

House Budget Committee Report

Agency: Kansas Department of Health and Environment – Division of Health **Bill No.** HB 2802

Bill Sec. 58

Analyst: Leopold

Budget Analysis Vol. --

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Expenditure Summary	Agency Request FY 2025	Governor Recommendation FY 2025	House Budget Committee Adjustments
<i>Operating Expenditures:</i>			
State General Fund	\$ 837,899,721	\$ 777,688,615	\$ 107,564,859
Federal Funds	2,380,189,220	3,140,230,014	(680,475,396)
Other Funds	655,400,434	713,751,138	(41,108,269)
<i>Subtotal</i>	\$ 3,873,489,375	\$ 4,631,669,767	\$ (614,018,806)
<i>Capital Improvements:</i>			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	\$ 0	\$ 0	\$ 0
TOTAL	\$ 3,873,489,375	\$ 4,631,669,767	\$ (614,018,806)
FTE positions	1,402.2	1,393.2	0.0

Agency Request

The agency requests \$3.9 billion, including \$837.9 million SGF, for FY 2025. This is an all funds decrease of \$52.3 million, or 1.3 percent, including an SGF decrease of \$50.8 million, or 5.7 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, and \$3.6 billion for the Division of Health Care Finance.

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 request includes 1,402.2 FTE positions, which is an increase of 17.0 FTE positions above the FY 2024 revised estimate due to the 17.0 FTE positions included in the agency's enhancement request for 17.0 new FTE positions in the Division of Health Care Finance.

Governor's Recommendation

The **Governor** recommends expenditures of \$4.6 billion, including \$777.7 million SGF, for FY 2025. This is an all funds increase of \$758.2 million, or 19.6 percent, including an SGF decrease of \$60.2 million, or 7.2 percent, from the agency's FY 2025 request.

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 1393.2 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.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor's recommendation for FY 2025.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2025 with the following adjustments:

1. Add \$1.1 million SGF to continue to provide statewide courier services to laboratory clients for FY 2025.
2. Add \$4.8 million, including \$1.9 million SGF to extend Medicaid coverage for dental exams, x-rays, and cleanings for FY 2025.
3. Add \$2.0 million, all SGF, to increase the availability of early intervention services provided through the Infant and Toddler Program (tiny-k) for FY 2025. Tiny-K provides early intervention services to families of children ages birth to three who have a developmental delay.
4. Add \$843,493, all SGF, to increase funds available to local health departments using the statutory distribution formula contained in KSA 65-242, for FY 2025. This increase will bring the total amount available for distribution to the 100 local health departments in Kansas for funds distributed using the formula to \$5.6 million.
5. Social Service budget committee recommends that the House Committee on Appropriations consider the addition of \$12.0 million SGF to expand the services offered by Workforce Solutions to assist in benefit eligibility determinations and verifications for FY 2025.
6. Add \$1.9 million, including \$738,000 SGF, to eliminate the 5.0 percent rate difference hospice providers receive for patients in facilities with Medicaid as a second payer

and add language requiring KDHE to work with hospice stakeholders and submit to CMS any required state plan amendments needed to implement new payment and systems for Hospice providers for FY 2025.

7. Add \$3.0 million SGF for primary health projects for community-based primary care grants for FY 2025.
8. Add \$1.8 million, including \$700,000 SGF, to increase the Medicaid rate for Family Service Coordination (T1017) and Family Training and Counseling (T1027) to \$18.75/unit for FY 2025.
9. Add \$3.8 million, including \$1.5 million SGF to increase the Medicaid reimbursement rate for Applied Behavioral Analysis to \$65.00 per hour for FY 2025. The rate is currently \$47.00 per hour.
10. Add \$550,000 SGF to fund Project Access, Health Access, and Wy Jo Care for FY 2025. Project Access, Health Access, and Wy Jo Care coordinate donated health care to provide healthcare to low-income, uninsured residents of Sedgwick, Wyandotte, and Johnson Counties.
11. Add \$33.9 million, including \$13.6 million SGF, to increase those physician provider codes that are currently below 79.5 percent of the Medicare rate or have no equivalent Medicare rate, by 15.0 percent for FY 2025.
12. Add \$45.2 million, including \$17.9 million SGF, to raise all Medicaid outpatient hospital provider codes by 30.0 percent for FY 2025.
13. Add \$2.0 million SGF as one time funding to reimburse hospitals that are operating as Rural Emergency Hospitals without the designation as such, for FY 2025.
14. Delete \$715.0 million, including the addition of \$61.8 million SGF, to remove funding for Medicaid Expansion. The all funds deletion includes \$735.6 million from federal funds and \$41.1 million from special revenue funds.

House Committee Recommendation

The **House Committee** concurs with the Budget Committee's recommendation for FY 2025 with the following adjustments:

1. Delete the recommendation to add \$1.1 million SGF to continue to provide statewide courier services to laboratory clients for FY 2025.
2. Delete the recommendation to add \$4.8 million, including \$1.9 million SGF to extend Medicaid coverage for dental exams, x-rays, and cleanings for FY 2025 and review at omnibus.
3. Delete the recommendation to \$3.0 million SGF for primary health projects for community-based primary care grants for FY 2025 and review at omnibus.
4. Consider the addition of \$12.0 million SGF to expand the services offered by Workforce Solutions (Equifax) to assist in benefit eligibility determinations and verifications for FY 2025 at omnibus.

5. Amend the recommendation to add \$2.0 million, all SGF, to increase the availability of early intervention services provided through the Infant and Toddler Program (tiny-k) to use funds from the Children's Initiative Fund for FY 2025.
6. Add \$2.5 million SGF for community grants to perform comprehensive testing for individuals in at-risk communities identified based on environmental factors.
7. Add \$2.5 million, including \$1.0 million SGF to increase the Medicaid rates for OBGYN codes by 15.0 percent.
8. Add language requiring KDHE to study the required billing codes and costs of providing remote non-stress tests and ultrasounds to pregnant women through the Medicaid program.

Senate Subcommittee Report

Agency: Kansas Department of Health and Environment – Division of Health **Bill No.** SB 514

Bill Sec. 58

Analyst: Leopold

Budget Analysis Vol. --

GBR Vol. 2, p. 266

Expenditure Summary	Agency Request FY 2025	Governor Recommendation FY 2025	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 837,899,721	\$ 777,688,615	\$ 31,706,223
Federal Funds	2,380,189,220	3,140,230,014	23,149,672
Other Funds	655,400,434	713,751,138	0
<i>Subtotal</i>	\$ 3,873,489,375	\$ 4,631,669,767	\$ 54,855,895
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	\$ 0	\$ 0	\$ 0
TOTAL	\$ 3,873,489,375	\$ 4,631,669,767	\$ 54,855,895

FTE positions	1,402.2	1,393.2	0.0
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Agency Request

The agency requests \$3.9 billion, including \$837.9 million SGF, for FY 2025. This is an all funds decrease of \$52.3 million, or 1.3 percent, including an SGF decrease of \$50.8 million, or 5.7 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, and \$3.6 billion for the Division of Health Care Finance.

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 request includes 1,402.2 FTE positions, which is an increase of 17.0 FTE positions above the FY 2024 revised estimate due to the 17.0 FTE positions included in the agency's enhancement requests for 17.0 new FTE positions in the Division of Health Care Finance.

Governor's Recommendation

The Governor recommends expenditures of \$4.6 billion, including \$777.7 million SGF, for FY 2025. This is an all funds increase of \$758.2 million, or 19.6 percent, including an SGF decrease of \$60.2 million, or 7.2 percent, from the agency's FY 2025 request.

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 1393.2 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.

Joint Committee on State Building Construction Recommendation

The **Joint Committee** concurs with the Governor's recommendation for FY 2025.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation for FY 2025 with the following adjustments:

1. Add \$1.9 million, including \$738,000 SGF, to eliminate the 5.0 percent rate difference

hospice providers receive for patients in facilities with Medicaid as a second payer and add language requiring KDHE to work with hospice stakeholders and submit to CMS any required state plan amendments needed to implement new payment and systems for Hospice providers for FY 2025.

2. Add \$4.8 million, including \$1.9 million SGF to extend Medicaid coverage for dental exams, x-rays, and cleanings for FY 2025.
3. Add \$4.2 million, including \$1.7 million SGF to increase Medicaid reimbursement rates for pediatric primary care services by 10.0 percent for FY 2025.
4. Add \$2.0 million, all SGF, to increase the availability of early intervention services provided through the Infant and Toddler Program (tiny-k) for FY 2025. Tiny-K provides early intervention services to families of children ages birth to three who have a developmental delay.
5. Add \$5.0 million SGF for primary health projects for community-based primary care grants (safety-net clinics) for FY 2025.
6. Add \$843,493, all SGF, to increase funds available to local health departments using the statutory distribution formula contained in KSA 65-242, for FY 2025. This increase will bring the total amount available for distribution to the 100 local health departments in Kansas for funds distributed using the formula to \$5.6 million.
7. Add \$1.8 million, including \$700,000 SGF, to increase the Medicaid rate for Family Service Coordination (T1017) and Family Training and Counseling (T1027) to \$18.75/unit for FY 2025.
8. Add \$550,000 SGF to fund Project Access, Health Access, and Wy Jo Care for FY 2025. Project Access and Wy Jo Care coordinate donated health care to provide healthcare to low-income, uninsured residents of Sedgwick, Wyandotte, and Johnson Counties.
9. Add \$8.0 million SGF to help sustain access to behavioral health services at Ascension via Christi.
10. Add \$25.7 million, including \$10.3 million SGF, to increase physician provider codes by 8.0 percent for FY 2025.
11. Add \$4,917 SGF for the Kansas Tobacco Use Prevention Program for FY 2025. This will bring the total funding up to match the the state's FY 2023 allocation of the JUUL settlement.
12. Consider the addition of \$12.0 million SGF to expand the services offered by Workforce Solutions (Equifax) to assist in benefit eligibility determinations and verifications for FY 2025 at Omnibus.

Senate Committee Recommendation

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

1. Delete the recommendation for \$8.0 million SGF to help sustain access to behavioral health services at Ascension via Christi.
2. Add \$10.0 million SGF in one-time expenditures, to support hospitals in providing adult inpatient behavioral health services in Kansas for FY 2025 and add language to specify that the funds be distributed between AdventHealth Shawnee, Ascension Via Christi St. Joe Campus, Hutchinson Regional Medical Center, Salina Regional Health Center, Stormont Vail Regional Medical Center, and University of Kansas Health System based on the number of adult beds available in each facility.
3. Delete \$715.0 million, including the addition of \$61.8 million SGF, to remove funding for Medicaid Expansion. The all funds deletion includes \$735.6 million from federal funds and \$41.1 million from special revenue funds.
4. Add language requiring federally qualified health centers to certify that they will not utilize sensitive patient information for any purpose other than the center's direct medical, mental, or behavioral health services, transit services, or for billing for FY 2025 and FY 2026.
5. Add \$600,000 SGF for a maternal fetal medicine grant program designed to improve statewide maternal and infant health outcomes in a Kansas county with a population of more than 600,000 as of the 2020 census.
6. Add \$78.7 million, including \$30.0 million SGF to increase Medicaid outpatient hospital reimbursement rates for FY 2025.
7. Add \$157.4 million, including \$60.0 million SGF to increase Medicaid outpatient hospital reimbursement rates for FY 2026.