

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1 BUDGET OVERVIEW, FY 2021 – FY 2023					
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ 568,609,636	\$ 821,907,696	\$ 754,874,099	\$ 814,930,533	\$ 747,314,234
Federal Funds	2,280,503,100	2,295,985,250	2,514,233,431	2,150,581,530	2,773,578,698
All Other Funds	473,801,599	530,095,542	530,115,205	529,780,033	575,049,696
TOTAL	\$ 3,322,914,335	\$ 3,647,988,488	\$ 3,799,222,735	\$ 3,495,292,096	\$ 4,095,942,628
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ 65,000,000
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	\$ -	\$ -	\$ -	\$ -	\$ 65,000,000
TOTAL	\$ 3,322,914,335	\$ 3,647,988,488	\$ 3,799,222,735	\$ 3,495,292,096	\$ 4,160,942,628
Percentage Change:					
State General Fund	(9.8) %	44.5 %	32.8 %	(0.8) %	7.6 %
All Funds	12.6 %	9.8 %	14.3 %	(4.2) %	9.5 %
FTE Positions	1,598.7	1,724.1	1,724.1	1,724.1	1,724.1

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

The Kansas Department 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 services 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 six bureaus: Disease Control and Prevention, Health Promotion, Family Health, Community Health Systems, Oral Health, and Epidemiology and Public Health Informatics. The Administration program is also included in the Division of Public Health function.

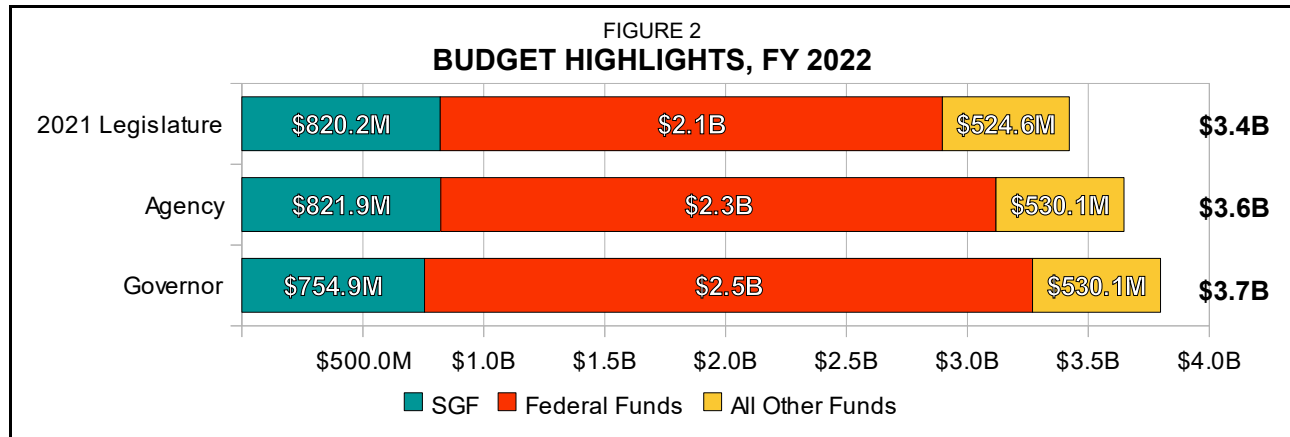
The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda, which combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The powers, duties, and functions of the Division are intended to be exercised 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 six bureaus: Waste Management, Air,

Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of the Division of Environment), and the Health and Environmental Laboratories.

EXECUTIVE SUMMARY

The 2021 Legislature approved a budget of \$3,400,955,732, including \$799,789,950 from the State General Fund (SGF), for the Kansas Department of Health and Environment in FY 2022. Subsequent to the 2021 Session, the Kansas Department of Health and Environment carried over \$20,430,005 in unspent SGF moneys into FY 2022. This adjustment changes the current year approved amount to \$3,421,385,737 from all funds, including \$820,219,955 SGF, without any legislative action required.



The **agency** requests a revised estimate of \$3.6 billion, including \$821.9 million SGF, for operating expenditures in FY 2022. This is an all funds increase of \$226.6 million, or 6.6 percent, including an SGF increase of \$1.7 million, or 0.2 percent, above the amount approved by the 2021 Legislature. The all funds increase includes a Children's Initiatives Fund reappropriation of \$42,498 from the Newborn Hearing Aid Program and a State Water Plan reappropriation of \$900,068.

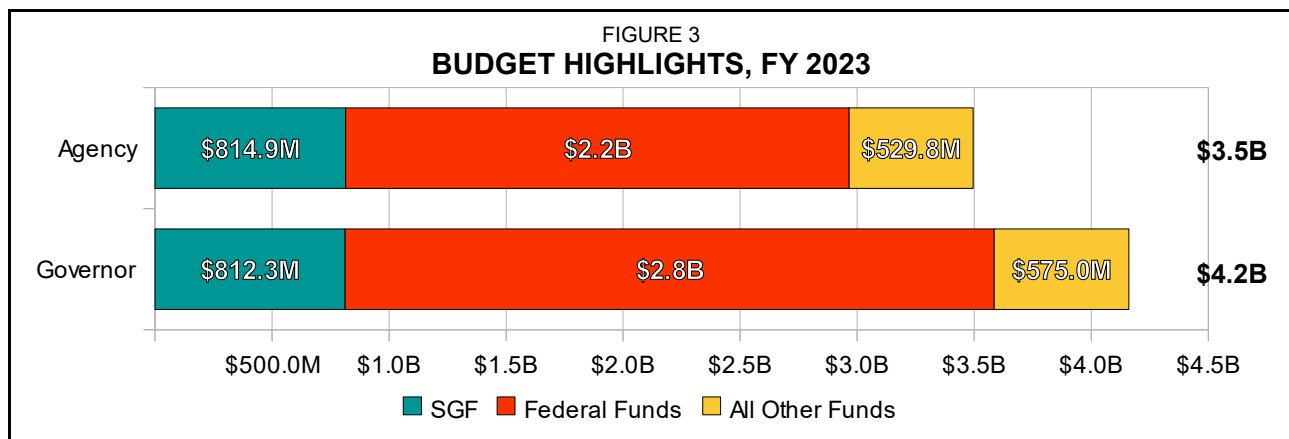
The request includes \$34.4 million for the Administration function, \$320.6 million for the Division of Public Health, \$3.1 billion for the Division of Health Care Finance, and \$159.4 million for the Division of Environment. The all funds increase is primarily attributable to federal funds to support COVID-19 prevention and treatment efforts in the divisions of Public Health and Environment that were received for use in FY 2022 after the approval of the agency's FY 2022 budget. The SGF increase is due to the agency's supplemental requests totaling \$3.7 million, including \$1.7 million SGF.

The revised estimate includes 1,724.1 FTE positions, which reflects an increase of 123.4 FTE positions above the number approved by the 2021 Legislature. These include an additional 12.0 FTE positions in the Administration Function, 69.0 FTE positions in the Division of Public Health, and 45.0 FTE positions in the Division of Environment, as well as a decrease of 3.0 FTE positions in the Division of Health Care Finance. Of these new positions, 89.0 FTE positions are funded with federal awards received in conjunction with COVID-19 relief legislation and are expected to be reduced when federal funds are no longer available. Positions include case managers, contact tracers and nurses for vaccine distribution in the Division of Public Health as well as laboratory staff in the Division of Environment.

The **Governor** recommends expenditures of \$3.8 billion, including \$754.9 million SGF, in FY 2022. This is an all funds increase of \$151.2 million, or 4.1 percent, including an SGF decrease of \$67.0 million, or 8.2 percent, from the agency's revised estimate.

Significant items in the Governor's recommendation include the following:

- **COVID TESTING.** The Governor's recommendation includes \$42.0 million in federal funds, including \$14.9 million from the Coronavirus Relief Fund and \$27.1 from the American Rescue Plan State Relief Fund, for COVID-19 testing in FY 2022.
- **HUMAN SERVICES CASELOADS.** The Governor's recommendation includes an addition of \$59.1 million from all funds, including a reduction of \$66.7 million SGF, to fully fund the fall 2021 human services consensus caseload estimates.
- **HOSPITAL EMPLOYEE RETENTION PLAN.** The Governor's recommendation includes \$50.0 million for the Front Line Hospital Employee Retention Plan, as approved by the SPARK Executive Committee and the State Finance Council.
- **AGENCY SUPPLEMENTAL REQUESTS.** The Governor recommended funding five of the agency's supplemental requests for a total of \$3.3 million, including \$1.4 million SGF, and 5.0 FTE positions.



The **agency** requests \$3.5 billion, including \$814.9 million SGF, for operating expenditures for FY 2023. This is an all funds decrease of \$152.7 million, or 4.2 percent, and an SGF decrease of \$7.0 million, or 0.8 percent, below the FY 2022 revised estimate. The request includes \$35.0 million for the Administration function, \$215.1 million for the Division of Public Health, \$3.1 billion for the Division of Health Care Finance, and \$113.1 million for the Division of Environment. The all funds decrease is primarily attributable to decreased federal funds for COVID-19 prevention and treatment, including a \$104.6 million reduction in federal aid within the Division of Public Health, and a reduction of \$44.7 million within the Division of Environment. The SGF decrease is largely due to funds that were reappropriated in FY 2022 and not budgeted for FY 2023. This decrease was partially offset by the agency's enhancement requests totaling \$15.4 million, including \$14.0 million SGF.

The revised estimate includes 1,724.1 FTE positions, which is the same number as the FY 2022 revised estimate.

The **Governor** recommends expenditures of \$4.2 billion, including \$812.3 million SGF, for FY 2023. This is an all funds increase of \$665.7 million, or 19.0 percent, and an SGF decrease of \$2.6 million, or 0.3 percent, from the agency's FY 2022 request.

Significant items in the Governor's recommendation include the following:

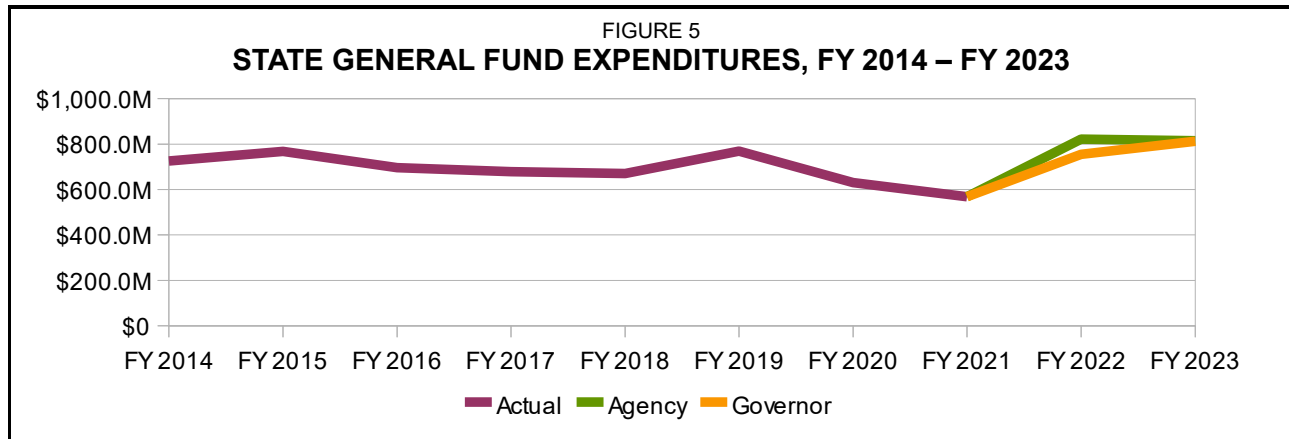
- **AGENCY ENHANCEMENT REQUESTS.** The Governor recommended funding ten of the agency's enhancement requests for a total of \$22.6 million, including \$15.0 million SGF, and 5.0 FTE positions.
- **MEDICAID EXPANSION.** The Governor recommends \$596.0 million, including the deletion of \$68.5 million SGF, to expand eligibility requirements for Medicaid.
- **CAPITAL IMPROVEMENTS.** The Governor recommends \$65.0 million to build a new laboratory on Lot 4 of the Capitol Complex.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023

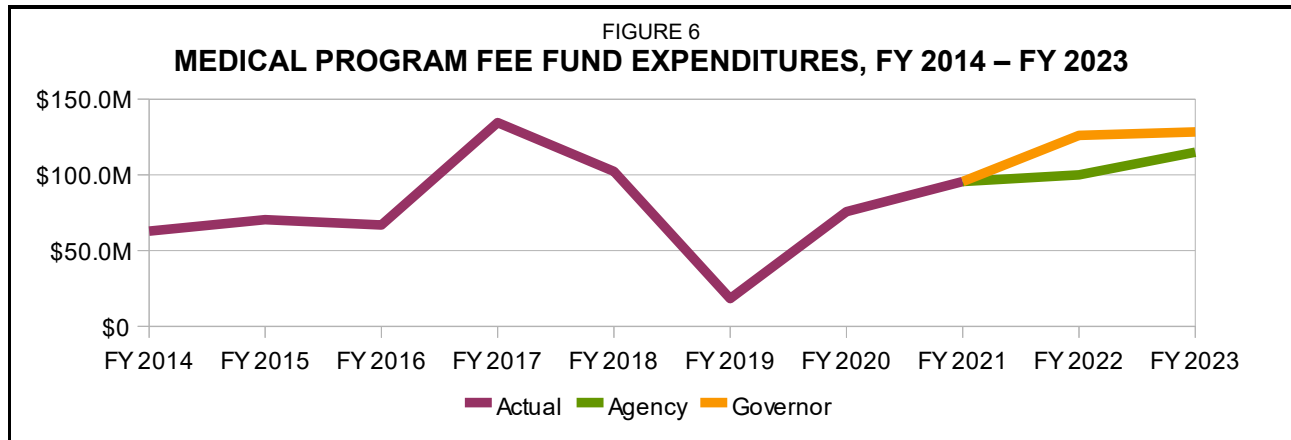
Category of Expenditure:	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Salaries and Wages	\$ 93,010,845	\$ 118,076,226	\$ 117,875,700	\$ 118,524,251	\$ 118,657,952
Contractual Services	429,561,432	374,325,935	416,690,935	346,370,725	362,684,317
Commodities	36,646,674	54,195,354	54,198,593	27,751,634	27,754,873
Capital Outlay	8,041,245	7,960,248	7,960,248	7,004,713	7,004,713
Subtotal	\$ 567,260,196	\$ 554,557,763	\$ 596,725,476	\$ 499,651,323	\$ 516,101,855
Aid to Local Units	103,109,422	137,779,437	137,779,437	68,801,641	68,801,641
Other Assistance	2,652,544,717	2,955,651,288	3,064,717,822	2,926,839,132	3,511,039,132
Subtotal—Operating	\$ 3,322,914,335	\$ 3,647,988,488	\$ 3,799,222,735	\$ 3,495,292,096	\$ 4,095,942,628
Capital Improvements	-	-	-	-	65,000,000
TOTAL	\$ 3,322,914,335	\$ 3,647,988,488	\$ 3,799,222,735	\$ 3,495,292,096	\$ 4,160,942,628
Financing:					
State General Fund	\$ 568,609,636	\$ 821,907,696	\$ 754,874,099	\$ 814,930,533	\$ 812,314,234
State Water Plan Fund	3,101,731	4,103,199	4,103,199	3,822,247	3,822,247
Children's Initiatives Fund	7,212,236	7,228,476	7,228,476	8,548,334	8,548,334
Special Revenue Funds	435,854,283	489,929,530	489,949,193	489,866,153	535,135,816
Federal Funds	2,280,503,100	2,295,985,250	2,514,233,431	2,150,581,530	2,773,578,698
All Other Funds	27,633,349	28,834,337	28,834,337	27,543,299	27,543,299
TOTAL	\$ 3,322,914,335	\$ 3,647,988,488	\$ 3,799,222,735	\$ 3,495,292,096	\$ 4,160,942,628
FTE Positions	1,598.7	1,724.1	1,724.1	1,724.1	1,724.1

STATE GENERAL FUND



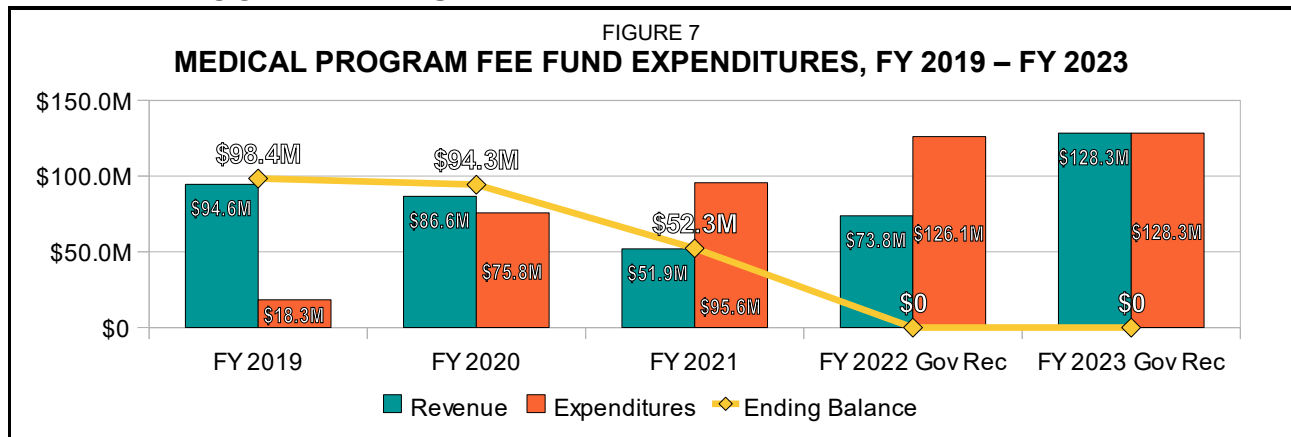
For the Kansas Department of Health and Environment, SGF expenditures have ranged between \$568.6 million in FY 2021 and \$769.4 million for FY 2019. The increase in FY 2019 was primarily attributable to increases in human services consensus caseload estimates due to several factors, including rate changes and population increases. Other SGF increases that year included reinstatement of the federal Health Homes program, funding for three youth crisis centers, funding 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.

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 Kansas Legislature. The appropriation limit set in the 2021 Legislative Session was \$96,090,923 in FY 2021 and \$128,319,270 for FY 2022. The fee fund is used primarily to fund Medicaid caseloads.

MEDICAL PROGRAM FEE FUND



FY 2022 ANALYSIS

FIGURE 8
SUMMARY OF BUDGET REQUEST, FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ 799,789,950	\$ 2,601,165,782	\$ 3,400,955,732	--
1. SGF Reappropriation	20,430,005	-	20,430,005	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 820,219,955</i>	<i>\$ 2,601,165,782</i>	<i>\$ 3,421,385,737</i>	<i>1,600.7</i>
Agency Revised Estimate:				
2. CIF Reappropriation	\$ -	\$ 42,498	\$ 42,498	--
3. SWP Reappropriation	-	900,068	900,068	--
4. COVID-19 Relief Funds in the Administration Department	-	10,033,171	10,033,171	--
5. COVID-19 Relief Funds in the Division of Environment	-	84,964,691	84,964,691	--
6. COVID-19 Relief Funds in the Division of Public Health	-	125,307,600	125,307,600	--
7. Agency Supplementals	1,731,635	1,992,206	3,723,841	5.0
8. All Other Adjustments	(43,894)	1,674,776	1,630,882	118.4
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 821,907,696</i>	<i>\$ 2,826,080,792</i>	<i>\$ 3,647,988,488</i>	<i>1,724.1</i>
Governor's Recommendation:				
9. Non-recommended agency supplementals	\$ (300,131)	\$ (150,395)	\$ (450,526)	--
10. Caseload Adjustments	(66,733,466)	125,800,000	59,066,534	--
11. Frontline Hospital Employee Retention Plan	-	50,000,000	50,000,000	--
12. COVID-19 Testing Funds	-	42,000,000	42,000,000	--
13. Consolidated Health Centers Fund	-	618,239	618,239	--
TOTAL	\$ 754,874,099	\$ 3,044,348,636	\$ 3,799,222,735	1,724.1

LEGISLATIVE APPROVED

Subsequent to the 2021 Session, an adjustment was made to the \$3.4 billion appropriated to the Kansas Department of Health and Environment for FY 2022. This adjustment changes the current year approved amount without any legislative action required:

1. **SGF REAPPROPRIATION.** The SGF reappropriation of \$20.4 million was largely due to \$13.3 million in funds appropriated for human services caseloads that were not spent in FY 2021 and \$4.8 million in unused funds from the Division of Health Care Finance due to positions that were unfilled and left vacant due to the pandemic.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$3.6 billion, including \$821.9 million SGF, for operating expenditures in FY 2022. This is an all funds increase of \$226.6 million, or 6.6 percent, and an SGF increase of \$1.7 million, or 0.2 percent, above the amount approved by the 2021 Legislature.

The **agency** estimate includes the following adjustments:

2. **CHILDREN'S INITIATIVES FUND (CIF) REAPPROPRIATION.** The Newborn Hearing Aid program reappropriated \$42,498 in unused funds due to fewer families utilizing the program during the COVID-19 pandemic.

3. **STATE WATER PLAN FUND (SWP) REAPPROPRIATION.** The majority of these funds carried over from projects for monitoring, analyzing, and preventing harmful algal blooms in Kansas lakes.
4. **COVID-19 RELIEF FUNDS (ADMINISTRATION).** The Administration department received federal funds to address COVID-19-related health disparities.
5. **COVID-19 RELIEF FUNDS (ENVIRONMENT).** The Division of Environment received funds from the federal Centers for Disease Control and Prevention (CDC) for increasing the state's capacity for COVID-19 testing, mitigation, and prevention efforts.
6. **COVID-19 RELIEF FUNDS (PUBLIC HEALTH).** The Division of Public Health received funds from a variety of federal agencies to aid in COVID-19 pandemic relief efforts such as testing, vaccination, data modernization, and support to public schools.
7. **AGENCY SUPPLEMENTALS.** Agency supplemental requests include funding for school-based oral health services, new FTE positions for the Medicaid Eligibility and Pharmacy programs, funding for administrative hearing services, and the extension of Medicaid coverage for pregnant women.
8. **ALL OTHER ADJUSTMENTS.** Other adjustments include numerous small changes to a variety of expenditures, including funds for federal grants, shifts in expenditures for employee benefits, and commodities such as computer software, lab equipment, and office supplies.

The **agency** estimate also includes 1,724.1 FTE positions, which is an increase of 123.4 FTE positions above the number approved by the 2021 Legislature. These include 12.0 positions in the administration function, 74.0 in the Division of Public Health, 45.0 in the Division of Environment and a decrease of 8.0 in the Division of Health Care Finance. Of these new positions, 89.0 are funded with Federal awards received in conjunction with COVID-19 relief legislation and are expected to be reduced when Federal Funds are no longer available. Positions include case managers and contract tracers in the Division of Public Health and laboratory staff in the Division of Environment.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$3.8 billion, including \$754.9 million SGF, in FY 2021. This is an all funds increase of \$151.2 million, or 4.1 percent, and an SGF decrease of \$67.0 million, or 8.2 percent, from the agency's FY 2022 revised estimate.

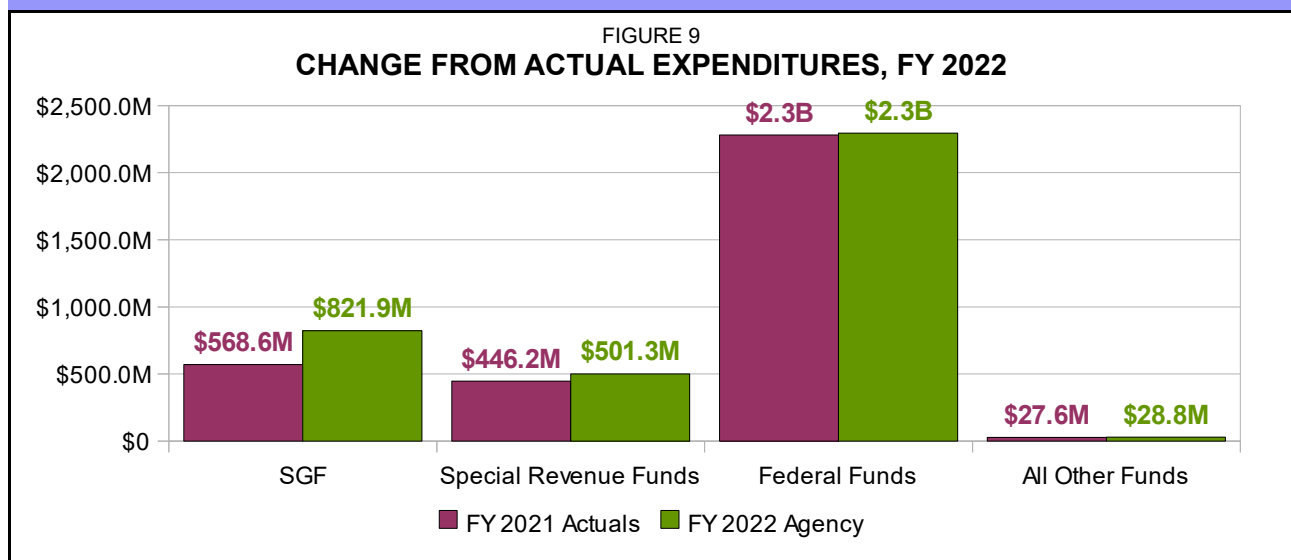
The **Governor's** recommendation includes the following adjustments:

9. **AGENCY SUPPLEMENTALS.** The Governor did not recommend funding for the school-based oral health services and recommended only partial funding for 5.0 FTE positions in the Division of Health Care Finance in FY 2022. This was a decrease of \$450,526 all funds, including \$300,131 SGF below the agency's total supplemental request. The Governor did recommend fully funding five of the agency's supplemental requests for a total of \$3.3 million, including \$1.4 million SGF. Funded supplemental requests include:
 - Administrative Hearing Services (\$107,348 SGF);
 - Three new FTE positions for the Medicaid Eligibility Program (\$26,732 SGF);
 - Two new FTE positions for the Medicaid Pharmacy Program (\$23,400 SGF);

- Extending Medicaid coverage for pregnant women (\$1.0 million SGF); and
- Laboratory equipment (\$225,000 SGF).

10. **HUMAN SERVICES CASELOADS.** The Governor recommends adding \$59.1 million from all funds, including a reduction of \$66.7 million SGF, to fully fund the fall 2021 human services consensus caseload estimates.
11. **HOSPITAL EMPLOYEE RETENTION PLAN.** The Governor's recommendation includes \$50.0 million for the Front Line Hospital Employee Retention Plan, as approved by the SPARK Executive Committee and the State Finance Council.
12. **COVID-19 TESTING.** The Governor's recommendation includes the addition of \$42.0 million in federal funds for COVID-19 testing in FY 2022.
13. **CONSOLIDATED HEALTH CENTERS FUND.** The Governor's recommendation includes the addition of \$618,239 from the Consolidated Health Centers Fund for COVID-19 pandemic relief.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The change in SGF expenditures between the agency's FY 2021 actuals and the agency's 2022 revised estimate is largely tied to the human services caseloads consensus estimating process. Twice a year, Kansas Legislative Research Department (KLRD) and the Division of the Budget (DOB) work with the agencies to develop a consensus estimate for the State's entitlement program expenditures, including Medicaid. The agency's estimate for FY 2022 Medicaid expenditures includes one quarter of the fiscal year without the enhanced Federal Medical Assistance Percentage (FMAP), therefore increasing the amount of SGF moneys needed for Medicaid caseloads in FY 2022 over what was needed in FY 2021, which included the enhanced FMAP for all four quarters. Also contributing to the increase in SGF is the increase in the state share of the Children's Health Insurance Program (CHIP). The change in all funds is largely due to the increased use of fee funds to fund human services caseloads and an increase in federal funds available for COVID-19 pandemic relief.

FY 2023 ANALYSIS

FIGURE 10
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ 821,907,696	\$ 2,826,080,792	\$ 3,647,988,488	1,724.1
Agency Request:				
1. SGF reappropriations not budgeted for in FY 23	\$ (20,430,005)	\$ -	\$ (20,430,005)	-
2. COVID-19 relief funds in the Division of Environment		(44,652,911)	(44,652,911)	-
3. COVID-19 relief funds in the Division of Public Health	-	(104,608,829)	(104,608,829)	-
4. Agency Enhancements	15,261,705	7,559,111	22,820,816	-
5. All Other Adjustments	(1,808,863)	(4,016,600)	(5,825,463)	-
Subtotal—Agency Request	\$ 814,930,533	\$ 2,680,361,563	\$ 3,495,292,096	1,724.1
Governor's Recommendation:				
6. Non-recommended Agency Enhancements	(250,000)	-	\$ (250,000)	-
7. Caseload Adjustments	1,000,000	3,000,000	4,000,000	-
8. Nurse Pay Adjustment	133,701	-	133,701	-
9. Consolidated Health Centers Fund		766,831	766,831	-
10. Medicaid Expansion Assistance	19,000,000	577,000,000	596,000,000	-
11. Medicaid Expansion SGF Savings	(87,500,000)	87,500,000	-	-
12. KDHE Lab	65,000,000	-	65,000,000	-
TOTAL	\$ 812,314,234	\$ 3,348,628,394	\$ 4,160,942,628	1,724.1

AGENCY REQUEST

The **agency** requests \$3.5 billion, including \$814.9 million SGF, for FY 2023. This is an all funds decrease of \$152.7 million, or 4.2 percent, including an SGF decrease of \$7.0 million, or 0.8 percent, below the FY 2022 revised estimate. The request includes \$35.0 million for the Administration function, \$215.1 million for the Division of Public Health, \$3.1 billion for the Division of Health Care Finance, and \$113.1 million for the Division of Environment.

The **agency** request includes the following adjustments:

1. **SGF REAPPROPRIATIONS.** The funds reappropriated from FY 2021 into FY 2022 were not budgeted for in the agency's FY 2023 budget.
2. **COVID-19 RELIEF FUNDS (ENVIRONMENT).** Fewer COVID-19 pandemic relief funds are anticipated to be available in FY 2023.
3. **COVID-19 RELIEF FUNDS (PUBLIC HEALTH).** Fewer COVID-19 pandemic relief funds are anticipated to be available in FY 2023.
4. **AGENCY ENHANCEMENTS.** Agency enhancements include funding for school-based oral health services, new FTE positions for the Medicaid Eligibility and Pharmacy programs, the extension of Medicaid coverage for pregnant women, the Kansas Modular Medicaid System (KMMS) project, replacement laboratory equipment, drinking water protection, and watershed restoration and protection.

5. **ALL OTHER ADJUSTMENTS.** Other adjustments include numerous small changes to a variety of expenditures, including funds for federal grants, shifts in expenditures for employee benefits, and commodities such as computer software, lab equipment, and office supplies.

The **agency** request also includes 1,724.1 FTE positions, which is the same number as the FY 2022 revised estimate.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$4.2 billion, including \$812.3 million SGF, for FY 2023. This is an all funds increase of \$665.7 million, or 19.0 percent, and an SGF decrease of \$2.6 million, or 0.3 percent, from the agency's FY 2023 request.

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

6. **AGENCY ENHANCEMENT REQUESTS.** The Governor did not recommend funding for school-based oral health services. This was a decrease of \$250,000 all SGF, below the agency's total enhancement request. The Governor recommends funding ten of the agency's enhancement requests for a total of \$22.6 million, including \$15.0 million SGF, and 5.0 FTE positions. Funded enhancements include:
- Three new FTE positions for the Medicaid Eligibility Program (\$53,463 SGF);
 - Two new FTE positions for the Medicaid Pharmacy Program (\$46,800 SGF);
 - Extending Medicaid coverage for pregnant women (\$4.2 million SGF);
 - Restoring FY 2022 reduced resources (\$1.1 SGF);
 - Data Center rate increase (\$297,280 SGF);
 - Maternal and Child Health home visiting (\$1.4 million, all special revenue funds);
 - Kansas Modular Medicaid System (KMMS) Project (\$9.1 million SGF);
 - Laboratory equipment (\$225,000 SGF);
 - Drinking Water Protection (\$350,000, all special revenue funds); and
 - Watershed restoration (\$269,116, all special revenue funds).
7. **HUMAN SERVICES CASELOADS.** The Governor recommends adding \$4.0 million from all funds, including \$1.0 million SGF, to fully fund the fall 2021 human services consensus caseload estimates;
8. **NURSE PAY ADJUSTMENT.** The Governor's recommendation includes the addition of \$133,701, all SGF, to implement Executive Directive No. 21-546, which increased the pay grade for several categories of state employees, including Registered Nurses and Advanced Practice Registered Nurses, effective November 28, 2021.
9. **CONSOLIDATED HEALTH CENTERS FUND.** The Governor's recommendation includes the addition of \$618,239 from the Consolidated Health Centers Fund for COVID-19 pandemic relief.
10. **MEDICAID EXPANSION ASSISTANCE.** The Governor recommends the addition of \$596.0 million, including \$19.0 million SGF, to fund Medicaid expansion, beginning January 1, 2023.

11. **MEDICAID EXPANSION SGF SAVINGS.** The Governor's recommendation includes \$87.5 million in savings associated with Medicaid expansion. These savings are attributable to provisions in the American Rescue Plan Act allowing states that have not yet enacted Medicaid expansion a 5.0 percent increase to their regular FMAP rate. This enhanced FMAP will be in effect for eight quarters after expansion takes effect.
12. **KDHE LAB.** The Governor's recommendation includes expenditures to build a new laboratory on Lot 4 of the Capitol Complex. The State Finance Council approved this plan after the agency submitted its budget request. SB 159 (2021) authorized the agency to issue bonds for up to \$65.0 million upon approval of the project by the State Finance Council. The Governor's recommendation includes funding for the project, not bonding.

SUPPLEMENTAL REQUESTS

FY 2022 SUPPLEMENTAL REQUESTS						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Oral health school-based preventative services	\$ 250,000	\$ 250,000	—	\$ —	\$ —	--
Administrative hearing services	107,348	214,697	—	107,348	214,697	--
FTEs for Medicaid Eligibility	53,463	213,852	3.0	26,732	106,926	3.0
FTEs for Medicaid Pharmacy	46,800	187,200	2.0	23,400	93,600	2.0
Extend Medicaid coverage for pregnant women	1,049,024	2,633,092	--	1,049,024	2,633,092	--
Laboratory equipment	225,000	225,000	--	225,000	225,000	--
TOTAL	\$ 1,731,635	\$ 3,723,841	5.0	\$ 1,431,504	\$ 3,273,315	5.0

ORAL HEALTH SCHOOL-BASED PREVENTATIVE SERVICES. The Division of Public Health is requesting a supplement to support Oral Health Preventative Services in targeted schools. This will allow existing oral health school-based programs that have been impacted by the COVID-19 pandemic to continue or restart their oral health school-based programs and services.

ADMINISTRATIVE HEARING SERVICES. The Division of Health Care Finance (HCF) seeks funding to cover the portion of HCF's costs in the inter-agency contract with the Office of Administrative Hearings. The agreement in place for FY 2022 has increased \$214,697 over the previous fiscal year. This increase was not accounted for in the agency's FY 2022 budget.

THREE FTE POSITIONS FOR MEDICAID ELIGIBILITY PROGRAM. HCF is seeking three additional FTE positions in the Medicaid Eligibility Program. These FTE positions will support program integrity by conducting internal audits of eligibility work and analyzing reports to identify areas at high risk for error. These positions will identify and correct processing errors, and minimize re-occurrence. The goal of adding the new FTE positions is to reduce the number of findings from external audits and help ensure that eligibility determinations are accurate. Each of these positions will be eligible for a 75.0 percent federal match and have an estimated starting salary of \$71,284, including benefits.

TWO FTE POSITIONS FOR MEDICAID PHARMACY PROGRAM. HCF is requesting two additional FTE positions for the Medicaid Pharmacy program: one pharmacist with a starting salary of \$143,000 (salary and benefits) and one pharmacy technician at a starting salary of \$44,200 (salary and benefits). The agency indicates the addition of the FTE positions will enable HCF to better monitor pharmaceutical spending for fraud, waste, and abuse, and could generate significant savings and efficiencies. Each of these positions would be eligible for a 75.0 percent federal match.

EXTEND MEDICAID COVERAGE FOR PREGNANT WOMEN. HCF is requesting funding to provide ten additional months of postpartum Medicaid coverage for women. Currently, pregnant women's eligibility ends roughly 60 days postpartum. The federal American Rescue Plan Act (ARPA) created an opportunity for states to extend coverage for pregnant women to one year after the baby's birth through a Medicaid state plan amendment (SPA). Under ARPA, the SPA would be effective on or after April 1, 2022, so the FY 2022 supplemental request represents three months of funding, while the FY 2023 enhancement request represents 12 months of funding.

SUPPLEMENTAL AND ENHANCEMENT REQUESTS

REPLACEMENT LABORATORY EQUIPMENT. The Division of the Environment requests \$225,000, all SGF, to replace laboratory equipment in FY 2022. The agency plans to replace several pieces of equipment for drinking water testing, including two ion chromatography instruments and two solid phase extraction units. The agency notes that replacement parts are no longer available due to the age of the machines.

The **Governor** recommends fully funding the agency's requests for Administrative hearing services, Medicaid coverage for pregnant women, and laboratory equipment and adding the requested 5.0 FTE positions. The Governor recommends partial funding for the FTE positions in the Medicaid Eligibility and Pharmacy programs in FY 2022 and does not recommend funding for oral health school-based preventative services.

FY 2023 ENHANCEMENT REQUESTS						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Restore FY 2022 reduced resources	\$ 1,091,652	\$ -	--	\$ 1,091,652	\$ -	--
Data Center rate increase	297,280	297,280	--	297,280	297,280	--
Maternal and Child Health Home Visiting	-	1,400,000	--	-	1,400,000	--
Oral health school-based preventative services	250,000	250,000	--	-	-	--
FTEs for Medicaid Eligibility	53,463	213,852	3.0	53,463	213,852	3.0
FTEs for Medicaid Pharmacy	46,800	187,200	2.0	46,800	187,200	2.0
Kansas Modular Medicaid System (KMMS) Project	9,100,000	9,100,000	--	9,100,000	9,100,000	--
Extend Medicaid coverage for pregnant women	4,192,510	10,523,368	--	4,192,510	10,523,368	--
Laboratory equipment	230,000	230,000	--	230,000	230,000	--
Drinking water protection	-	350,000	--	-	350,000	--
Watershed restoration	-	269,116	--	-	269,116	--
TOTAL	\$ 15,261,705	\$ 22,820,816	5.0	\$ 15,011,705	\$ 22,570,816	5.0

RESTORE FY 2022 REDUCED RESOURCES. The Administration Division requests the restoration of the reduced resources budget that resulted in \$1.1 million SGF in the program being replaced with \$524,936 from the Sponsored Project Overhead Fund (2911) and \$566,716 from the Civil Registration/Health Statistics Fee Fund (2291). The agency states that these fee funds cannot sustain ongoing annual deductions as it would leave the funds with insufficient balances to cover the intended expenditures.

DATA CENTER RATE INCREASE. The Administration Division is requesting an enhancement to address fee increases in the Office of Information Technology Service rates. While the FY 2023 total increase in service rates for KDHE is \$421,326, the amount of this enhancement request is only the portion related to the data center, which is \$297,280. The Data Center costs are paid with SGF moneys received from prior legislative appropriations to support the State's initiative to transition to cloud-based computing.

ENHANCEMENT REQUESTS

MATERNAL AND CHILD HEALTH HOME VISITING. The Division of Public Health is requesting an additional \$1.4 million in Children's Initiatives Fund (CIF) for FY 2023 and subsequent years. The Kansas Children's Cabinet and Trust Fund made recommendations to consolidate and streamline funding within the CIF to maximize services to children and families. The recommendations included reallocating funds in the amount of \$1.4 million to the KDHE Maternal and Child Health (MCH) Home Visiting CIF line item. During FY 2020 and FY 2021, a total of \$250,000 was allocated to MCH Home Visiting, a short-duration, strengths-based approach to ensure pregnant and post-partum mothers, infants, and their families receive initial assessment, education, and coordination of services at a critical time. The funding will be used to increase access to home visiting and expand the program's reach from 11.0 percent of eligible Kansas families to more than 60.0 percent.

ORAL HEALTH SCHOOL-BASED PREVENTATIVE SERVICES. The Division of Public Health is requesting an enhancement to support oral health preventative services in targeted schools. This will allow existing oral health school-based programs that have been impacted by the COVID-19 pandemic to continue or restart their oral health school-based programs and services.

THREE FTE POSITIONS FOR MEDICAID ELIGIBILITY PROGRAM. HCF is seeking funds to continue the supplemental request for three additional FTE positions in the Medicaid Eligibility Program.

TWO FTE POSITIONS FOR MEDICAID PHARMACY PROGRAM. HCF is seeking funds to continue the supplemental request for two additional FTE positions for the Medicaid Pharmacy program.

KANSAS MODULAR MEDICAID SYSTEM (KMMS) PROJECT. HCF is requesting an enhancement for FY 2023 to support the KMMS project. As per the federal Centers for Medicare and Medicaid Services (CMS), newly implemented Medicaid systems are not eligible for the 75.0 percent federal match until certified by CMS. During the period between system implementation and the completion of the certification process, a 50.0 percent federal match may be utilized. Once certification is completed, enhanced funding up to the 75.0 percent federal match rate may be retroactively claimed back to the date of certification of the system. The Kansas Modular Medicaid System (KMMS) is expected to go live on January 18, 2022. Because the certification process can take a minimum of 12 months to complete, KDHE will not be able to claim the retroactive enhanced funding within the same state fiscal year. Therefore, additional state funds of \$2.1 million in FY 2022 and \$9.1 million for FY 2023 will be needed to support the KMMS systems operations budget until the certification process is completed. HCF plans to fund the additional \$2.1 million needed in FY 2022 utilizing state funding carried forward from FY 2021. However, the Division is requesting \$9.1 million as an enhancement to fund the scenario outlined above for FY 2023.

EXTEND MEDICAID COVERAGE FOR PREGNANT WOMEN. HCF is requesting funding to provide ten additional months of postpartum Medicaid coverage for women in FY 2023.

REPLACEMENT LABORATORY EQUIPMENT. The agency is requesting enhancement funding of \$230,000 SGF for FY 2023 to purchase laboratory equipment. The agency plans to replace equipment for metals testing and environmental samples testing. Specific equipment includes a mercury analyzer, gas chromatography system, and anatomic emission spectrometer.

ENHANCEMENT REQUESTS

DRINKING WATER PROTECTION PROGRAM. The agency requests \$350,000, all from the State Water Plan Fund, for the Drinking Water Protection Program. This program tests for nitrate levels in water to ensure a clean drinking water source. The agency plans to expand the number of communities in which it tests.

WATERSHED RESTORATION AND PROTECTION STRATEGY (WRAPS) PROGRAM. This program provides technical and financial assistance to landowners to implement practices to reduce nutrient and pollutant runoff into surface waters. Practices include cover crops, buffer strips, and no-till farming. The agency is requesting an enhancement of \$296,116, all from the State Water Plan fund, for FY 2023.

The **Governor** recommends fully funding the agency's requests for restoring FY 2022 reduced resources, Data Center rate increase, Maternal and child health home visiting, FTE positions in the Medicaid Eligibility and Medicaid Pharmacy programs, KMMS Project, Medicaid coverage for pregnant women, laboratory equipment, drinking water protection, and watershed restoration. The Governor does not recommend funding for oral health school-based preventative services.

COVID-19 RELIEF FUNDING

KDHE has received COVID-19 pandemic relief funds from several federal agencies over the last two budget cycles. The following chart includes funds included in the agency's budget requests for FY 2022 and FY 2023. The majority of these funds are included in the budgets for the Division of Public Health and Division of the Environment. This table provides a snapshot of funds included in the agency's budget funding sources, however, amounts are frequently updated as new federal legislation is passed or acted upon, so the anticipated award amounts are likely to change.

AGENCY COVID-19 BUDGET

Purpose	Total Anticipated Award	Amount Budgeted for FY 2022	Amount Budgeted for FY 2023	Description
Grants to Support Community Health Centers	\$ 838,987	\$ 208,000	\$ -	Funding to support health centers for the detection of, prevention, diagnosis, and treatment of COVID-19, including maintaining or increasing health center capacity and staffing levels during the public health emergency (PHE). The majority of this funding went to individual health centers.
Women Infants and Children (WIC) Voucher Increase	3,628,908	3,628,908	-	Provides a temporary increase to the Cash Value Voucher for fruit and vegetable purchases for certain food packages during the federally declared COVID-19 PHE.
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	8,244,657	1,965,882	1,319,344	Funding to rapidly establish and monitor key activities related to the COVID-19 pandemic in the areas of epidemiology, laboratory, and informatics.
CDC Testing Funds (including ELC funds designated for testing)	249,843,201	94,466,931	52,529,605	Intended to "prevent, prepare for, and respond to coronavirus" by supporting testing, case investigation and contact tracing, surveillance, containment, and mitigation.
Data Modernization	3,480,512	1,740,256	1,740,256	Funding to accelerate implementation of data modernization efforts, including core infrastructure, implementation of electronic case reporting, and modernization of the National Vital Statistics System toward faster, more automated sharing of vital statistics between the state and national levels.

Detection and Mitigation of COVID-19 in Confinement Facilities	\$ 6,510,000	\$ 3,255,000	\$ 3,255,000	Funds to respond to COVID-19 in adult prisons and jails, juvenile confinement facilities, police lockups, and community confinement facilities as defined by 28 CFR § 115.5.
Epidemiology and Lab Capacity for School Testing	87,747,589	76,540,209	1,500,000	Resources to implement screening test programs in K-12 schools.
Expand Genomic Sequencing	2,500,516	116,279	116,374	Funding for laboratory equipment and supplies directly related to establishing, expanding, or enhancing sequencing and bioinformatics capacity.
Housing Opportunities for Persons with AIDS (HOPWA)	88,288	8,303	-	Additional funding for HOPWA grantees to maintain operations, for rental assistance, supportive services, and other necessary actions, in order to prevent, prepare for, and respond to COVID-19.
COVID-19 Vaccine Preparedness	55,979,671	19,199,771	15,965,616	Funding to support broad-based vaccine distribution, access, and coverage.
Small Rural Hospital Improvement Program - Testing and Mitigation	23,512,216	17,629,730	5,882,486	Funding to help small rural hospitals continue to serve their communities by expanding their COVID-19 testing capacity and mitigation efforts.
COVID-19 Health Disparities	31,390,829	15,748,403	15,749,316	Funds to address COVID-19 related health disparities among populations that are at high risk and underserved, including racial and ethnic minority groups and people living in rural areas.
All Other Funds	-	17,516,090	10,654,137	Recent and/or small awards that have not been categorized in the above categories.
TOTAL	\$ 473,765,374	\$ 252,023,762	\$ 108,712,134	

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

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

TEMPORARY INCREASE TO THE FMAP

The Families First Coronavirus Response Act (FFCRA) provides a temporary 6.2 percentage point increase to the FMAP for the duration of the federal public health emergency (PHE). The increase became effective on January 1, 2020, and extends through the quarter in which the PHE ends, as determined by the Secretary of Health and Human Services. The current PHE was renewed effective October 15, 2021, and will be in effect for 90 days. This extension would move the anticipated end date of the PHE to January 2022, unless extended. Therefore, the savings are anticipated to continue through March 2022.

KDHE has provided the information in the tables below. The first table describes the savings accumulated thus far due to the 6.2 percent increase to the federal share and also includes the savings due to the increased enhanced FMAP (eFMAP). The eFMAP applies to Medicaid Services such as Children's Health Insurance Program (CHIP) and is calculated using a different formula than the regular FMAP. The eFMAP gains 4.34 percentage points during the PHE.

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 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 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
GRAND TOTAL:	\$ 435,933,854	\$ 13,624,106	\$ 449,557,960

Quarter Ending	KDHE	KDADS	KDOC	Total SGF Savings
March 2020	\$ 30,320,444	\$ 28,108,873	\$ 5,775	\$ 58,435,092
June 2020	35,278,340	28,175,947	22,397	63,476,684
<i>Subtotal 2020:</i>	<i>\$ 65,598,784</i>	<i>\$ 56,284,820</i>	<i>\$ 28,172</i>	<i>\$ 121,911,776</i>
September 2020	31,599,862	28,551,721	54,020	60,205,603
December 2020	30,965,994	28,811,117	29,258	59,806,369
March 2021	33,131,468	28,410,322	40,172	61,581,962
June 2021	37,345,760	28,650,601	32,772	66,029,133
<i>Subtotal 2021:</i>	<i>\$ 133,043,084</i>	<i>\$ 114,423,761</i>	<i>\$ 156,222</i>	<i>\$ 247,623,067</i>
September 2021	33,586,476	32,781,171	31,364	66,399,011
GRAND TOTAL:	\$ 232,228,344	\$ 203,489,752	\$ 215,758	\$ 435,933,854

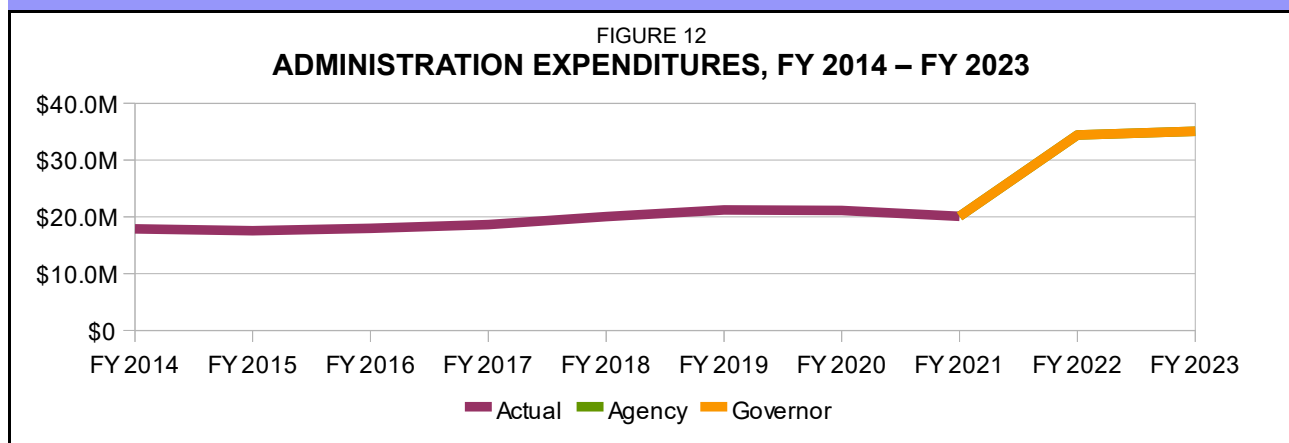
PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 11 EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023					
Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 20,097,198	\$ 34,411,030	\$ 34,411,030	\$ 35,051,161	\$ 35,051,161
Public Health	281,903,835	320,555,025	370,923,264	215,079,067	215,729,599
Health Care Finance	2,811,866,098	3,133,599,045	3,192,465,053	3,132,015,990	3,732,015,990
Environment	209,047,204	159,423,388	201,423,388	113,145,878	178,145,878
TOTAL	\$ 3,322,914,335	\$ 3,647,988,488	\$ 3,799,222,735	\$ 3,495,292,096	\$ 4,160,942,628
FTE Positions:					
Administration	112.0	124.0	124.0	124.0	124.0
Public Health	396.8	468.2	468.2	468.2	468.2
Health Care Finance	630.0	627.0	627.0	627.0	627.0
Environment	459.9	504.9	504.9	504.9	504.9
TOTAL	1,598.7	1,724.1	1,724.1	1,724.1	1,724.1

PERFORMANCE MEASURES

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

ADMINISTRATION



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 13
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Governor FY 2022	Governor FY 2023
There were no agency performance measures submitted for this program.					
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 5,534,397	\$ 7,394,765		\$ 5,843,371	\$ 7,234,802
All Other Funds	15,575,543	12,702,433		28,567,659	27,816,359
TOTAL	\$ 21,109,940	\$ 20,097,198		\$ 34,411,030	\$ 35,051,161

FIGURE 13 ADMINISTRATION, PERFORMANCE MEASURES					
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Governor FY 2022	Governor FY 2023
Percentage Change:					
SGF	11.2 %	33.6 %		(21.0) %	23.8 %
All Funds	(0.4) %	(4.8) %		71.2 %	1.9 %
FTE Positions	108.0	112.0		124.0	124.0

BUDGET ANALYSIS

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

FY 2022 REVISED REQUEST

The **agency** requests a revised estimate for FY 2022 expenditures of \$34.4 million, including \$7.4 million SGF, for the Administration function. This is an all funds increase of \$10.1 million, or 41.2 percent, including an SGF decrease of \$314,590, or 5.1 percent, from the FY 2022 approved amount. The increase is due to \$10.0 million in COVID-19 pandemic relief funds allocated to the Administration function.

The FY 2021 revised request for the Administration function includes 124.0 FTE positions, which is an increase of 12.0 FTE positions above the FY 2021 approved number. The increase in FTE positions includes five new staff to administer COVID-19 relief funds across several agency divisions, as well as additional IT support staff.

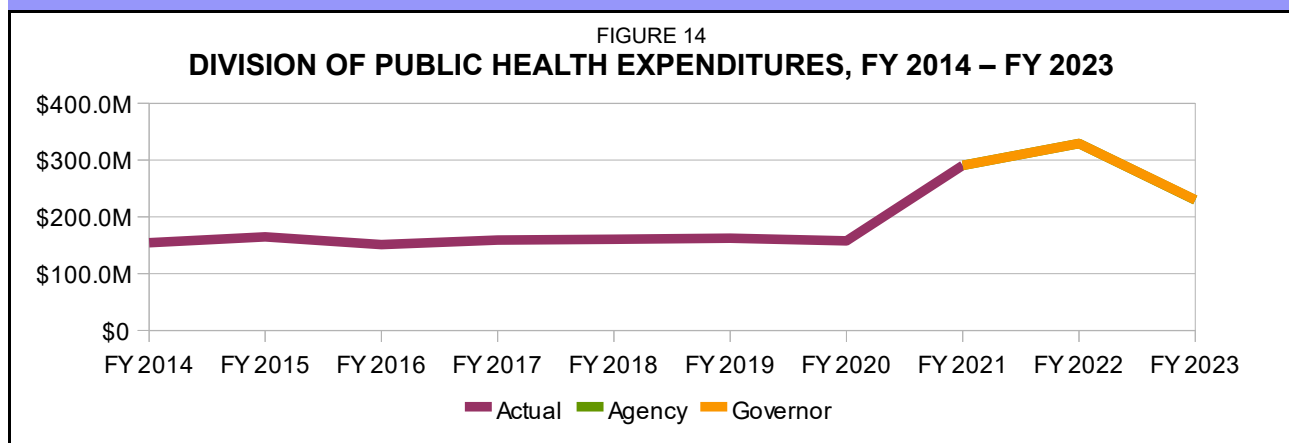
FY 2023 ESTIMATE

The **agency** requests FY 2023 expenditures totaling \$35.1 million, including \$7.2 million SGF, for the Administration function. This is an all funds increase of \$640,131, or 1.9 percent, including an SGF increase of \$1.4 million, or 23.8 percent, above the revised FY 2022 estimate. The SGF increase is primarily attributable to the agency's enhancement request to restore the reduced resources that resulted in \$1.1 million SGF in the Administration Division being replaced with \$524,936 from the Sponsored Project Overhead Fund and \$566,716 from the Civil Registration/Health Statistics Fee Fund. The agency requests to return to utilizing SGF moneys for these expenditures. The request includes 124.0 FTE positions, which is the same as the FY 2022 revised estimate number.

GOVERNOR RECOMMENDATION

The Governor concurs with the agency's request for the Administration program in FY 2022 and for FY 2023.

DIVISION OF PUBLIC HEALTH



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 65-2401-2438; 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 KSA 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 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, and six bureaus 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 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 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. The Health Facilities Program licenses or certifies about 850 hospitals, ambulatory surgical centers, home health agencies, and other medical care providers. 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.

FIGURE 15

DIVISION OF PUBLIC HEALTH, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Number of unduplicated patients served by state-funded primary care clinics	311,054	289,037	298,715	295,000	300,000
2. Number of cases submitted to the trauma registry by hospitals within 60 days of patient discharge*	14,782	12,311	13,701	15,000	15,500
3. Percent of early syphilis cases treated appropriately*	82.0 %	87.0 %	89.0 %	90.0 %	95.0 %
4. Percent of children entering kindergarten up to date with required DTaP5 – Polio4 – MMR2 - HepB3– Varicella2 vaccines	88.0 %	86.0 %	86.0 %	90.0 %	90.0 %
5. Number of reportable diseases sent to the CDC*	20,373	92,882	39,632	6,000	6,000
6. Number of certified vital records produced*	373,191	402,632	383,950	394,579	386,687
7. Percent of children receiving services from Part C who substantially increased their growth in positive social-emotional skills by the time they turned 3 years of age or exited the program*	67.0 %	65.0 %	67.0 %	67.0 %	68.0 %
8. Number of pregnant and postpartum women, breastfeeding mothers, infants, and children to age 5 served by the WIC program*	81,529	76,424	81,824	71,000	71,000
9. Average number of child care facility permits and licenses issued monthly*	472	440	466	450	450
10. Number of provider referrals of patients to the Quitline for tobacco cessation*	221	146	273	350	450
11. Average Cost of Kansas school dental screening program at \$5.00 per screening*	\$ 747,175	\$ 328,275	\$ 623,217	\$ 500,000	\$ 750
12. Average cost per cancer screening (colonoscopies added in FY21)*	\$ 58	\$ 107	\$ 75	\$ 99	\$ 93
13. Percent of women served by Maternal Child Health agencies who received prenatal care	68.4 %	71.4 %	70.9 %	70.0 %	71.0 %
14. Percent of childcare facilities complying with regulations	98.2 %	99.4 %	98.9 %	99.0 %	99.0 %

Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 21,242,669	\$ 24,011,296		\$ 30,806,874	\$ 29,063,268
All Other Funds	142,086,759	257,892,539		340,116,390	186,666,331
TOTAL	\$ 163,329,428	\$ 281,903,835		\$ 370,923,264	\$ 215,729,599
Percentage Change:					
SGF	8.1 %	13.0 %		28.3 %	(5.7) %
All Funds	2.8 %	72.6 %		31.6 %	(41.8) %
FTE Positions	358.5	397.0		468.2	468.2

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

FIGURE 16 SUMMARY OF PUBLIC HEALTH, FY 2022					
	Special Revenue Funds		All Funds	FTE	
	SGF				
Legislative Approved:					
Amount Approved by 2021 Legislature	\$ 28,927,762	155,750,368	184,678,130	398.8	
SGF Reappropriation	1,880,735	-	1,880,735	--	
<i>Subtotal—Legislative Approved</i>	<i>\$ 30,808,497</i>	<i>\$ 155,750,368</i>	<i>\$ 186,558,865</i>	<i>398.8</i>	
Agency Revised Estimate:					
CIF reappropriation	\$ -	42,498	42,498	--	
COVID-19 Relief Funds - ELC/testing	-	65,011,592	65,011,592	--	
COVID-19 Relief Funds - Health Disparities	-	5,127,497	5,127,497	--	
COVID-19 Relief Funds - Small Rural Hospital Improvement Program	-	17,629,730	17,629,730	--	
COVID-19 Relief Funds - Vaccine Preparedness	-	19,199,808	19,199,808	--	
COVID-19 relief funds - Other	-	18,338,973	18,338,973	--	
Childcare Development Block Grant	-	3,152,667	3,152,667	--	
Supplemental Request - Oral Health	250,000	-	250,000	--	
All Other Adjustments	(1,623)	5,245,018	5,243,395	69.4	
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 31,056,874</i>	<i>\$ 289,498,151</i>	<i>\$ 320,555,025</i>	<i>468.2</i>	
Governor's Recommendation:					
Front Line Hospital Employee Retention Plan	\$ -	\$ 50,000,000	\$ 50,000,000	--	
Consolidated Health Centers Fund	-	618,239	618,239	--	
Non-recommended agency supplementals	(250,000)	-	(250,000)	--	
TOTAL	\$ 30,806,874	\$ 340,116,390	\$ 370,923,264	468.2	

FY 2022 BUDGET ANALYSIS

The **agency** requests a Division of Public Health revised estimate of \$320.6 million, including \$31.1 million SGF, in FY 2022. This is an all funds increase of \$129.2 million, or 67.5 percent, including an SGF increase of \$248,377, or 0.8 percent, above the amount approved by the 2021 Legislature. The FY 2022 agency revised request includes the following for each bureau:

- \$103,693, including \$7,395 SGF, for Health Administration;
- \$19.1 million, including \$1.9 million SGF, for the Bureau of Disease Control and Prevention;
- \$20.5 million, including \$430,712 SGF, for the Bureau of Health Promotions;

- \$94.0 million, including \$8.6 million SGF, for the Bureau of Family Health;
- \$62.1 million, including \$19.3 million SGF, for the Bureau of Community Health Systems;
- \$1.0 million, including \$575,511 SGF, for the Bureau of Oral Health; and
- \$123.6 million, including \$196,845 SGF, for the Bureau of Epidemiology and Public Health Informatics.

The all funds increase includes a reappropriation from the Children's Initiatives Fund due to a COVID-19-related drop in services in the Newborn Hearing Aid Program and an increase in funding for the Childcare Development Block grant. The largest reason for the increase is COVID-19 pandemic relief funds that were not originally budgeted as the allocation occurred after the agency created its original FY 2022 budget in September 2020.

COVID-19 RELIEF FUNDS

The majority of COVID-19 pandemic relief funds (\$65.0 million) were in the category of testing and related infrastructure, such as laboratory equipment and informatics. Other large categories include \$19.2 million for vaccine preparedness and \$17.6 million for Small Rural Hospital Improvement Program testing and mitigation. The COVID-19 Relief

Funds - Other category includes a variety of funds, including funds for Housing Opportunities for Persons with AIDS and the Part C program (tiny-k).

SUPPLEMENTAL REQUEST

The increase in SGF is due to the agency's supplemental request for \$250,000 for school-based oral health programming.

FTE POSITIONS

The revised request for the Division of Public Health includes an increase of 69.4 FTE positions above the 398.8 approved by the 2021 Legislature. The positions are primarily associated with COVID-relief efforts and housed within the bureaus of Epidemiology and Public Health Informatics, Disease Control and Prevention, and Community Health Systems.

GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2022 Division of Public Health expenditures totaling \$370.9 million, including \$30.8 million SGF. This is an increase of \$50.4 million from all funds, including a decrease of \$250,000 SGF, from the agency's FY 2022 revised estimate. The all funds increase is largely due to the \$50.0 million Front Line Hospital Employee Retention Plan included in the Governor's recommendation, as approved by the SPARK Executive Committee and the State Finance Council.

FIGURE 17
SUMMARY OF PUBLIC HEALTH, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ 31,056,874	\$ 289,498,151	\$ 320,555,025	468.2
Agency Request:				
COVID-19 Relief Funds - ELC/testing	\$ -	(78,259,024)	(78,259,024)	--
COVID-19 Relief Funds - Women Infants and Children (WIC)	-	(4,132,197)	(4,132,197)	--
COVID-19 Relief Funds - Small Rural Hospital Improvement Program	-	(11,747,244)	(11,747,244)	--
COVID-19 Relief Funds - Vaccine Preparedness	-	(3,735,602)	(3,735,602)	--
COVID-19 Relief Funds - Other		(6,734,762)	(6,734,762)	--
Reappropriations not budgeted for in FY 2023	(1,880,735)		(1,880,735)	--
Enhancement - Maternal and Child Home Visiting	-	1,400,000	1,400,000	--
Enhancement - School-based Oral Health	250,000	-	250,000	--
All Other Adjustments	(246,572)	(389,822)	(636,394)	--
Subtotal-Agency Request	\$ 29,179,567	\$ 185,899,500	\$ 215,079,067	468.2
Governor's Recommendation:				
Non-recommended Agency Enhancements	\$ (250,000)	\$ -	\$ (250,000)	--
Nurse Pay Adjustment	133,701	-	133,701	--
Consolidated Health Centers Fund		766,831	766,831	--
TOTAL	\$ 29,063,268	\$ 185,899,500	\$ 215,729,599	468.2

FY 2023 BUDGET ANALYSIS

The **agency** requests Division of Public Health expenditures of \$215.1 million, including \$29.2 million SGF, for FY 2023. This is an all funds decrease of \$105.5 million, or 32.9 percent, including an SGF decrease of \$1.9 million, or 6.0 percent, below the 2022 revised estimate. The FY 2023 agency request includes the following decreases for each bureau:

- \$4,325, all federal funds, for Health Administration;
- \$18.5 million, including \$1.3 million SGF, for the Bureau of Disease Control and Prevention;
- \$20.5 million, including \$430,467 SGF, for the Bureau of Health Promotions;
- \$88.7 million, including \$8.4 million SGF, for the Bureau of Family Health;
- \$49.3 million, including \$18.3 million SGF, for the Bureau of Community Health Systems;

- \$1.0 million, including \$575,597 SGF, for the Bureau of Oral Health; and
- \$37.0 million, including \$196,937 SGF, for the Bureau of Epidemiology and Public Health Informatics.

ALL FUNDS DECREASE

The all funds decrease is primarily due to a reduction in the amount of federal COVID-19 pandemic relief funds anticipated to be available for FY 2023. Major areas of decrease include \$78.3 million in epidemiology and laboratory capacity (ELC) and testing funds, \$11.7 million in COVID-19 pandemic relief funding for the Small Rural Hospital Improvement Program, and a \$4.1 million reduction in funding for the Woman, Infants, and Children (WIC) program.

The all funds decrease was partially offset by the agency's enhancement request for an

additional \$1.4 million, all from the Children's Initiatives Fund, for the Maternal and Child Home Visiting Program.

SGF DECREASE

The SGF decrease is largely due to \$1.9 million in reappropriations from FY 2021 into FY 2022 that were not budgeted to reoccur in FY 2023. This was partially offset by the agency's enhancement request for the school-based oral health program.

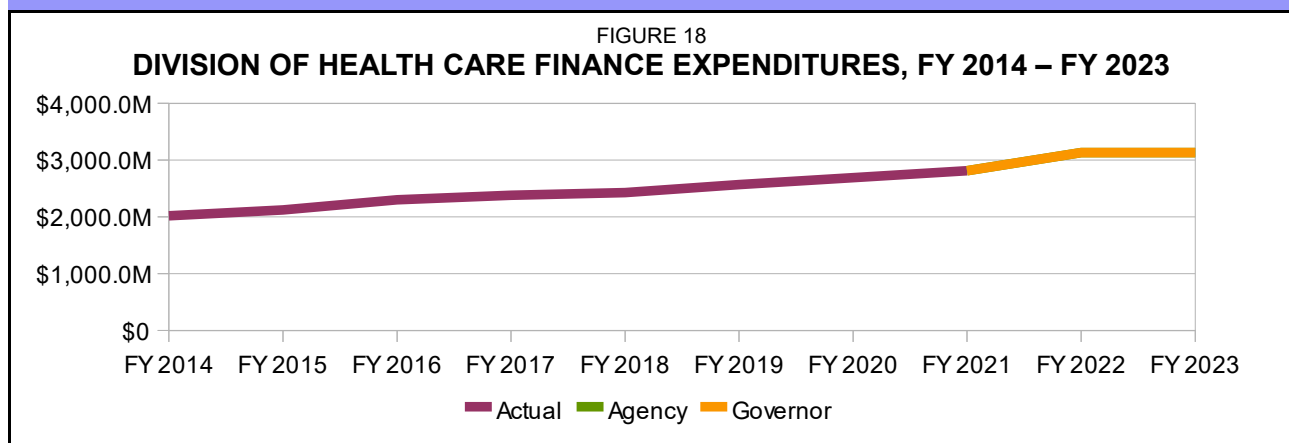
FTE POSITIONS

The agency request for the Division of Public Health in FY 2023 includes 468.2 FTE positions, which is the same as the FY 2022 revised estimate number.

GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2023 Division of Public Health expenditures totaling \$215.7 million, including \$29.1 million SGF. This is an increase of \$650,532 above the agency's FY 2023 request, largely due to federal funds that were added for COVID-19 pandemic relief after the agency submitted their budget.

DIVISION OF HEALTH CARE FINANCE



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 (MMIS), 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 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 the Kansas Department for

Aging and Disability Services, 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 comprised 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 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 Kansas 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 19 HEALTH CARE FINANCE, PERFORMANCE MEASURES					
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Average number of Kansas Medicaid members enrolled monthly	409,053	463,053	427,558	370,800	370,800
2. Stakeholder Medicaid Training: Classroom hours provided*	2,022	3,660	2,903	3,000	3,000
3. Healthcare Effectiveness Data and Information Set (HEDIS) 50th percentile for HbA1c testing for comprehensive Diabetes care*	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Meet or exceed the 50th percentile of NCQA's** Quality Compass or meet or exceed by 5 percentage points.	Meet or exceed the 50th percentile of NCQA's** Quality Compass or meet or exceed by 5 percentage points.
4. HEDIS 50th percentile for Annual Dental Visit Total Ages 2-21*	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Meet or exceed the 50th percentile of NCQA's** Quality Compass or meet or exceed by 5 percentage points.	Meet or exceed the 50th percentile of NCQA's** Quality Compass or meet or exceed by 5 percentage points.
5. HEDIS 50th percentile for Weight Assessment / BMI for Children & Adolescents*	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Meet or exceed the 50th percentile of NCQA's** Quality Compass or meet or exceed by 5 percentage points.	Meet or exceed the 50th percentile of NCQA's** Quality Compass or meet or exceed by 5 percentage points.
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 599,206,924	\$ 532,864,669		\$ 713,948,382	\$ 706,848,108
All Other Funds	2,089,053,797	2,279,001,429		2,478,516,671	3,025,167,882
TOTAL	\$ 2,688,260,721	\$ 2,811,866,098		\$ 3,192,465,053	\$ 3,732,015,990
Percentage Change:					
SGF	(19.1) %	(11.1) %		34.0 %	(1.0) %
All Funds	4.7 %	4.6 %		13.5 %	16.9 %
FTE Positions	592.0	631.0		627.0	627.0

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

**National Committee for Quality Assurance

FIGURE 20
SUMMARY OF HEALTH CARE FINANCE FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ 760,646,912	\$ 2,359,458,978	\$ 3,120,105,890	630.0
SGF Reappropriation	18,546,559	-	18,546,559	--
<i>Subtotal—Legislative Approved</i>	<i>\$ 779,193,471</i>	<i>\$ 2,359,458,978</i>	<i>\$ 3,138,652,449</i>	<i>630.0</i>
Agency Revised Estimate:				
Supplemental - Administrative Hearings Services	\$ 107,348	\$ 107,349	\$ 214,697	--
Supplemental - FTEs for Medicaid Eligibility	53,463	160,389	213,852	3.0
Supplemental - FTEs for Medicaid Pharmacy	46,800	140,400	187,200	2.0
Supplemental - Extend Medicaid coverage for pregnant women	1,049,024	1,584,068	2,633,092	--
All Other Adjustments	281,873	(8,584,118)	(8,302,245)	(8.0)
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ 780,731,979</i>	<i>\$ 2,352,867,066</i>	<i>\$ 3,133,599,045</i>	<i>627.0</i>
Governor's Recommendation:				
Non-recommended agency supplementals	\$ (50,131)	\$ (150,395)	\$ (200,526)	--
Caseload Adjustments	(66,733,466)	125,800,000	59,066,534	--
TOTAL	\$ 713,948,382	\$ 2,478,516,671	\$ 3,192,465,053	627.0

FY 2022 BUDGET ANALYSIS

The **agency** requests a Division of Health Care Finance revised estimate of \$3.1 billion, including \$780.7 million SGF, in FY 2022. This is an all funds decrease of \$5.0 million, or 0.2 percent, including an SGF increase of \$1.5 million, or 0.2 percent, from the amount approved by the 2021 Legislature.

The SGF increase of \$1.5 million is due to the agency's supplemental requests as listed above.

GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2022 Division of Health Care Finance expenditures totaling \$3.2 billion, including \$713.9 million SGF. This is an increase of \$58.9 million from all funds and a decrease of \$66.8 million SGF from the agency's FY 2022 revised estimate, largely due to adjustments to human services caseloads.

FIGURE 21 SUMMARY OF HEALTH CARE FINANCE, FY 2023				
	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ 780,731,979	\$ 2,352,867,066	\$ 3,133,599,045	627.0
Agency Request:				
Enhancement - Kansas Modular Medicaid System (KMMS) Project	\$ 9,100,000	\$ -	\$ 9,100,000	--
Enhancement - FTEs for Medicaid Eligibility	-	-	-	--
Enhancement - FTEs for Medicaid Pharmacy	-	-	-	--
Enhancement - Extend Medicaid coverage for pregnant women	3,143,486	4,746,790	7,890,276	--
Discontinuation of Administrative Hearing Supplemental request	(107,348)	(107,348)	(214,696)	--
Reappropriations from FY 2022 not budgeted for in FY 2023	(18,546,559)	-	(18,546,559)	--
All Other Adjustments	26,550	161,375	187,924	--
Subtotal—Agency Request	\$ 774,348,108	\$ 2,357,667,883	\$ 3,132,015,990	627.0
Governor's Recommendation:				
Caseload Adjustments	1,000,000	3,000,000	4,000,000	--
Medicaid Expansion Assistance	19,000,000	577,000,000	596,000,000	--
Medicaid Expansion SGF Savings	(87,500,000)	-	-	--
TOTAL	\$ 706,848,108	\$ 2,357,667,883	\$ 3,732,015,990	627.0

FY 2023 BUDGET ANALYSIS

The **agency** requests Division of Health Care Finance expenditures of \$3.1 billion, including \$774.3 million SGF, for FY 2023. This is an all funds decrease of \$1.6 million, or less than 0.1 percent, including an SGF decrease of \$6.4 million, or 0.8 percent, below the FY 2022 revised estimate.

SGF

The decrease in SGF expenditures for FY 2023 is largely due to funds that were reappropriated from FY 2021 into FY 2022 that were not budgeted to reoccur in FY 2023. This decrease was partially offset by the agency's four enhancement requests in the Division of Health Care Finance. These include funding for the KMMS Project (\$9.1 million SGF), a continuation of the additional FTE positions in Medicaid eligibility and pharmacy programs, and the extension of Medicaid coverage for

pregnant women (\$7.9 million from all funds, including \$3.1 million SGF).

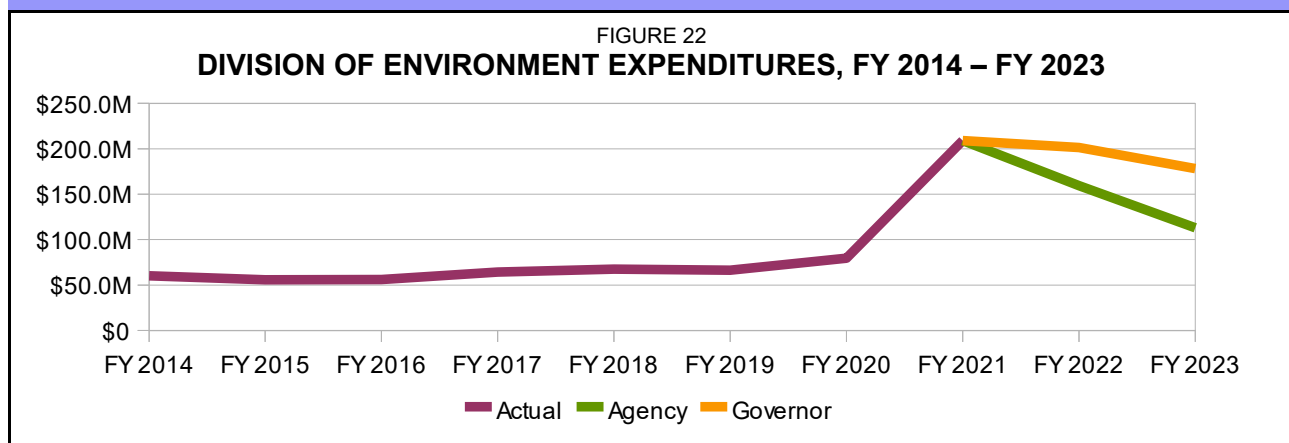
FTE POSITIONS

The agency's request for the Division of Public Health in FY 2023 includes 627.0 FTE positions, which is the same as the FY 2022 revised estimate number.

GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2023 Division of Health Care Finance expenditures totaling \$3.7 billion, including \$706.8 million SGF. This is an increase of \$600.0 million from all funds and a decrease of \$67.5 million SGF from the agency's FY 2023 estimate, largely due to the addition of expenditures and savings for Medicaid Expansion.

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.
- Oversight of 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/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 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, and is heavily influenced by federal law and regulation. 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 non-point 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 recalcitrant. 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.

The **Health and Environment Laboratories** provide comprehensive chemical and biological analyses on a large volume of clinical specimens and environmental samples. The Chemistry Laboratory conducts analyses to evaluate environmental water quality, defines radiological hazards, and monitors the use and disposal of chemicals. The Radiochemistry Laboratory performs radiological testing of public drinking water samples, ambient water samples, and samples related to the issuance of radioactive material licenses. The Microbiology, Virology, and Serology Laboratories conduct analyses to characterize and diagnose infectious diseases, food-borne epidemics, intestinal illnesses, and sexually transmitted diseases. The Neonatal Chemistry Laboratory tests for potential genetic defects in infants. Laboratory Improvement and Certification evaluates regulated clinical, environmental, and breath alcohol laboratories using established standards to ensure data quality.

FIGURE 23

DIVISION OF ENVIRONMENT, PERFORMANCE MEASURES						
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023	
Outcome Measure:						
1. Average Cost per Air Permit Maintained*	\$ 5,097	\$ 5,079	\$ 5,137	\$ 7,374	\$ 6,548	
2. Number of Counties in Compliance with all National Ambient Air Quality Standards	105	105	105	105	105	
3. Number of Water Bodies Restored*	272	272	267	280	280	
4. Regulatory Cost of Bureau of Water Permits Issued*	\$ 1,476	\$ 1,397	\$ 1,374	\$ 1,705	\$ 1,432	
5. Number of Acres Available for New Redevelopment and Improvement of Contaminated Properties*	957	619	863	460	460	
6. Percent of Bureau of Waste Management Facilities in Compliance*	95.0 %	99.0 %	97.0 %	97.0 %	97.0 %	
7. Cost of Regulatory Oversight per Bureau of Waste Management Regulated Facility*	\$ 2,598	\$ 2,717	\$ 2,537	\$ 2,455	\$ 2,463	

FIGURE 23 DIVISION OF ENVIRONMENT, PERFORMANCE MEASURES					
	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
8. Dollars per Pound of Nitrogen from Surface Water*	\$ 10.69	\$ 9.72	\$ 10.49	\$ 8.68	\$ 8.26
9. Average Cost per Laboratory Test*	\$ 60.22	\$ 337.18	\$ 148.61	\$ 372.41	\$ 227.16
10. Percent Accuracy on Performance Laboratory Samples*	99.0 %	98.7 %	98.6 %	99.0 %	99.0 %
Output Measure:					
11. Number of Air Permits *	1,278	1,380	1,269	1,309	1,350
12. Number of Wastewater Permits Issued*	398	208	396	300	300
13. Number of Facilities with Underground Storage Tank Upgrades*	4	4	4	5	5
14. Number of Facilities with Underground Storage Tank Removals*	16	7	11	15	15
15. Landfill Groundwater Monitoring Reports Reviewed*	7	16	10	17	17
16. Number of Confined Animal Feeding Operations Permits*	3,145	3,179	3,154	3,185	3,185
17. Number of WRAPS Program Projects Established*	31	31	31	32	32
18. Total Number of Samples Processed (Clinical and Environmental)*	205,343	440,325	274,579	258,000	225,000
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ 4,266,995	\$ 4,338,906		\$ 4,275,472	\$ 69,168,056
COVID-19 Federal Funds	-	103,494,363		42,000,000	-
Other Federal Funds	55,643,171	156,999,836		146,393,456	59,689,138
All Other Funds	19,695,068	47,708,462		50,754,460	49,288,684
TOTAL	\$ 79,605,234	\$ 312,541,567		\$ 243,423,388	\$ 178,145,878
Percentage Change:					
SGF	2.9 %	1.7 %		(1.5) %	1,517.8 %
All Funds	20.2 %	292.6 %		(22.1) %	(26.8) %
FTE Positions	441.6	459.9		504.9	504.9

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

PERFORMANCE AND BUDGET ANALYSIS

FY 2022 ANALYSIS

The agency estimates Division of Environment revised FY 2022 expenditures of \$159.4 million, including \$4.3 million SGF. This is an all funds increase of \$87.6 million, or 122.0 percent, including an SGF increase of \$216,680, or 5.3 percent, above the FY 2022 approved amount. The agency's revised estimate includes the following adjustments:

- **SUPPLEMENTAL—LABORATORY EQUIPMENT.** The agency's revised

estimate includes a supplemental request of \$225,000 SGF for laboratory equipment. The agency plans to replace several pieces of equipment for drinking water testing including two ion chromatography instruments and two solid phase extraction units. The agency notes that replacement parts are no longer available due to the age of the machines.

- **FEDERAL FUNDS.** The agency estimates increased receipt of COVID-

19 pandemic relief federal funds in FY 2022. Specifically, the agency estimates an additional \$85.0 million from the Centers for Disease Control for COVID-19 testing.

- **STATE WATER PLAN FUND REAPPROPRIATIONS.** The agency estimates State Water Plan Fund reappropriations to be \$900,068. The majority of these funds carried over from projects for monitoring, analyzing, and preventing harmful algal blooms in Kansas lakes.

The agency's revised estimate includes 504.9 FTE positions, which is an increase of 45.0 FTE positions above the approved number. This increase is primarily due to an increase of 42.0 positions in the Laboratory as well as additional positions in the Bureau of Water and the Bureau of Environmental Field Services.

The **Governor** recommends FY 2022 Division of Environment expenditures totaling \$201.4 million, including \$4.3 million SGF. This is an increase of \$42.0 million, all from COVID-19 pandemic relief federal funds, above the agency's FY 2022 revised estimate. The State Finance Council approved \$42.0 million to continue COVID-19 testing programs through March 2022. Approval of these funds occurred after the agency submitted its budget request and were therefore not included in the revised estimate.

FY 2023 ANALYSIS

The agency requests Division of Environment FY 2023 expenditures of \$113.1 million, including \$4.2 million SGF. This is an all funds decrease of \$46.3 million, or 29.0 percent, including an SGF decrease of \$107,416, or 2.5 percent, below the Division's FY 2022 revised estimate. The agency's request includes the following adjustments:

- **FEDERAL FUNDS.** The agency estimates decreased receipt of COVID-19 pandemic relief federal funds for FY

2023. This decrease includes \$44.7 million for COVID-19 testing.

- **ENHANCEMENT—LABORATORY EQUIPMENT.** The agency is requesting enhancement funding of \$230,000 SGF for FY 2023 to purchase laboratory equipment. The agency plans to replace equipment for metals testing and environmental samples testing.
- **ENHANCEMENT—DRINKING WATER PROTECTION PROGRAM.** The agency requests \$350,000, all from the State Water Plan Fund, for the Drinking Water Protection Program. This program tests for nitrate levels in water to ensure a clean drinking water source. The agency plans to expand the number of communities in which it tests.
- **ENHANCEMENT—WATERSHED RESTORATION AND PROTECTION STRATEGY (WRAPS) PROGRAM.** This program provides technical and financial assistance to landowners to implement practices to reduce nutrient and pollutant runoff into surface waters. Practices include cover crops, buffer strips, and no-till farming. The agency is requesting an enhancement of \$296,116, all from the State Water Plan fund, for FY 2023.

The **Governor** recommends FY 2023 Division of Environment expenditures totaling \$178.1 million, including \$69.2 million SGF. This is an increase of \$65.0 million SGF above the agency's FY 2023 request. This increase is due to the Governor recommending additional expenditures to build a new laboratory on Lot 4 of the Capitol Complex. The State Finance Council approved this plan after the agency submitted its budget request. SB 159 (2021) authorized the agency to issue bonds for up to \$65.0 million upon approval of the project by the State Finance Council. The Governor's recommendation includes expenditures for the project, but not bonds.

CAPITAL IMPROVEMENTS

FIGURE 24 CAPITAL IMPROVEMENTS, FY 2021 – FY 2023					
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Capital Projects:					
Laboratory	\$ -	\$ -	\$ -	\$ -	\$ 65,000,000
Financing:					
SGF	\$ -	\$ -	\$ -	\$ -	\$ 65,000,000
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ 65,000,000

FY 2023 CAPITAL IMPROVEMENTS

The **agency** request does not include any capital improvements expenditures for FY 2023.

The **Governor** recommends \$65.0 million, all SGF, to construct a new laboratory at Lot 4 of

the Capitol Complex. These funds were approved by the State Finance Council after the agency submitted its budget. 2021 SB 159 authorized the agency to issue up to \$65.0 million in bonds upon State Finance Council's approval of the project.