

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 512

As Recommended by Senate Committee on
Ways and Means

Brief*

SB 512 would amend a provision in the special education law which provides for the payment of Medicaid replacement aid to school districts. Under current law, during the school years of 2007-2008, 2008-2009, and 2009-2010, the State Board of Education is required to designate a portion of special education state aid as Medicaid replacement. This funding cannot exceed \$9.0 million in any school year. The bill would remove the designated school years resulting in designation on a permanent basis.

Background

A portion of categorical aid is set aside to address funding disparities created by a change in school-based Medicaid in 2008. Audits performed by the federal Department of Health and Human Services found a number of issues with the way the program was administered. These issues included errors in reimbursement rates and cost reports that did not accurately reflect the services provided by school districts and cooperatives. Therefore, the Kansas Health Policy Authority (KHPA) implemented changes to address these issues. Reimbursements went to a fee-for-service rate rather than a bundled rate, services required doctor authorization in order to be eligible for reimbursement, and parents had to authorize the school to access Medicaid for reimbursement for their child's services. These changes resulted in a decrease in the amount of Medicaid funding districts and cooperatives were eligible to

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

receive. Maintenance of effort requirements required the state to maintain the funding. Funding was added to the special education formula and allocated to all districts based on the number of special education teachers employed by the district. Therefore, districts and cooperatives experienced losses in funding and the “replacement” aid was implemented. During the school years of 2007-2008, 2008-2009, and 2009-2010, the State Board of Education is required to designate a portion of special education state aid as Medicaid replacement, which cannot exceed \$9.0 million in any school year.

Proponents of the bill included Diane Gjerstad, Wichita Public Schools; Robert Coleman, ANW Education Cooperative; Bill Reardon, Kansas City Kansas Public Schools; and Jennifer Crow, Topeka Public Schools. There were no opponents of the bill.

The fiscal note prepared by the Division of the Budget indicates that SB 512 would have no fiscal effect, as the designated portion of special education state aid already factors in Medicaid replacement state aid for FY 2010 and the Governor’s proposed budget for FY 2011.