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 464 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 464 is respectfully submitted to your committee.

SB 464 would prevent the implementation or administration of managed care for individuals on the Medicaid Home and Community-Based Services MR/DD Waiver and prohibit individuals with developmental disabilities from receiving assistance or services in a managed care system until a thorough evaluation has been made for an impact of the managed care system on the services provided for at least one year.

The Kansas Department of Health and Environment understands the language in SB 464 to “carve out” all services for individuals with intellectual and developmental disabilities from KanCare for at least one year and until a thorough evaluation has been made for an impact of the managed care system on the services provided. Cost proposals from the five bidders who responded to the KanCare Request for Proposals remain sealed, so a detailed fiscal estimate based on those bids is not possible. However, the State of Kansas anticipates that a change of this magnitude to the scope of the KanCare project could require the reopening of the RFP, adding expense and delaying implementation for several months. The associated delay would necessitate at least $100,000 of additional actuarial work in FY 2012. It is likely that the delay would cause the state to forego all of the FY 2013 savings from KanCare in the Governor’s budget recommendation, which were $12.5 million from the State General Fund and $29.1 million from all funding sources. A shift in the implementation date would also have a fiscal effect in subsequent fiscal years. KanCare is anticipated to improve the quality of care which will lead to improved health outcomes for DD populations. If these do not occur the state will
realize greater costs over the long term. Any fiscal effect associated with SB 464 is not reflected in *The FY 2013 Governor’s Budget Report*.

Sincerely,

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Jackie Aubert, SRS
daveHalferty, Aging
Aaron Dunkel, KDHE