

Kansas Department of Health and Environment – Divisions of Health and Health Care Finance

Expenditure	Actual FY 2015	Approved FY 2016	Approved FY 2017
All Funds:			
State Operations	\$ 189,883,621	\$ 230,550,763	\$ 205,189,093
Aid to Local Units	49,054,383	36,540,640	40,817,066
Other Assistance	2,060,159,914	2,215,902,672	2,155,278,772
<i>Subtotal - Operating</i>	<u>\$ 2,299,097,918</u>	<u>\$ 2,482,994,075</u>	<u>\$ 2,401,284,931</u>
Capital Improvements	-	-	-
TOTAL	<u><u>\$ 2,299,097,918</u></u>	<u><u>\$ 2,482,994,075</u></u>	<u><u>\$ 2,401,284,931</u></u>
State General Fund:			
State Operations	\$ 18,549,443	\$ 16,257,930	\$ 17,411,552
Aid to Local Units	5,736,948	5,579,497	5,578,149
Other Assistance	737,952,082	671,520,808	625,985,008
<i>Subtotal - Operating</i>	<u>\$ 762,238,473</u>	<u>\$ 693,358,235</u>	<u>\$ 648,974,709</u>
Capital Improvements	-	-	-
TOTAL	<u><u>\$ 762,238,473</u></u>	<u><u>\$ 693,358,235</u></u>	<u><u>\$ 648,974,709</u></u>
Percent Change:			
Operating Expenditures			
All Funds	4.9 %	8.0 %	(3.3)%
State General Fund	5.8	(9.0)	(6.4)
FTE Positions	452.9	302.0	302.1
Non-FTE Unclass. Perm. Pos.	235.8	393.8	393.8
TOTAL	<u><u>688.7</u></u>	<u><u>695.8</u></u>	<u><u>695.9</u></u>

The FY 2016 approved budget for the Kansas Department of Health and Environment – Divisions of Health and Health Care Finance is \$2.5 billion, including \$693.4 million from the State General Fund and \$7.0 million from the Children's Initiatives Fund (CIF). This is an all funds increase of \$183.9 million, or 8.0 percent, and a State General Fund decrease of \$68.9 million, or 9.0 percent, from the FY 2015 actual expenditures. The all funds increase is largely due to increases in other assistance for KanCare Medical programs. The State General Fund decrease is largely due to the addition of fee funds to medical assistance caseload funding and a corresponding reduction in State General Fund. The addition of fee funds were due to the increase from 1.0 percent to 3.31 percent in the annual privilege fees paid by every Health Maintenance Organization (HMO) as well as the use of additional funds from the Medical Program Fee Fund, where receipts are largely from drug rebates.

The FY 2016 budget includes 302.0 FTE positions, a decrease of 150.9 FTE positions below the FY 2015 actual number, and 393.8 non-FTE unclassified positions, an increase of 158.0 non-FTE unclassified positions above the FY 2015 actual number.

The FY 2017 approved budget for the Kansas Department of Health and Environment - Divisions of Health and Health Care Finance is \$2.4 billion, including \$649.0 million from the State General Fund and \$7.0 million from the CIF. This is an all funds decrease of \$81.7 million, or 3.3 percent, below the FY 2016 approved amount. This includes a State General Fund decrease of \$44.4 million, or 6.4 percent, below the FY 2016 approved amount. The CIF is a decrease of \$152,242 from the FY 2016 approved budget. The all funds and the State General Fund decrease are largely due to decreases in medical assistance program funding from May 18, 2016, allotment, which included a 4.0 percent reduction in Medicaid provider rates; a reduction to Safety Net Clinics; a reduction in vaccine purchases; and a reduction to the Office of the Inspector General.

The FY 2017 budget includes 302.1 FTE positions, an increase of 0.1 FTE position above the FY 2016 approved amount, and 393.8 non-FTE unclassified positions, no change from the FY 2016 approved amount.

The 2016 Session had several policy changes affecting the Department of Health and Environment - Divisions of Health and Health Care Finance reflected in the following bills:

2016 SB 248 prescribes the priority for expenditures and grants for family planning services financed with federal Title X funds. The bill specifies the Kansas Department of Health and Environment - Division of Public Health shall make any expenditure or grant first to public entities, including state, county, and local health departments and health clinics, and second, if funds remain, to non-public entities that are hospitals or federally qualified health centers that provide comprehensive primary and preventive care in addition to family planning services. The bill codifies in statute a proviso which has been included in the appropriations bills since 2011.

2016 House Sub. for SB 402 includes provisions related to what is known as step therapy and removes the prohibition from requiring a Medicaid recipient to use or fail with a drug usage or drug therapy prior to allowing the recipient to receive the product or therapy recommended by the recipient's physician (a practice commonly referred to as step therapy); provides for patient protections for individuals on a drug therapy commenced prior to the effective date of the bill, including a 30-day trial limit on drug usage or drug therapy used for the treatment of multiple sclerosis; provides for a 72-hour expedited appeal process on a physician request for an override; requires the Kansas Department of Health and Environment (KDHE) to study, review, and report to the Legislature on the use of step therapy in Medicaid and the savings under the program; provides for a step therapy exemption; and requires any policy or rule and regulation related to the implementation of the program be reviewed and approved by the Medicaid Drug Utilization Review Board prior to implementation by KDHE, with the additional requirement any policy or rule and regulation regarding any medication used to treat mental illness also is reviewed and approved by the Mental Health Medication Advisory Committee.

2016 HB 2615 amends and creates law regarding charitable healthcare providers, the Acupuncture Practice Act and the Physical Therapy Practice Act, the Behavioral Sciences Regulatory Board, the Interstate Medical Licensure Compact, and the Independent Practice of Midwifery Act. The bill allows charitable healthcare providers and dentists to fulfill one hour of continuing education credit for performance of two hours of gratuitous service to medically indigent persons if the provider signs an agreement with the Secretary of Health and Environment (Secretary) to provide gratuitous services. Health care providers are allowed to fulfill a maximum of 20 continuing educational credits through gratuitous service per licensure period, and dentists are allowed to fulfill a maximum of six continuing educational credits through gratuitous service per licensure period. The bill also creates the Independent Practice of Midwifery Act (Midwifery Act). Effective January 1, 2017, the Midwifery Act will allow certified nurse-midwives to practice without a collaborative practice agreement with a person licensed to practice medicine and surgery within a limited scope practice as set forth in the bill. The bill also prohibits nurse-midwives engaged in the independent practice of midwifery from performing or inducing abortions or from prescribing drugs for an abortion.

Kansas Department of Health and Environment – Divisions of Health and Health Care Finance

	FY 2016			FY 2017		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate/Request	\$ 688,223,296	\$ 2,417,295,829	302.0	\$ 699,931,816	\$ 2,410,062,288	302.0
Governor's Changes:						
1. Fall Consensus Caseload Estimate	\$ 44,926,151	\$ 91,789,458	-	\$ 58,429,926	\$ 145,145,529	-
2. November 6, 2015 Allotment and Medicaid Savings	(15,800,000)	(35,900,000)	-	(32,200,000)	(64,200,000)	-
3. GBA No. 1, Item 9	(23,700,000)	10,100,000	-	(24,178,549)	19,140,000	-
4. IT Savings	(291,212)	(291,212)	-	-	-	-
5. Health Homes Elimination	-	-	-	(13,400,000)	(30,500,000)	-
6. CIF Programs Funded and Location Shift	-	-	-	1,327,685	276,143	-
7. Governor's May 18 th , 2015 Allotment	-	-	-	(39,945,750)	(89,784,667)	-
Total Governor's Recommendation	\$ 693,358,235	\$ 2,482,994,075	302.0	\$ 649,965,128	\$ 2,390,139,293	302.0
Change from Agency Est.	\$ 5,134,939	\$ 65,698,246	0.0	\$ (49,966,688)	\$ (19,922,995)	0.0
Percent Change from Agency Est.	0.7 %	2.7 %	0.0 %	(7.1)%	(0.8)%	0.0 %
Legislative Action:						
8. KPERS Death and Disability Reduction	\$ -	\$ -	-	\$ (40,734)	\$ (254,621)	-
9. Primary Care - Safety Net Clinic Increase	-	-	-	378,000	378,000	-
10. CIF Programs to Children's Cabinet	-	-	-	(1,327,685)	-	-
11. Infant Toddler Federal Funds Restored	-	-	-	-	4,046,816	6.0
12. CIF Allocation	-	-	-	-	6,975,443	-
TOTAL APPROVED	\$ 693,358,235	\$ 2,482,994,075	302.0	\$ 648,974,709	\$ 2,401,284,931	308.0
Change from Gov. Rec.	\$ 0	\$ 0	0.0	\$ (990,419)	\$ 11,145,638	5.9
Percent Change from Gov. Rec.	0.0 %	0.0 %	0.0 %	(0.2)%	0.5 %	2.0 %
Change from Agency Est.	\$ 5,134,939	\$ 65,698,246	0.0	\$ (50,957,107)	\$ (8,777,357)	5.9
Percent Change from Agency Est.	0.7 %	2.7 %	0.0 %	(7.3)%	(0.4)%	2.0 %

- The Governor added \$91.8 million, including \$44.9 million from the State General Fund, in FY 2016 and added \$145.1 million, including \$58.4 million from the State General Fund, for FY 2017 to fully fund Medicaid caseloads based on the November consensus caseload estimates.
- The Governor deleted, as part of the November 6, 2015 allotment under the authority of 2015 Session HB 2135, \$35.9 million, including \$15.8 million from the State General Fund in FY 2016 for additional Medicaid savings. Savings which were realized when: the final federal Medicare Part B rates were not as high as anticipated (\$5.8 million); for a change in hospital provider tax policy (\$3.0 million); and as enrollment eligibility continues to lag since implementing the Kansas Eligibility Enforcement System (\$7.0 million). The Governor also deleted \$64.2 million, including \$32.2 million from the State General Fund, for additional Medicaid savings for FY 2017. Savings were realized when: the final federal Medicare Part B rates were not as high as anticipated (\$11.6 million); by implementing step therapy policy changes for medications (\$10.6 million); for a change in hospital provider tax policy (\$7.0 million); and as enrollment eligibility continues to lag since implementing the Kansas Eligibility Enforcement System (\$3.0 million).
- The Legislature concurred with GBA No. 1, Item 9, and deleted \$23.7 million from the State General Fund and added \$33.8 million from special revenue funds in FY 2016 and deleted \$24.2 million from the State General Fund and added \$19.1 million from special revenue funds for FY 2017 to fund human services consensus caseload estimates.
- The Governor deleted \$291,212, all from the State General fund, for IT Savings as authorized by 2015 SB 112 and 2016 House Sub. for SB 161.

5. The Governor deleted \$30.5 million, including \$13.4 million from the State General Fund, to eliminate the Health Homes Program for FY 2017.
6. The Governor shifted the funding source for programs funded by the Children's Initiatives Fund and transferred the Infants and Toddlers Program to the Kansas Department of Education. The Governor also reduced related expenditures by \$9.8 million; 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).
7. The Governor deleted \$89.8 million, including \$39.9 million from the State General Fund, as part of the Governor's May 18, 2016 State General Fund allotment for FY 2017. Allotment reductions included a decrease of \$53.6 million, including \$30.0 million from the State General Fund, for a 4.0 percent reduction in Medicaid provider rates; decrease of \$35.4 million, including \$15.6 million in State General Funds, for other Medicaid program changes ;decrease of \$378,000, all from the State General Fund, for a reduction to Safety Net Clinics; a decrease of \$330,000, all from the State General Fund, in vaccine Purchases; and a decrease of \$78,602, all from the State General Fund, to the Office of the Inspector General.
8. The Legislature deleted \$254,621, including \$40,734 from the State General Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.
9. The Legislature added \$378,000, all from the State General Fund, for Primary Care - Safety Net Clinics for FY 2017.
10. The Legislature deleted \$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.
11. The Legislature added \$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 recommended by 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.
12. The Governor allocated a total \$7.0 million, all from the Children's Initiatives Fund, for FY 2017 as authorized by 2016 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).