

March 29, 2017

The Honorable Carolyn McGinn, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator McGinn:

SUBJECT: Fiscal Note for SB 232 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 232 is respectfully submitted to your committee.

SB 232 would amend the Developmental Disabilities Reform Act by carving out Intellectual/Developmentally Disabled (I/DD) waiver services from the current managed care services (KanCare) to be paid on a Fee-For-Service (FFS) basis. The bill would also increase I/DD rates by 5.0 percent over FY 2015 levels, starting in FY 2018 and recurring on a compounded basis in FY 2019 and FY 2020.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	\$8,106,048	\$18,057,580	\$8,581,504	\$18,960,459
Expenditure	\$8,106,048	\$18,057,580	\$8,581,504	\$18,960,459
FTE Pos.	--	--	--	--

The passage of SB 232 would move the payment of I/DD providers from KanCare managed care (through the three Managed Care Organizations, who are reimbursed through capitation payments) to the state directly paying the providers on a fee-for-service basis. The cost of care coordination, acute care services, and the associated administration of these costs for I/DD members would remain with KanCare at the current cost. The bill would set FY 2018 I/DD reimbursement rates at 5.0 percent above the FY 2015 rates. This would increase FY 2018 costs for I/DD services by \$18,057,580, including \$8,106,048 from the State General Fund. The bill would require reimbursement rates to be increased again by 5.0 percent in FY 2019 and 5.0 percent in FY 2020. FY 2019 costs would increase by \$18,960,459, including \$8,581,504 from

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the State General Fund, and FY 2020 costs would increase by \$19,908,482, including \$9,010,579 from the State General Fund. Beginning in FY 2021, the bill would require reimbursement rates to be increased over the preceding fiscal year by the greater of 2.0 percent or the annual percentage increase in the Consumer Price Index for urban wage earners and clerical workers. Any fiscal effect associated with SB 232 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Dan Thimmesch, Health & Environment
Cody Gwaltney, Aging & Disability Services