking water and wastewater infrastructure.

- **CONTAMINATION REMEDIATION.** The agency is requesting \$500,000 in SWPF transfers from the Kansas Water Office for contamination remediation for FY 2025. This transfer would be in addition to the requested appropriation totaling \$1.1 million and result in estimated expenditures totaling \$1.6 million for contamination remediation for FY 2025. The agency indicates funds would be used for emergency response activities where there is an immediate danger to human health, the environment, or both, and to provide alternative water supplies to citizens with impacted drinking water.
- **LOCAL ENVIRONMENTAL PROTECTION PROGRAM.** The agency is requesting \$400,000 in SWPF transfers from the Kansas Water Office for local environmental protection program costs for FY 2025. This transfer would be in addition to the requested appropriation totaling \$250,000 and result in estimated expenditures totaling \$650,000 for local environmental protection program costs for FY 2025. The agency indicates the funding would allow the state to provide financial resources to counties for on-site wastewater system upgrades and replacements as well as resources for private water well testing. The agency further indicates that funding for this program has not been appropriated since FY 2012. The 2023 Legislature appropriated funding for the program in FY 2024, and the agency's request includes continuing appropriations for the program for FY 2025.
- **SURFACE WATER TRASH REMOVAL.** The agency is requesting \$50,000 in SWPF transfers from the Kansas Water

Office for stream trash removal for FY 2025. This transfer would be the only funding for the program in FY 2025 because the agency's request does not include a direct appropriation for this purpose. The agency indicates funding would go toward a pilot effort to remove and keep trash out of Kansas rivers.

- **ARKANSAS RIVER DITCH LINING.**

The agency is requesting \$1.0 million in SWPF transfers from the Kansas Water Office for drinking water protection for FY 2025. This transfer would be in addition to the requested appropriation totaling \$800,000 and result in estimated expenditures totaling \$1.8 million for drinking water protection for FY 2025. The agency indicates the funding would allow the agency to line 20 miles of Amazon Ditch in Kearny and Finney counties. The agency indicates that the source of pollutants found in the Arkansas River emanate from Colorado and those pollutants are interacting with groundwater in Kansas that's traditionally been of good quality. This contamination is the result of leakage from irrigation ditches that distribute river water to upland areas. The funding would allow the agency to line or seal a portion of those ditches to limit the amount of contaminated river water that could leak into the existing groundwater in the area.

- **AQUIFER RECHARGE BASINS.**

The agency is requesting \$500,000 in SWPF transfers from the Kansas Water Office for aquifer recharge basins for FY 2025. This transfer would be the only funding for the program in FY 2025 because the agency's request does not include a direct appropriation for this purpose. The agency indicates funding would go toward initiatives that encourage the infiltration and percolation of high-quality rain water into poor-quality groundwater through the development of artificial playas, upland detention terraces, and depressions with Hickenbottom injection wells. The agency indicates this initiative is a long-range initiative that will require multiple years of study.

- **GROUND WATER QUALITY MONITORING.**

The agency is requesting \$1.1 million in SWPF transfers from the Kansas Water Office for total maximum daily load initiatives and use attainability analysis for FY 2025. This transfer would be in addition to the requested appropriation totaling \$391,378 and result in estimated expenditures totaling \$1.5 million for total maximum daily load initiatives and use attainability analysis for FY 2025. The agency indicates the funding would re-establish an ambient groundwater quality monitoring program in the state. The agency indicates the groundwater quality monitoring program will: 1) collect baseline data to identify areas of the state where groundwater quality is already at risk or exceeding health standards and allow detection of future deterioration and 2) create a public data platform that integrates groundwater quality data across agencies and links with existing KGS water databases.

- **WRAPS EFFECTIVENESS MONITORING.**

The agency is requesting \$200,000 in SWPF transfers from the Kansas Water Office for watershed restoration and protection strategy (WRAPS) for FY 2025. This transfer would be in addition to the requested appropriation totaling \$1.0 million and result in estimated expenditures totaling \$1.2 million for WRAPS for FY 2025. The agency indicates the funding would focus outsourced monitoring efforts to collect water quality data in an intensive manner to better evaluate the true impact of the watershed practice investments that are currently implemented.

The agency's FY 2025 request includes 398.2 FTE positions for the Division of Environment, which is equal to the agency's revised estimate in FY 2024.

The **Governor** concurs with the agency's FY 2025 request for the Division of Environment.

CAPITAL IMPROVEMENTS

FIGURE 26
CAPITAL IMPROVEMENTS, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Capital Projects:					
Laboratory	\$ 61,335,463	\$ 336,466	\$ 336,466	\$ -	\$ -
Financing:					
SGF	\$ 32,276,107	\$ 223,893	\$ 223,893	\$ -	\$ -
Federal Funds	29,059,356	112,573	112,573	-	-
All Other Funds	-	-	-	-	-
TOTAL	\$ 61,335,463	\$ 336,466	\$ 336,466	\$ -	\$ -

FY 2024 CAPITAL IMPROVEMENTS

The Kansas Department of Health and Environment submits a revised estimate for FY 2024 capital improvements expenditures totaling \$336,466, including \$223,893 SGF.

Section 143 of enacted 2022 House Sub. for Sub. for SB 267 appropriated \$32.5 million SGF for the construction of the KDHE laboratory. Further, the 2023 legislature approved an additional \$30.9 million in federal funds for the construction of the laboratory. These funds

The **Governor** concurs with the agency's request for capital improvement funding in FY 2024.

were largely spent in FY 2023, and the agency's 2024 revised estimate includes funds carried over that are planned to be spent in FY 2024.

The lab is being constructed at Lot 4 in Downtown Topeka, near the Docking Building, and the building design includes three above-ground floors and a parking lot. The estimated cost of this project is \$65.0 million.

FY 2025 CAPITAL IMPROVEMENTS

The **agency** is not requesting any funds for capital improvements in FY 2025.

The **Governor** concurs with the agency's request for capital improvement funding for FY 2025.