

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

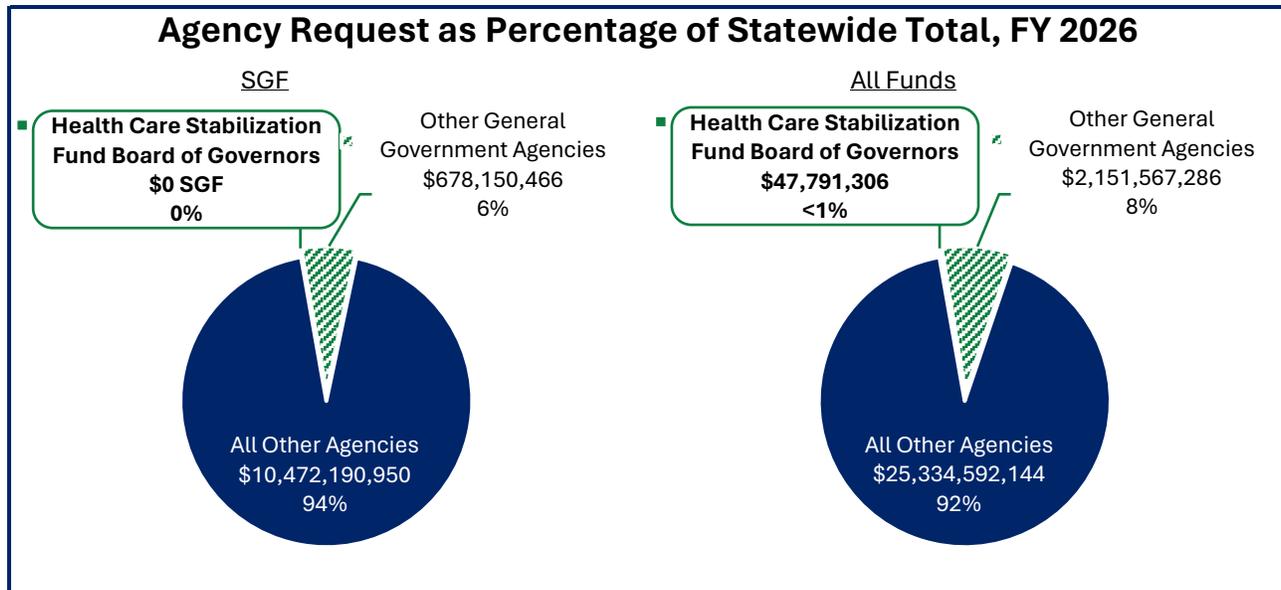
Executive Summary

The mission of the Health Care Stabilization Fund Board of Governors is to administer the Health Care Provider Insurance Availability Act¹ (Act) in accordance with the duties and responsibilities set out in the Act. The Act established the Health Care Stabilization Fund (HCSF or Fund) in 1976 at the height of the medical malpractice crisis. To stabilize this, the Legislature capped non-economic damages, to limit liability exposure, and established the Fund, requiring all physicians and defined health care providers participate in purchasing liability coverage as a condition of licensure.

Specifically, the Act requires all health care providers who have an active license to render professional services in Kansas (1) purchase basic professional liability insurance with limits not less than \$500,000 per claim subject to not less than \$1,500,000 annual aggregate coverage, and (2) participate in funding the HCSF via assessments, also referred to as premium surcharges.

In addition to licensed providers and facilities outlined in the Act, the Fund covers the initial payment of professional liability claims brought against medical residents and physician faculty at the University of Kansas Medical Center. State and faculty foundations then reimburse the HCSF for claims paid on behalf of medical residents and physician faculty. Estimates for reimbursements are based on the most recent ten-year loss experience of the State Self-Insurance Program.

Expenditures by Fiscal Year and Version				
	SGF	All Funds		Note
FY 2024 Actual	\$ -	\$ 41,762,351	Actual expenditures	
FY 2025 Actual	-	44,073,144	Actual expenditures	
FY 2026 Approved	-	47,817,976	2025 SB 125	
FY 2026 Agency	-	47,791,306	Revised estimate, submitted September 2025	
FY 2027 Agency	-	48,542,149	Agency request, submitted September 2025	

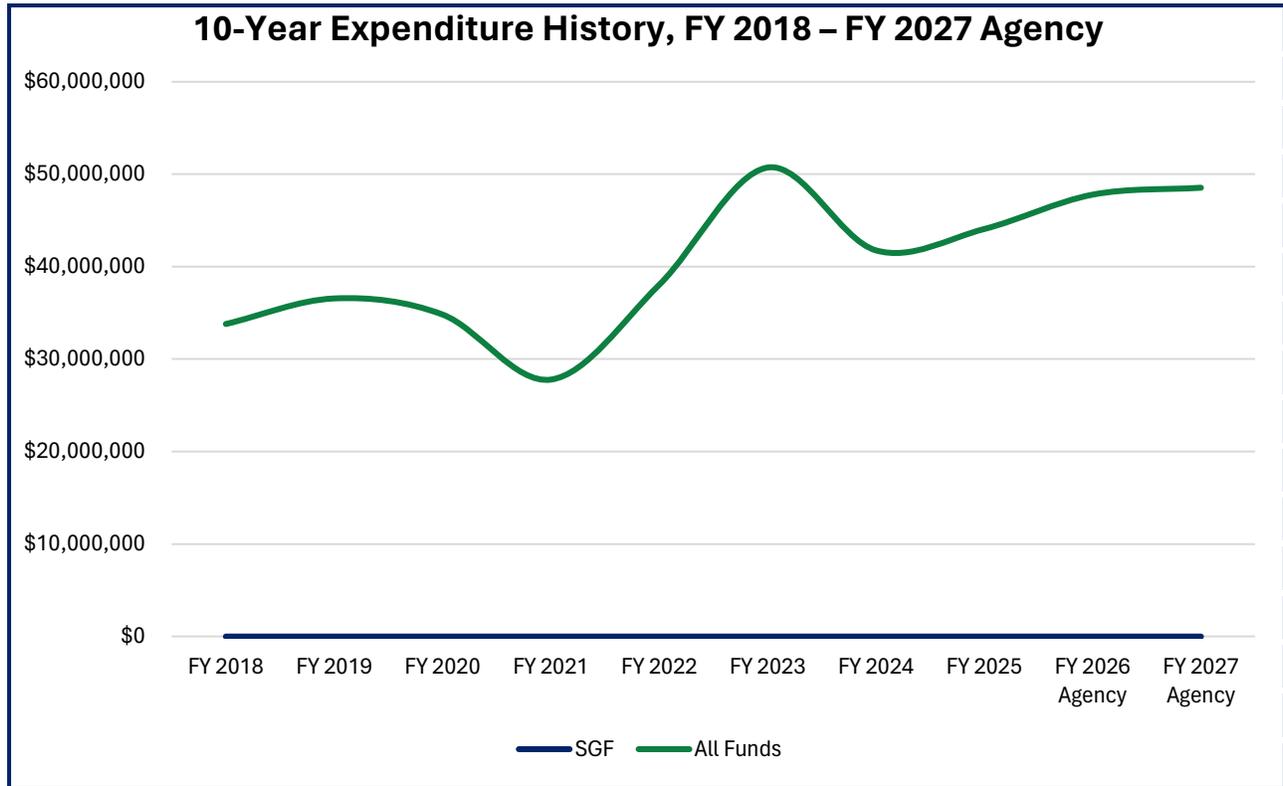


¹ [KSA 40-3401](#) et seq.

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

Summary of Expenditures



Fiscal Year	SGF		All Funds		FTE	CPI-U* Change (%)
	Amount	Change (%)	Amount	Change (%)		
FY 2018	\$	-	\$ 33,794,654	10.9	20.00	0.2
FY 2019		--	36,561,381	8.2	21.00	--
FY 2020		--	34,819,674	(4.8)	21.00	0.8
FY 2021		--	27,781,418	(20.2)	21.00	2.4
FY 2022		--	38,038,279	36.9	21.00	9.2
FY 2023		--	50,722,815	33.3	21.00	5.8
FY 2024		--	41,762,351	(17.7)	21.00	3.0
FY 2025		--	44,073,144	5.5	21.00	3.0
FY 2026 Agency		--	47,791,306	8.4	21.00	2.8
FY 2027 Agency		--	48,542,149	1.6	21.00	2.4

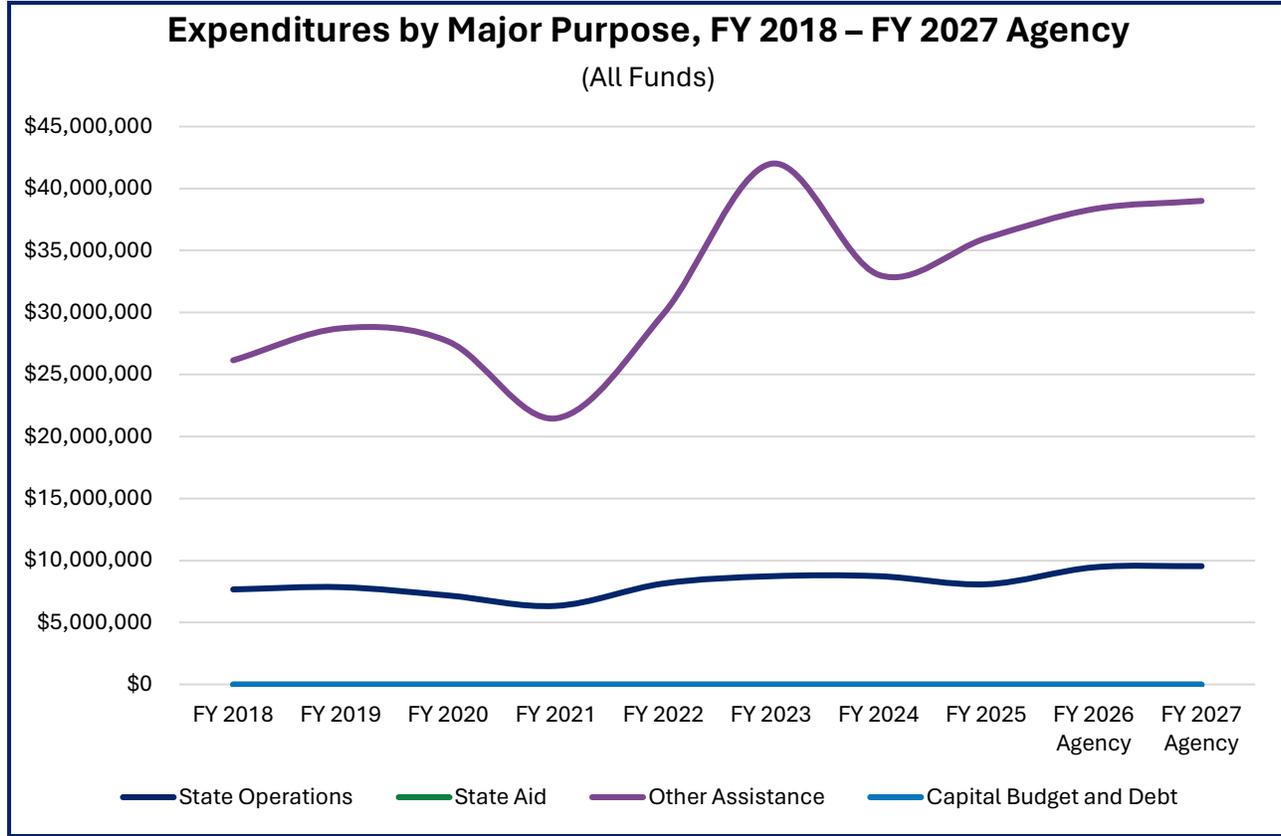
5-Year Change (FY 2023–2027)	\$	-	\$ (2,180,666)	(4.3)	-	11.6
10-Year Change (FY 2018–2027)		--	14,747,495	43.6	1.00	33.1
3-Year Average** (FY 2023–2025)		N/A	45,519,437	N/A	21.00	N/A

* Note : Consumer Price Index for All Urban Consumers estimate for FY 2026–2027 is from the Consensus Revenue Estimating Group.

** Note : Reflects the three most recent years of actuals data.

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request



Expenditures by Category, FY 2024 – FY 2027 Agency
(All Funds)

	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State Operations						
Salaries and Wages	4.8 %	\$ 1,985,849	\$ 1,994,356	\$ 2,328,759	\$ 2,302,089	\$ 2,373,299
Contractual Services	14.7	6,681,741	6,040,761	7,009,389	7,009,389	7,084,800
Commodities	0.1	12,061	10,184	27,950	27,950	24,150
Capital Outlay	0.2	50,468	32,596	108,870	108,870	59,900
Operating Adjustments	--	-	-	-	-	-
Subtotal	19.8 %	\$ 8,730,119	\$ 8,077,897	\$ 9,474,968	\$ 9,448,298	\$ 9,542,149
State Aid and Assistance						
Aid to Locals	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Other Assistance	80.2	33,032,232	35,995,247	38,343,008	38,343,008	39,000,000
Subtotal	80.2 %	\$ 33,032,232	\$ 35,995,247	\$ 38,343,008	\$ 38,343,008	\$ 39,000,000
Reappropriations	-- %	\$ -				
GRAND TOTAL	100.0 %	\$ 41,762,351	\$ 44,073,144	\$ 47,817,976	\$ 47,791,306	\$ 48,542,149

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

State Operations

Expenditures by Classification, FY 2024 – FY 2027 Agency						
(State Operations, All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Salaries and Wages						
Employee Pay	3.6 %	\$ 1,456,677	\$ 1,489,733	\$ 1,720,842	\$ 1,697,194	\$ 1,739,628
Employee Benefits	1.3	529,172	504,623	607,917	604,895	633,671
Shrinkage	--	-	-	-	-	-
Subtotal	4.8 %	\$ 1,985,849	\$ 1,994,356	\$ 2,328,759	\$ 2,302,089	\$ 2,373,299
Contractual Services						
Communication	0.1 %	\$ 24,819	\$ 26,196	\$ 31,500	\$ 31,500	\$ 32,700
Fees (Professional)	13.5	6,377,099	5,748,591	6,462,851	6,462,851	6,651,500
Fees (Other Services)	0.6	161,481	144,137	271,131	271,131	203,800
Freight and Express	0.1	896	849	1,600	1,600	1,100
Printing and Advertising	0.1	471	20	400	400	250
Rent and Leases	0.3	104,613	106,768	125,257	125,257	125,200
Repair and Servicing	0.1	2,189	1,712	20,000	20,000	20,850
Travel and Subsistence	0.1	6,844	5,640	17,050	17,050	16,850
Utilities	--	-	-	-	-	-
Other	0.2	3,329	6,848	79,600	79,600	32,550
Subtotal	14.7 %	\$ 6,681,741	\$ 6,040,761	\$ 7,009,389	\$ 7,009,389	\$ 7,084,800
Commodities						
Clothing	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment and Parts	0.1	440	78	850	850	850
Food	0.1	1,310	1,600	5,000	5,000	2,300
Fuel	--	-	-	-	-	-
Motor Vehicle Parts	0.1	776	397	1,250	1,250	1,150
Supplies (Office)	0.1	7,661	6,454	17,000	17,000	17,000
Supplies (Professional)	0.1	8	8	350	350	350
Supplies (Research)	--	-	-	-	-	-
Other	0.1	1,866	1,647	3,500	3,500	2,500
Subtotal	0.1 %	\$ 12,061	\$ 10,184	\$ 27,950	\$ 27,950	\$ 24,150
Capital Outlay						
Books	0.1 %	\$ 247	\$ -	\$ 500	\$ 500	\$ 500
Computer Hardware	0.1	-	26,030	63,600	63,600	10,000
Computer Software	0.1	-	-	600	600	600
Equipment, Furniture	0.1	6,847	5,583	20,670	20,670	25,300
Information Processing	0.1	43,081	687	20,000	20,000	22,000
Telecommunications	0.1	293	296	3,500	3,500	1,500
Other	--	-	-	-	-	-
Subtotal	0.2 %	\$ 50,468	\$ 32,596	\$ 108,870	\$ 108,870	\$ 59,900
Operating Adjustments	-- %	\$ -				
TOTAL	19.8 %	\$ 8,730,119	\$ 8,077,897	\$ 9,474,968	\$ 9,448,298	\$ 9,542,149

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

Other Assistance

Expenditures by Classification, FY 2024 – FY 2027 Agency						
(Other Assistance, All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Other Assistance						
Claims	80.2 %	\$ 33,032,232	\$ 35,995,247	\$ 38,343,008	\$ 38,343,008	\$ 39,000,000
TOTAL	80.2 %	\$ 33,032,232	\$ 35,995,247	\$ 38,343,008	\$ 38,343,008	\$ 39,000,000

Expenditures by Program

Expenditures by Program, FY 2024 – FY 2027 Agency						
(All Funds)						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Medical Professional Liability Coverage	6.2 %	\$ 2,296,881	\$ 2,299,512	\$ 2,985,486	\$ 2,958,816	\$ 2,984,149
Medical Professional Liability Adjudication	93.8	39,465,470	41,773,632	44,832,490	44,832,490	45,558,000
TOTAL	100.0 %	\$ 41,762,351	\$ 44,073,144	\$ 47,817,976	\$ 47,791,306	\$ 48,542,149

FTE Positions by Program, FY 2024 – FY 2027 Agency						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
Medical Professional Liability Coverage	100.0 %	21.0	21.0	21.0	21.0	21.0
Medical Professional Liability Adjudication	--	--	--	--	--	--
TOTAL	100.0 %	21.0	21.0	21.0	21.0	21.0

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

Expenditures by Fund

Expenditures by Fund, FY 2024 – FY 2027 Agency						
	FY 2026 Agency % of Total	FY 2024 Actual	FY 2025 Actual	FY 2026 Approved	FY 2026 Agency	FY 2027 Agency
State General Fund	-- %	\$ -	\$ -	\$ -	\$ -	\$ -
Health Care Stabilization Fund	100.0	41,762,351	44,069,131	47,817,976	47,791,306	48,542,149
Conference Fee Fund	--	-	4,013	-	-	-
TOTAL	100.0 %	\$ 41,762,351	\$ 44,073,144	\$ 47,817,976	\$ 47,791,306	\$ 48,542,149

Fee Fund Analysis

The HCSF was created by [KSA 40-3403](#) as part of the 1976 Health Care Provider Insurance Availability Act, which stipulates that the HCSF shall be held in trust in the State Treasury. The principal source of revenue is the premium surcharge assessed on each health care provider licensed to render professional services in Kansas. Premium surcharge rates are determined by the HCSF Board of Governors. The HCSF Board of Governors employs a conservative, ladder investment strategy. Reserves are invested by the Pooled Money Investment Board on behalf of the Board of Governors. The investment earnings are a significant source of supplemental income to the HCSF. Maturities occur throughout the year because of these investments. If a maturity occurs near the end of the month, there will be a higher ending balance at the conclusion of that month.

Health Care Stabilization Fund				
FY 2024 – FY 2027 Agency				
	FY 2024 Actual	FY 2025 Actual	FY 2026 Agency	FY 2027 Agency
Beginning Balance	\$ 15,007,743	\$ 17,045,690	\$ 34,276,488	\$ 31,150,682
Revenue				
Money and Property Revenue	\$ 6,726,043	6,790,161	8,000,000	\$ 8,000,000
Other Revenue	19,835,549	17,589,059	29,400,000	29,400,000
Non-Revenue Receipts	26,410,417	31,960,527	30,050,500	30,050,500
Revenue Transfers	2,394,726	4,761,403	3,900,000	3,900,000
Encumbrances	1,407	-	-	-
Subtotal – Revenue	\$ 55,368,142	\$ 61,101,150	\$ 71,350,500	\$ 71,350,500
Total Amount Available	\$ 70,375,885	\$ 78,146,840	\$ 105,626,988	\$ 102,501,182
Expenditures				
Salaries and Wages	\$ 1,985,849	\$ 1,994,356	\$ 2,302,089	\$ 2,373,299
Contractual Services	6,681,741	6,040,761	7,009,389	7,084,800
Commodities	12,061	10,184	27,950	24,150
Capital Outlay	50,468	28,583	108,870	59,900
Other Assistance	33,032,232	35,995,247	38,343,008	39,000,000
Non-Expense	11,567,844	(198,779)	26,685,000	-
Subtotal – Expenditures	\$ 53,330,195	\$ 43,870,352	\$ 74,476,306	\$ 48,542,149
Ending Balance	\$ 17,045,690	\$ 34,276,488	\$ 31,150,682	\$ 53,959,033

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

Health Care Stabilization Fund Fees, FY 2026				
Fee**	Current Fee	Statutory Limit*	Previous Fee	
Class 1, Physicians, No surgery, Incl. dermatology, pathology, psychiatry	\$ 436	\$ -	\$	404
Class 2, Physicians, No surgery	772	-		788
Class 3, Physicians, Minor surgery	1,337	-		1,261
Class 4, Physicians, Family practitioners, incl. minor surgery and OB	1,336	-		No Change
Class 5, Physicians, Surgery spec. incl. urology, colon/rectal, GP major	1,739	-		1,610
Class 6, Physicians, Surgery specialty including ER (no major), ENT	1,667	-		1,701
Class 7, Physicians, Anesthesiology	1,337	-		No Change
Class 8, Physicians, Surgery spec. incl. general, plastic, ER with major	3,345	-		3,248
Class 9, Physicians, Surgery spec. incl. cardio., orthopedic, traumatic	3,678	-		3,571
Class 10, Physicians, Surgery specialty including OB/GYN	4,776	-		4,637
Class 11, Physicians, Surgery specialty including neurosurgery	10,924	-		10,606
Class 12, Chiropractors	222	-		No Change
Class 13, Registered Nurse Anesthetists	366	-		373
Class 14, Podiatrists	907	-		No Change
Class 15, Availability Plan Insured	22.6%	-		21.9%
Class 16, Business entities incl. prof. corporations and partnerships	14.0	-		No Change
Class 17, Medical Care Facilities	21.2	-		19.3
Class 18, Mental Health Centers	15.0	-		No Change
Class 19, Psychiatric Hospital	15.0	-		No Change
Class 20, Residents in Training	15.0	-		No Change
Class 21, Physician Assistants	15.5	-		No Change
Class 22, Nurse-Midwives	19.6	-		18.5
Class 23, Assisted Living and Residential Health Care Facilities	15.3	-		No Change
Class 24, Nursing Facilities	13.4	-		13.7

* Note: The authority for these fees is found in [KSA 40-3404](#).

** Note: An additional 30 percent surcharge is required for Kansas resident health care providers with an active Missouri license.

** Note: The minimum surcharge for any category of health care provider for each period of compliance is \$200.

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

FY 2026 Analysis

Summary of Agency Budget Request, FY 2026					
	SGF	Health Care Stabilization Fund	Total	FTE Position	
Approved, FY 2026					
1. 2025 SB 125, without Reappropriations	\$	- \$ 47,817,976	\$ 47,817,976	21.0	
Reappropriations					
No Reappropriations	\$	- \$	- \$	--	
Supplemental Requests					
No Supplemental Requests	\$	- \$	- \$	--	
Agency Changes					
2. Salaries and Wages	\$	- \$ (26,670)	\$ (26,670)	--	
TOTAL	\$	- \$ 47,791,306	\$ 47,791,306	21.0	

Approved Budget

1. 2025 SB 125

The 2025 Legislature passed, and the Governor enacted, one bill appropriating and adjusting funding for state agencies. Select appropriations for this agency include:

- **2025 Pay Plan:** The Legislature approved adding \$66,449, all from the HCSF, to provide salary increases for more state employees based on the Department of Administration’s Market Survey in FY 2026.
- **Medical Malpractice Claims:** The Legislature approved deleting \$1.7 million, all from the HCSF, for decreased medical malpractice payments for FY 2026. This decision was predicated on the agency’s estimate based on actual claims expenses in previous years and includes attorney fees, expert witness fees, deposition costs, and other claim-related expenses.

Agency Changes

2. Salaries and Wages

The agency’s revised estimate deletes \$26,670, all from the Health Care Stabilization Fund, due to two vacant positions being budgeted at a lower salary than the amount originally approved by the 2025 Legislature. In particular, the Compliance Officer whose position was originally budgeted for has retired and been replaced by a Compliance Auditor, which is a position with a lower salary.

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

FY 2027 Analysis

Summary of Agency Budget Request, FY 2027						
	SGF	Health Care Stabilization Fund	Total	FTE Positions		
Approved, FY 2026						
2025 SB 125, without Reappropriations	\$	- \$	47,817,976	\$	47,817,976	21.0
Enhancement Requests						
No Enhancement Requests	\$	- \$	-	\$	-	--
Agency Changes						
1. Salaries and Wages	\$	- \$	44,540	\$	44,540	--
2. Contractual Services		-	75,411		75,411	--
3. Commodities		-	(3,800)		(3,800)	--
4. Computer Replacement		-	(48,970)		(48,970)	--
5. Medical Malpractice Claims		-	656,992		656,992	--
Subtotal – Agency Changes	\$	- \$	724,173	\$	724,173	--
TOTAL	\$	- \$	48,542,149	\$	48,542,149	21.0

Agency Changes

1. Salaries and Wages

The agency request includes an increase in salary and wage expenditures in the amount of \$44,540, all from the HCSF, for FY 2027. This change is primarily due to an increase in pay for regular unclassified employees (\$15,647) and for group health and hospitalization insurance (\$29,866). This adjustment includes replacing a Compliance Officer position with a Compliance Auditor position, as outlined in the previous section.

2. Contractual Services

The agency request includes an increase in contractual service expenditures in the amount of \$75,411, all from the HCSF, for FY 2027. This change is primarily due to an increase in expert witness fees (\$100,514), information systems consulting (\$60,000), and attorney fees (\$29,335). These increases in spending are offset by decreases in other contractual services (\$98,331), Statewide Management Accounting and Reporting Tool (SMART) development fees (\$20,000), and other professional services (\$13,181).

3. Commodities

The agency request includes a decrease in commodities expenditures in the amount of \$3,800, all from the HCSF, for FY 2027. This change is primarily due to reduced spending on food (\$2,700) and kitchen supplies (\$1,000).

4. Capital Outlay

The agency request includes a decrease in capital outlay expenditures in the amount of \$48,970, all from the HCSF, for FY 2027. This change is primarily due to reduced spending on computer hardware and support (\$53,000), offset by an increase in spending on furniture (\$6,500).

5. Medical Malpractice Claims

The agency request for medical malpractice claims includes a \$656,992 increase in spending, all from the HCSF, for FY 2027. This is driven by a rise in claim volume. Comparing FY 2024 and FY 2025, which the current FY 2026 and FY 2027 estimate is based on, open claims at the start of the fiscal year

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

Budget Summary – Agency Request

grew by 3.8 percent (from 930 to 966), and new claims opened during the year increased by 11.1 percent (from 519 to 580).