

## Senate Subcommittee Report

**Agency:** Kansas Department of Health and Environment – Division of Health     **Bill No.** SB 267

**Bill Sec.** 74

**Analyst:** Leopold

**Analysis Pg. No.** Vol. 1, p. 23

**Budget Page No.** 282

Expenditure Summary	Agency Request FY 2022	Governor Recommendation FY 2022*	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 841,590,667	\$ 792,008,955	\$ 1,790,000
Other Funds	2,595,714,160	3,110,424,226	0
<i>Subtotal</i>	<b>\$ 3,437,304,827</b>	<b>\$ 3,902,433,181</b>	<b>\$ 1,790,000</b>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
<i>Subtotal</i>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>TOTAL</b>	<b>\$ 3,437,304,827</b>	<b>\$ 3,902,433,181</b>	<b>\$ 1,790,000</b>

FTE positions	1,138.8	1,138.8	0.0
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\*The Governor's recommendation includes GBA No. 3, Item 1, to delete \$96.0 million, including \$56.0 million SGF, to adopt the Spring 2021 Human Services Consensus Caseload estimate for FY 2022. The Governor's recommendation also includes GBA No. 3, Item 6, to add \$180,000, all SGF, for the State Loan Repayment Program for FY 2022, and GBA No. 3, Item 7, to add \$10.1 million, all SGF, for the Children's Health Insurance Program for FY 2022. Changes are reflected in the table only.

### Agency Request

The **agency** requests \$3.4 billion, including \$841.6 million SGF, for operating expenditures for FY 2022. This is an all funds decrease of \$45.1 million, or 1.3 percent, and an SGF decrease of \$6.0 million, or 0.7 percent, below the FY 2021 revised estimate. The request includes \$24.4 million for the Administration function, \$184.2 million for the Division of Public Health, and \$3.2 billion for the Division of Health Care Finance. The all funds decrease is primarily attributable to decreased federal funds for COVID-19 prevention and treatment, including a \$50.2 million reduction in federal aid within the division of Public Health. The SGF decrease is primarily due to decreased SGF expenditures for human services caseloads, partially offset by increased SGF expenditures for the Children's Health Insurance Program (CHIP). The agency request includes 9 enhancement requests totaling \$3.6 million, including \$32.7 million SGF.

The revised estimate includes 1,138.8 FTE positions, which is the same number as the FY 2021 revised estimate.

## **Governor's Recommendation**

The **Governor** recommends expenditures of \$4.0 billion, including \$837.8 million SGF, for FY 2022. This is an all funds increase of \$550.9 million, or 16.0 percent, and an SGF decrease of \$3.8 million, or 0.5 percent, from the agency's FY 2022 request. The Governor recommends deleting \$12.6 million from all funds, including an SGF increase of \$10.8 million, to fully fund the Fall 2020 Human Services Caseload estimates and adding \$596.0 million from all funds, including \$19.0 million SGF, to fund Medicaid expansion. In addition, the Governor recommends deleting \$29.1 million, all from the Medical Programs Fee Fund, to remove the increased state share of the Children's Health Insurance Program (CHIP) from the agency's budget, and delete \$1.1 million SGF for the reduced resources budget. The Governor recommends funding half of the agency's enhancement request for the Kansas Trauma Program (\$150,000).

The Governor recommends 1,138.8 FTE positions, which is the same number the agency requested for FY 2021.

## **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation for FY 2022 with the following adjustments:

1. Add \$1.5 million, all SGF, to increase funds available to local health departments using the statutory formula distribution contained in K.S.A. 65-242, for FY 2022. This will bring the total amount available for distribution to the 100 local health departments in Kansas using the formula to \$3.7 million.
2. Add language to raise the minimum provided to each of the 100 Local Health Departments under the statutory formula distribution contained in K.S.A. 65-242, for FY 2022 to \$12,000.
3. Add \$140,000 all SGF, for KDHE to collaborate with state and local health officials to more effectively and efficiently recognize and test for Lyme disease in individuals across Kansas for FY 2022.
4. Add \$150,000, all SGF, to fund the agency's enhancement request for school-based oral health preventative services for FY 2022. These services include oral health screenings, dental cleanings, education and data collection in schools statewide.

## **Senate Committee Recommendation**

The Committee concurs with the Subcommittee's recommendation for FY 2022 with the following adjustments:

1. Add language requiring hospitals and physicians be paid at the Medicaid rate established in FY 2021 until the first calendar quarter following approval by the federal Centers for Medicare and Medicaid Services (CMS) of the Health Care Access Improvement Program hospital provider assessment rate adjustment as passed and amended by the 2020 Legislature.

2. Add \$2.5 million, all SGF, for primary health projects from the community based primary care grants for FY 2022. In addition, add language specifying that this amount is to be directed for community-based primary care grants provided by the Community Care Network of Kansas.
3. Review transferring the \$19.0 million, all SGF, which was included in the Governor's recommendation for Medicaid Expansion to partially fund the agency's enhancement request for the increased state share of the Children's Health Insurance Program (CHIP) for FY 2022. The committee recommended review of this funding prior to the finalization of the appropriations bill.
4. Add language requiring Kansas Department of Health and Environment to reimburse entities that have entered into an agreement with the above agency and are providing community testing to the general public with special revenue funds for FY 2022.

**Senate Committee of the Whole Recommendation (Sub. for SB 267)**

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2022.

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## House Budget Committee Report

**Agency:** Kansas Department of Health and Environment – Division of Health

**Bill No.** HB 2397

**Bill Sec.** 78

**Analyst:** Leopold

**Analysis Pg. No.** Vol. 1, p.23

**Budget Page No.** 282

Expenditure Summary	Agency Request FY 2022	Governor Recommendation FY 2022*	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 841,590,667	\$ 792,008,955	\$ 3,150,000
Other Funds	2,595,714,160	3,110,424,226	0
<i>Subtotal</i>	<u>\$ 3,437,304,827</u>	<u>\$ 3,902,433,181</u>	<u>\$ 3,150,000</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>TOTAL</b>	<u><b>\$ 3,437,304,827</b></u>	<u><b>\$ 3,902,433,181</b></u>	<u><b>\$ 3,150,000</b></u>

FTE positions	1,138.8	1,138.8	0.0
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\*The Governor's recommendation includes GBA No. 3, Item 1, to delete \$96.0 million, including \$56.0 million SGF, to adopt the Spring 2021 Human Services Consensus Caseload estimate for FY 2022. The Governor's recommendation also includes GBA No. 3, Item 6, to add \$180,000, all SGF, for the State Loan Repayment Program for FY 2022, and GBA No. 3, Item 7, to add \$10.1 million, all SGF, for the Children's Health Insurance Program for FY 2022. Changes are reflected in the table only.

### Agency Request

The **agency** requests \$3.4 billion, including \$841.6 million SGF, for operating expenditures for FY 2022. This is an all funds decrease of \$45.1 million, or 1.3 percent, and an SGF decrease of \$6.0 million, or 0.7 percent, below the FY 2021 revised estimate. The request includes \$24.4 million for the Administration function, \$184.2 million for the Division of Public Health, and \$3.2 billion for the Division of Health Care Finance. The all funds decrease is primarily attributable to decreased federal funds for COVID-19 prevention and treatment, including a \$50.2 million reduction in federal aid within the Division of Public Health. The SGF decrease is primarily due to decreased SGF expenditures for human services caseloads, partially offset by increased SGF expenditures for the Children's Health Insurance Program (CHIP). The agency request includes 9 enhancement requests totaling \$3.6 million, including \$32.7 million SGF.

The revised estimate includes 1,138.8 FTE positions, which is the same number as the FY 2021 revised estimate.

## **Governor's Recommendation**

The **Governor** recommends expenditures of \$4.0 billion, including \$837.8 million SGF, for FY 2022. This is an all funds increase of \$550.9 million, or 16.0 percent, and an SGF decrease of \$3.8 million, or 0.5 percent, from the agency's FY 2022 request. The Governor recommends deleting \$12.6 million from all funds, including an SGF increase of \$10.8 million, to fully fund the Fall 2020 Human Services Caseload estimates and adding \$596.0 million from all funds, including \$19.0 million SGF, to fund Medicaid expansion. In addition, the Governor recommends deleting \$29.1 million, all from the Medical Programs Fee Fund, to remove the increased state share of the CHIP from the agency's budget, and delete \$1.1 million SGF for the reduced resources budget. The Governor recommends funding half of the agency's enhancement request for the Kansas Trauma Program (\$150,000).

The Governor recommends 1,138.8 FTE positions, which is the same number the agency requested for FY 2021.

## **House Budget Committee**

The **Budget Committee** concurs with the Governor's recommendation with the following adjustments:

1. Add \$1.0 million, all SGF, to increase funds available to local health departments using the statutory formula distribution contained in K.S.A. 65-242, for FY 2022. This will bring the amount available for distribution to the 100 local health departments in Kansas using the formula to \$3.2 million.
2. Add \$2.0 million, all SGF, for primary health projects from the community based primary care grants for FY 2022. In addition, add language specifying that this amount is to be directed for community-based primary care grants provided by the Community Care Network of Kansas.
3. Add \$150,000, all SGF, for the Kansas Trauma Program, to sustain the program's statutory requirements to address the treatment and survival of critical injuries throughout the state for FY 2022.
4. Add language requiring hospitals and physicians be paid at the Medicaid rate established in FY 2021 until the first calendar quarter following approval by the federal Centers for Medicare and Medicaid Services (CMS) of the Health Care Access Improvement Program hospital provider assessment rate adjustment as passed and amended by the 2020 Legislature.
5. Add language to transfer \$19.0 million, all SGF, which was included in the Governor's recommendation for Medicaid Expansion to partially fund the agency's enhancement request for the increased state share of the Children's Health Insurance Program (CHIP) for FY 2022 if Medicaid Expansion does not pass during the 2021 Legislative Session.
6. Add language to delete \$577.0 million, all special revenue funds, for Medicaid Expansion for FY 2022 if Medicaid Expansion does not pass during the 2021 Legislative Session. The Budget Committee notes that KSA 39-709(e)(2) requires Medicaid Expansion to be approved by the Legislature.

7. The Committee recommends that information be gathered to provide a clear understanding of the following:
  - The process by which Kansas sets and adjusts the rates paid to the Managed Care Organizations providing KanCare services;
  - The federal laws that guide the rate setting process for states with managed care; and
  - Information on how other states with Medicaid managed care set rates, and whether there is legislative oversight of the process.
8. The Committee recommends an interim study on the availability and accessibility of dental care for adults who are uninsured, living in poverty, or senior citizens in Kansas. The study will identify existing services, gaps in or barriers in accessing existing services, and recommendations for steps to improve the accessibility of dental services to these populations.
9. Add language requiring the Kansas Department of Health and Environment to establish a prospective payment system under the medical assistance program for funding certified community behavioral health clinics and submit to the federal Centers for Medicare and Medicaid services (CMS) any request necessary to implement this system.

#### **House Committee Recommendation**

The **Committee** concurs with the Budget Committee's recommendation for FY 2022 with the following adjustments:

1. Add language to increase the total amount permitted to be transferred from the Medical Assistance Fee Fund to the Newborn Screening Fund from \$2,500,000 to \$5,000,000 for FY 2022.
2. Review at Omnibus adding language that prevents Prescription Benefit Managers (PBMs) from discriminating against or providing differential treatment to pharmacies or providers that purchase or dispense drugs purchased under the Federal 340B program for FY 2022.

#### **House Committee of the Whole Recommendation (Sub. for HB 2397)**

The **Committee of the Whole** concurs with the House Committee recommendation with the following adjustment:

1. Add language to delete 2.0 percent of SGF appropriations and reappropriations, excluding debt service, for FY 2022.

#### **Conference Committee Recommendation (HB 2007)**

The **Conference Committee** concurs with the Governor's recommendation for FY 2022 with the following adjustments:

1. Add language to raise the minimum provided to each of the 100 Local Health Departments under the statutory formula distribution contained in K.S.A. 65-242, for FY 2022 to \$12,000.
2. Add \$140,000 all SGF, for KDHE to collaborate with state and local health officials to more effectively and efficiently recognize and test for Lyme disease in individuals across Kansas for FY 2022.
3. Add \$150,000, all SGF, to fund the agency's enhancement request for school-based oral health preventative services for FY 2022. These services include oral health screenings, dental cleanings, education and data collection in schools statewide.
4. Add language requiring hospitals and physicians be paid at the Medicaid rate established in FY 2021 until the first calendar quarter following approval by the federal Centers for Medicare and Medicaid Services (CMS) of the Health Care Access Improvement Program hospital provider assessment rate adjustment as passed and amended by the 2020 Legislature.
5. Transfer \$19.0 million, all SGF, which was included in the Governor's recommendation for Medicaid Expansion, to partially fund the agency's enhancement request for the increased state share of the Children's Health Insurance Program (CHIP) for FY 2022 if Medicaid expansion is not approved by the 2021 Legislature.
6. Add language requiring Kansas Department of Health and Environment to reimburse entities that have entered into an agreement with the above agency and are providing community testing to the general public with special revenue funds for FY 2022.
7. Add \$1.0 million, all SGF, to increase funds available to local health departments using the statutory formula distribution contained in K.S.A. 65-242, for FY 2022. This will bring the amount available for distribution to the 100 local health departments in Kansas using the formula to \$3.2 million.
8. Add \$2.0 million, all SGF, for primary health projects from the community based primary care grants for FY 2022. In addition, add language specifying that this amount is to be directed for community-based primary care grants provided by the Community Care Network of Kansas.
9. Add \$150,000, all SGF, for the Kansas Trauma Program, to sustain the program's statutory requirements to address the treatment and survival of critical injuries throughout the state for FY 2022.
10. Add language to delete \$577.0 million, all special revenue funds, for Medicaid Expansion for FY 2022 if Medicaid Expansion does not pass during the 2021 Legislative Session. The Budget Committee notes that KSA 39-709(e)(2) requires Medicaid Expansion to be approved by the Legislature.
11. Add language requiring the Kansas Department of Health and Environment to establish a prospective payment system under the medical assistance program for funding certified community behavioral health clinics and submit to the federal Centers for Medicare and Medicaid services (CMS) any request necessary to implement this system.

12. Add language to increase the total amount permitted to be transferred from the Medical Assistance Fee Fund to the Newborn Screening Fund from \$2,500,000 to \$5,000,000 for FY 2022.

**Omnibus Activity (SB 159)**

1. Adopt the Governor's Budget Amendment (GBA) No. 3, Item 1, to delete \$96.0 million, including \$56.0 million SGF, to adopt the Spring Human Services Consensus Caseload estimate for FY 2022.
2. Adopt GBA No. 3, Item 6, to add \$180,000, all SGF, for the State Loan Repayment Program for healthcare professionals who serve in rural areas for FY 2022.
3. Adopt GBA No. 3, Item 7, to add \$10.1 million, all SGF, for the Children's Health Insurance Program for FY 2022.
4. Add \$100,000, all SGF, to implement the Rural Hospital Innovation Grant Program, contained in Senate Sub. for HB 2208, for FY 2022.
5. Add \$183,680, all SGF, and 2.0 FTE positions to implement the Rural Emergency Hospital Act, contained in Senate Sub. for HB 2208, for FY 2022.
6. Appropriate a no-limit Rural Innovation Grant Fund, contained in Senate Sub. for HB 2208, for FY 2022.
7. Add language guiding and directing the agency on how to proceed with contact tracing to slow the spread of COVID-19 in FY 2022.



	Governor's Recommendation FY 2022	Legislative Action	Legislative Approved FY 2022	Governor's Veto FY 2022	Veto Override	Final Legislative Approved FY 2022
<b>All Funds</b>						
State Operations	\$ 388,660,469	\$ (15,076,320)	\$ 373,584,149	\$ 0	\$ 0	\$ 373,584,149
Aid to Local Units	50,788,533	1,000,000	51,788,533	0	0	51,788,533
Other Assistance	3,462,984,179	(559,200,000)	2,903,784,179	0	0	2,903,784,179
<i>Subtotal - Operating</i>	<i>\$ 3,902,433,181</i>	<i>\$ (573,276,320)</i>	<i>\$ 3,329,156,861</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 3,329,156,861</i>
Capital Improvements	0	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 3,902,433,181</u></b>	<b><u>\$ (573,276,320)</u></b>	<b><u>\$ 3,329,156,861</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 3,329,156,861</u></b>

**State General Fund**

State Operations	\$ 38,196,865	\$ (7,176,320)	\$ 31,020,545	\$ 0	\$ 0	\$ 31,020,545
Aid to Local Units	6,749,150	1,000,000	7,749,150	0	0	7,749,150
Other Assistance	747,062,940	9,900,000	756,962,940	0	0	756,962,940
<i>Subtotal - Operating</i>	<i>\$ 792,008,955</i>	<i>\$ 3,723,680</i>	<i>\$ 795,732,635</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 795,732,635</i>
Capital Improvements	0	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 792,008,955</u></b>	<b><u>\$ 3,723,680</u></b>	<b><u>\$ 795,732,635</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 795,732,635</u></b>

FTE Positions	1,138.8	2.0	1,140.8	0.0	0.0	1,140.8
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