

Health Care Stabilization Fund Board of Governors

Expenditure	Actual FY 2014	Approved FY 2015	Approved FY 2016	Approved FY 2017
All Funds:				
State Operations	\$ 7,722,355	\$ 6,751,027	\$ 6,961,551	\$ 7,718,475
Aid to Local Units	-	-	-	-
Other Assistance	25,029,266	25,504,820	25,989,410	29,601,940
<i>Subtotal - Operating</i>	<u>\$ 32,751,621</u>	<u>\$ 32,255,847</u>	<u>\$ 32,950,961</u>	<u>\$ 37,320,415</u>
Capital Improvements	-	-	-	-
TOTAL	<u><u>\$ 32,751,621</u></u>	<u><u>\$ 32,255,847</u></u>	<u><u>\$ 32,950,961</u></u>	<u><u>\$ 37,320,415</u></u>
State General Fund:				
State Operations	\$ -	\$ -	\$ -	\$ -
Aid to Local Units	-	-	-	-
Other Assistance	-	-	-	-
<i>Subtotal - Operating</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Improvements	-	-	-	-
TOTAL	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Percent Change:				
Operating Expenditures				
All Funds	(11.9)%	(1.5)%	2.2 %	13.3 %
State General Fund	-	-	-	-
FTE Positions	19.5	19.5	20.0	20.0
Non-FTE Unclass. Perm. Pos.	-	-	-	-
TOTAL	<u><u>19.5</u></u>	<u><u>19.5</u></u>	<u><u>20.0</u></u>	<u><u>20.0</u></u>

The approved budget for the Health Care Stabilization Fund Board of Governors in FY 2015 totals \$32.3 million, all from the Health Care Stabilization Fund, a decrease of \$495,774, or 1.5 percent, below FY 2014 actual expenditures. The FY 2015 approved budget is decrease of \$7.0 million, or 17.9 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to the agency's revised estimate for claims payments and claims related expenditures, such as attorney and other legal fees. Due to a significant increase in claims payments in FY 2013 compared to FY 2011 and FY 2012, the agency had previously projected increased costs and payments using FY 2013 expenditures as a guideline. The agency's review of FY 2014 expenditures appeared to indicate that FY 2013 was an outlier year for

expenditures, therefore the agency re-estimated claims payments and submitted reduced claims expenditures and legal expenditures in the revised estimate. A portion of the decrease is also attributable to a decrease in KPERS employer contributions.

The approved budget for FY 2016 totals \$33.0 million, all from the Health Care Stabilization Fund, an increase of \$695,114, or 2.2 percent, above the FY 2015 approved budget. The increase is primarily attributable to an agency projected 1.9 percent increase in the frequency of claims and payments for the first half of a contract for an actuarial review. The increase is partially offset by a decrease in employer

contributions for KPERS and state employee health insurance. The approved amount includes an increase of \$40,980, all from the Health Care Stabilization Fund, and 0.5 FTE position, to implement the provisions of 2015 HB 2064, which allows health care systems to aggregate insurance premiums for the purpose of obtaining a certificate of self-insurance.

The approved budget for FY 2017 totals \$37.3 million, all from the Health Care Stabilization Fund, an increase of \$4.4 million, or 13.3 percent, above the FY 2016 approved budget. The increase is primarily

attributable to an anticipated increase in claims due to the addition of five health care provider classes as a part of the Fund, an agency estimated 1.9 percent increase in the frequency of claims, the second half of a contract for an actuarial review, and payment of the 27th payroll period. The increase is partially offset by a decrease in employer contributions for KPERS and state employee health insurance. The approved amount includes an increase of \$40,980, all from the Health Care Stabilization Fund, and 0.5 FTE position, to implement the provisions of 2015 HB 2064, which allows health care systems to aggregate insurance premiums for the purpose of obtaining a certificate of self-insurance.

Health Care Stabilization Fund Board of Governors

	FY 2015			FY 2016			FY 2017		
	SGF	All Funds	FTE	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate/Request	\$ -	\$ 32,268,668	19.5	\$ -	\$ 32,941,484	19.5	\$ -	\$ 37,325,545	19.5
Governor's Changes:									
1. KPERS Employer Contribution Rate Reduction	\$ -	\$ (12,821)	-	\$ -	\$ -	-	\$ -	\$ -	-
2. Health Insurance Reduction	-	-	-	-	(13,921)	-	-	(14,200)	-
Total Governor's Recommendation	\$ -	\$ 32,255,847	19.5	\$ -	\$ 32,927,563	19.5	\$ -	\$ 37,311,345	19.5
Change from Agency Est./Req.	\$ -	\$ (12,821)	-	\$ -	\$ (13,921)	-	\$ -	\$ (14,200)	-
Percent Change from Agency Est./Req.	-%	-%	-%	-%	-%	-%	-%	-%	-%
Legislative Action:									
3. HB 2064	\$ -	\$ -	-	\$ -	\$ 40,980	0.5	\$ -	\$ 40,980	0.5
4. KPERS Employer Contribution Rate Reduction	-	-	-	-	(14,567)	-	-	(28,596)	-
5. KPERS Death and Disability Reduction	-	-	-	-	(3,015)	-	-	(3,314)	-
6. Newspapers and Magazines Prohibition	-	-	-	-	-	-	-	-	-
TOTAL APPROVED	<u>\$ -</u>	<u>\$ 32,255,847</u>	<u>19.5</u>	<u>\$ -</u>	<u>\$ 32,950,961</u>	<u>20.0</u>	<u>\$ -</u>	<u>\$ 37,320,415</u>	<u>20.0</u>
Change from Gov. Rec.	\$ -	\$ -	-	\$ -	\$ 23,398	0.5	\$ -	\$ 9,070	0.5
Percent Change from Gov. Rec.	-%	-%	-%	-%	0.1%	2.6%	-%	-%	2.6%
Change from Agency Est./Req.	\$ -	\$ (12,821)	-	\$ -	\$ 9,477	0.5	\$ -	\$ (5,130)	0.5
Percent Change from Agency Est./Req.	-%	-%	-%	-%	-%	2.6%	-%	-%	2.6%

1. The Governor deleted \$12,821, all from the Health Care Stabilization Fund, to reduce the Kansas Public Employees Retirement System employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.
4. The Legislature reduced the Kansas Public Employees Retirement System employer contribution rate (excluding KPERS Death and Disability) from 12.37 percent to 10.91 percent for FY 2016 and from 13.57 percent to 10.81 percent for FY 2017. **For this agency, the reductions totaled \$14,567 for FY 2016 and \$28,596 for FY 2017, all from the Health Care Stabilization Fund.**
2. The Governor deleted \$13,921 for FY 2016 and \$14,200 for FY 2017, all from the Health Care Stabilization Fund, to decrease employer contributions for state employee health insurance.
5. The Legislature deleted \$3,015 for FY 2016 and \$3,314 for FY 2017, all from the Health Care Stabilization Fund, to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods.
3. The Legislature added \$40,980, all from the Health Care Stabilization Fund, and a 0.5 FTE position for FY 2016 and FY 2017, to implement the provisions of 2015 HB 2064, which allows health care systems to aggregate insurance premiums for the purpose of obtaining a certificate of self-insurance.
6. The Legislature prohibited agencies from making expenditures on newspapers and magazines, including electronic subscriptions, for FY 2016 and FY 2017.