

House Budget Committee Report

Agency: Kansas Department of Health and Environment – Division of Health and Health Care Finance

Bill No. House Sub. SB 161

Bill Sec. 41/43

Analyst: Mariani

Analysis Pg. No. 985

Budget Page No. 200

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017	House Adjustments
Operating Expenditures:			
State General Fund	\$ 695,103,525	\$ 649,965,128	\$ (949,685)
Other Funds	1,705,757,462	1,741,501,474	4,023,857
Subtotal	<u>\$ 2,400,860,987</u>	<u>\$ 2,391,466,602</u>	<u>\$ 3,074,172</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 2,400,860,987</u></u>	 <u><u>\$ 2,391,466,602</u></u>	 <u><u>\$ 3,074,172</u></u>
 FTE positions	 218.0	 212.1	 6.0
Non FTE Uncl. Perm. Pos.	337.8	337.8	0.0
TOTAL	<u><u>555.8</u></u>	<u><u>549.9</u></u>	<u><u>6.0</u></u>

NOTE: Includes GBA No. 1, Item 9, and delete \$24.2 million from the State General Fund and add \$43.3 million from special revenue funds for human services consensus caseload estimates for FY 2017. Includes the May 18, 2016 allotment which deletes \$89.8 million, including \$39.9 million from the State General Fund, for FY 2017.

Agency Request

The agency requests FY 2017 operating expenditures of \$164.8 million for the Health program, an increase of \$7.8 million, or 7.7 percent, above the approved amount and a decrease of \$2.5 million, or 1.7 percent, below the revised estimate. The **agency** requests FY 2017 operating expenditures of \$2.3 billion for the Health Care Finance program, an increase of \$22.2 million, or 1.0 percent, above the approved amount and an increase of \$6.3 million, or 0.3 percent, above the revised FY 2016 estimate.

Governor's Recommendation

The **Governor** recommends The Governor recommends FY 2017 operating expenditures for the Health Program of \$155.0 million, including \$22.9 million from the State General Fund. This represents a decrease of \$9.8 million, or 6.8 percent, below the approved amount and includes the following adjustments:

- Transferred the Infants and Toddlers Program to the Kansas Department of Education and reduced related expenditures by \$9.8 million; and
- Added \$1.3 million in State General Fund and deleted the same amount from the Children's Initiatives Fund for the Healthy Start Program (\$237,914); Smoking Cessation (\$946,236; Newborn Hearing Aid Loaner Program (\$47,161); and SIDS Network Grant (\$96,374).

The Governor recommends FY 2017 operating expenditures for the Health Care Finance Program of \$2.3 billion, including \$691.1 million from the State General Fund. This represents an increase of \$50.4 million, or 2.2 percent, above the approved amount and includes the following adjustments:

- Added \$145.1 million, including \$58.4 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates;
- Deleted \$64.2 million, including \$32.2 million from the State General Fund, for additional Medicaid savings;
- Deleted funding of \$30.5 million, including \$13.4 million from the State General Fund, to eliminate the Health Homes Program;
- Deleted \$17.3 million, all from the State General Fund, and increased the same amount from federal funds for the enhanced federal match for the State Children's Health Insurance Program (SCHIP); and
- Deleted 8.2 million, all from the State General Fund, and added the same amount from fee funds for medical program expenditures.

House Action

There was no budgetary action taken during the Budget Committee meetings. The House Appropriations Committee and House Committee of the Whole concurred with the Governor's recommendation with the following adjustments:

1. Add \$4.0 million, all from federal funds, and 6.0 FTE positions to retain the tiny-K Infants and Toddlers Program in the Department of Health and Environment for FY 2017. This program also historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now at the discretion of the Children's Cabinet.
2. Add language requiring the agency to expend funds from the aid to local units - primary health projects State General Fund account for the purpose of including one or more pharmacists in the state loan repayment program for FY 2017.
3. Add \$378,000, all from the State General Fund, for Primary Care - Safety Net Clinics for FY 2017.

4. Delete \$1.3 million, all from the State General Fund, for: Healthy Start Program (\$237,914); Smoking Cessation (\$946,236); Newborn Hearing Aid Loaner Program (\$47,161); and SIDS Network Grant (\$96,374) for FY 2017. These programs historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now at the discretion of the Children's Cabinet.
5. Add language for FY 2017 requiring the Department of Health and Environment jointly with the Department for Aging and Disability Services, submit a report regarding the current status of provider reimbursement rates. The report should include the results of a rate study and recommendations for changes in the reimbursement rates and the funding necessary to implement such rate changes. The detailed report should be submitted for review by the 2017 Legislature.
6. Add language for FY 2017 requiring the Department of Health and Environment, in conjunction with the Department for Aging and Disability Services, to develop and implement a pilot program which provides an integrated approach to providing physical and mental health services to the Medicaid population during FY 2017.

Senate Subcommittee Report

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

Bill No. Senate Sub. HB 2365

Bill Sec. 40/42

Analyst: Mariani

Analysis Pg. No. 985

Budget Page No. 200

Expenditure Summary	Agency Request FY 2017	Governor Recommendation FY 2017 *	Senate Adjustments
Operating Expenditures:			
State General Fund	\$ 695,103,525	\$ 649,965,128	\$ (1,327,685)
Other Funds	1,705,757,462	1,741,501,474	4,023,857
Subtotal	<u>\$ 2,400,860,987</u>	<u>\$ 2,391,466,602</u>	<u>\$ 2,696,172</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0
Subtotal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,400,860,987</u></u>	<u><u>\$ 2,391,466,602</u></u>	<u><u>\$ 2,696,172</u></u>
FTE positions	218.0	212.1	6.0
Non FTE Uncl. Perm. Pos.	337.8	337.8	0.0
TOTAL	<u><u>555.8</u></u>	<u><u>549.9</u></u>	<u><u>6.0</u></u>

NOTE: Includes GBA No. 1, Item 9, and delete \$24.2 million from the State General Fund and add \$43.3 million from special revenue funds for human services consensus caseload estimates for FY 2017. Includes the May 18, 2016 allotment which deletes \$89.8 million, including \$39.9 million from the State General Fund, for FY 2017.

Agency Request

The agency requests FY 2017 operating expenditures of \$164.8 million for the Health program, an increase of \$7.8 million, or 7.7 percent, above the approved amount and a decrease of \$2.5 million, or 1.7 percent, below the revised estimate. The **agency** requests FY 2017 operating expenditures of \$2.3 billion for the Health Care Finance program, an increase of \$22.2 million, or 1.0 percent, above the approved amount and an increase of \$6.3 million, or 0.3 percent, above the revised FY 2016 estimate.

Governor's Recommendation

The **Governor** recommends recommends The Governor recommends FY 2017 operating expenditures for the Health Program of \$155.0 million, including \$22.9 million from the State General Fund. This represents a decrease of \$9.8 million, or 6.8 percent, below the approved and includes the following adjustments:

- Transferred the Infants and Toddlers Program to the Kansas Department of Education and reduced related expenditures by \$9.8 million; and
- Added \$1.3 million in State General Fund and deleted the same amount from the Children's Initiatives Fund for the Healthy Start Program (\$237,914); Smoking Cessation (\$946,236; Newborn Hearing Aid Loaner Program (\$47,161); and SIDS Network Grant (\$96,374).

The Governor recommends FY 2017 operating expenditures for the Health Care Finance Program of \$2.3 billion, including \$691.1 million from the State General Fund. This represents an increase of \$50.4 million, or 2.2 percent, above the approved amount and includes the following adjustments:

- Added \$145.1 million, including \$58.4 million from the State General Fund, to fully fund Medicaid caseloads based on the November consensus caseload estimates;
- Deleted \$64.2 million, including \$32.2 million from the State General Fund, for additional Medicaid savings;
- Deleted funding of \$30.5 million, including \$13.4 million from the State General Fund, to eliminate the Health Homes Program;
- Deleted \$17.3 million, all from the State General Fund, and increased the same amount from federal funds for the enhanced federal match for the State Children's Health Insurance Program (SCHIP); and
- Deleted 8.2 million, all from the State General Fund, and added the same amount from fee funds for medical program expenditures.

Senate Action

There was no budgetary action taken during the Subcommittee meetings. The Senate Ways and Means Committee and Senate Committee of the Whole concurred with the Governor's recommendation with the following adjustments:

1. Add language prohibiting Medicare from being included in a health care compact unless the Legislature specifically enacts such a provision in FY 2017.
2. Add \$4.0 million, all from federal funds, and 6.0 FTE positions to retain the tiny-K Infants and Toddlers Program in the Department of Health and Environment for FY 2017. This program also historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now at the discretion of the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.
3. Delete \$1.3 million, all from the State General Fund, for: Healthy Start Program (\$237,914); Smoking Cessation (\$946,236); Newborn Hearing Aid Loaner Program (\$47,161); and SIDS Network Grant (\$96,374) for FY 2017. These programs historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now at the discretion of the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.

Conference Action House Sub. for SB 161 and House Sub. for SB 249

The Conference Committee concurred with the Governor's Recommendation with the following adjustments:

1. Add language prohibiting Medicare from being included in a health care compact unless the Legislature specifically enacts such a provision in FY 2017.
2. Add \$378,000, all from the State General Fund, for Primary Care - Safety Net Clinics for FY 2017.
3. Add \$4.0 million, all from federal funds, and 6.0 FTE positions to retain the tiny-K Infants and Toddlers Program in the Department of Health and Environment for FY 2017. This program also historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now at the discretion of the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.
4. Delete \$1.3 million, all from the State General Fund, for: Healthy Start Program (\$237,914); Smoking Cessation (\$946,236); Newborn Hearing Aid Loaner Program (\$47,161); and SIDS Network Grant (\$96,374) for FY 2017. These programs historically received an appropriation from the Children's Initiatives Fund. Funding from the Children's Initiatives Fund is now at the discretion of the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.
5. Concur with GBA No. 1, Item 9, and delete \$24.2 million from the State General Fund and add \$43.3 million from special revenue funds for human services consensus caseload estimates for FY 2017.
6. Add language directing no expenditures can be made during FY 2016 and FY 2017 to proceed with integration of the Medicaid Home and Community Based Services waivers if the proposed integration is planned to occur prior to FY 2019. In addition, include language requiring reports to the Legislature during FY 2017.
7. Concur with GBA No. 1, Item 8, and consolidate the KanCare caseload expenditures budget and report in the Department of Health and Environment.
8. The Governor allocated a total \$7.0 million, all from the Children's Initiatives Fund, for FY 2017 as authorized by House Sub. for SB 161 to fund Infant Toddlers Program (tiny-K) (\$5.8 million); Healthy Start Program (\$204,828); Smoking Cessation (\$847,041); Newborn Hearing Aid Loaner Program (\$40,602); and SIDS Network Grant (\$82,972).

	Governor's Recommendation FY 2017	Legislative Action	Legislative Approved FY 2017	Governor's Vetoed FY 2017	Final Legislative Approved FY 2017
All Funds					
State Operations	\$ 204,536,193	\$ 652,900	\$ 205,189,093	\$ 0	\$ 205,189,093
Aid to Local Units	32,421,208	8,395,858	40,817,066	0	40,817,066
Other Assistance	2,154,509,201	769,571	2,155,278,772	0	2,155,278,772
Subtotal- Operations	\$ 2,391,466,602	\$ 9,818,329	\$ 2,401,284,931	\$ 0	\$ 2,401,284,931
Capital Improvements	0	0	0	0	0
TOTAL	<u>\$ 2,391,466,602</u>	<u>\$ 9,818,329</u>	<u>\$ 2,401,284,931</u>	<u>\$ 0</u>	<u>\$ 2,401,284,931</u>
State General Fund					
State Operations	\$ 17,454,447	\$ (42,895)	\$ 17,411,552	\$ 0	\$ 17,411,552
Aid to Local Units	6,506,524	(928,375)	5,578,149	0	5,578,149
Other Assistance	626,004,157	(19,149)	625,985,008	0	625,985,008
Subtotal-Operating	\$ 649,965,128	\$ (990,419)	\$ 648,974,709	\$ 0	\$ 648,974,709
Capital Improvements	0	0	0	0	0
TOTAL	<u>\$ 649,965,128</u>	<u>\$ (990,419)</u>	<u>\$ 648,974,709</u>	<u>\$ 0</u>	<u>\$ 648,974,709</u>
FTE Positions	212.1	6.0	218.1	0.0	218.1
Non-FTE Unclass. Perm. Pos.	337.8	0.0	337.8	0.0	337.8
TOTAL	<u>549.9</u>	<u>6.0</u>	<u>555.9</u>	<u>0.0</u>	<u>555.9</u>