

# KANSAS STATE BOARD OF HEALING ARTS

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
<b>Operating Expenditures:</b>							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,289,284	4,394,530	4,366,207	4,718,427	4,685,415	4,867,898	4,834,225
<b>TOTAL</b>	<b>\$ 4,289,284</b>	<b>\$ 4,394,530</b>	<b>\$ 4,366,207</b>	<b>\$ 4,718,427</b>	<b>\$ 4,685,415</b>	<b>\$ 4,867,898</b>	<b>\$ 4,834,225</b>
<b>Capital Improvements:</b>							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 4,289,284</b>	<b>\$ 4,394,530</b>	<b>\$ 4,366,207</b>	<b>\$ 4,718,427</b>	<b>\$ 4,685,415</b>	<b>\$ 4,867,898</b>	<b>\$ 4,834,225</b>
<b>Percentage Change:</b>							
<b>Operating Expenditures</b>							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	1.7	2.5	1.8	7.4	7.3	3.2	3.2
FTE Positions	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Non-FTE							
Perm.Uncl.Pos.	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>TOTAL</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>	<b>47.0</b>

## AGENCY OVERVIEW

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The Kansas State Board of Healing Arts, created in 1957, licenses and regulates medical, osteopathic, and chiropractic doctors. Additionally, the agency issues temporary permits, postgraduate training permits, special permits, institutional licenses, temporary education licenses, visiting professor licenses, and visiting clinical professor licenses under the Healing Arts Act.

In addition, the Board administers statutes for the examination and licensure of podiatrists under the Podiatry Act and enforces the provisions of the Kansas Physical Therapy Act by licensing physical therapists and certifying physical therapist assistants. Physicians' assistants, occupational therapists, occupational therapy assistants, respiratory therapists, athletic trainers, naturopathic doctors, and radiologic technologists are also licensed by the Board.

The Board is composed of 15 members: five doctors of medicine, three doctors of osteopathy, three doctors of chiropractic medicine, one licensed podiatrist, and three members of the general public. Each Board member is appointed for a four-year term by the Governor.

To assist the Board, the agency has formed numerous review committees and councils. The review committees are the: podiatry, osteopathic, M.D. #1, M.D. #2, M.D. #3, chiropractic, and naturopathic formulary advisory review committees. The councils are the: athletic trainers, occupational therapist, respiratory care, naturopathic, physical therapy, radiologic technology, and physician assistant councils.

### MAJOR ISSUES FROM PRIOR YEARS

The **2005 Legislature** passed SB 183, which amended the "federally active" license type. The bill states who may be issued such a license and defines regulations surrounding the use and restrictions placed on a federally active license. Also, SB 254 clarifies the circumstances under which a person licensed in another state who does not hold a Kansas license may order professional services to be performed in Kansas without being in violation of Kansas law.

The **2005 Legislature** also passed HB 2330, which amended the Radiologic Technologists Practice Act to establish a number of certification requirements and titles for licensed

radiologic technologists with specialized training. Additionally, the bill authorized the transfer of \$750,000 from the Healing Arts Fee Fund to the State General Fund.

The **2006 Legislature** passed Senate Sub. for HB 2649, which created the Pain Patient's Quality of Care Act and amended Healing Arts Act to address the issue of assisted suicide. The bill changed language relating to prescribing, dispensing, administering, or distributing a prescription drug or substance to make such a practice unprofessional conduct when done in an improper or inappropriate manner or without a valid medical purpose. It also required the Board to adopt

guidelines for the use of controlled substances for pain treatment.

The **2007 Legislature** passed HB 2695, which allows the Board to issue an athletic trainer license to an applicant without an examination under certain conditions. The bill also lengthens the notification period the Board must provide to licensees regarding expiration of their licenses from 30 days to 60 days and eliminates the requirements for 800 hours of clinical experience prior to licensure.

Other measures passed by the **2007 Legislature** include the following items.

- **HB 2368.** This bill substantially increased the Board's expenditure limitation for FY 2008 and FY 2009 from the authorized FY 2007 amounts and increased the FTE limitation from 32.0 to 39.0.
- **HB 2451.** This legislation amended the Kansas Consumer Protection Act to disallow a private cause of action against a health care provider for injuries alleged from medical malpractice.
- **SB 284.** Effective July 1, 2008, this bill allows the Board to waive the examination and education requirements if a radiologic technologist applicant had a current valid certificate by the American Registry of Radiologic Technologists, Nuclear Medicine Technology Certification Board, or other recognized national voluntary credentialing bodies, if the Board finds the certificate was issued based on an examination meeting its standards.
- **SB 351.** This bill requires the Board to utilize the Office of Administrative Hearings to conduct hearings under the Kansas Administrative Procedures Act.
- **House Sub. for SB 82.** This bill allows for the practice of the healing arts by a general school under certain circumstances.
- **House Sub. for SB 11.** This legislation changed the scope of practice for physical therapists by enabling them to evaluate and treat a patient for a maximum of 30 consecutive days without a referral from a person licensed to practice medicine or surgery or other specified provider, under the following criteria.
  - The patient had previously been referred to a physical therapist by a person authorized to do so.
  - The patient's prior referral was made within one year of the date the physical therapist began treatment.
  - The physical therapy provided without a referral is for the same condition indicated on the original referral.
  - The physical therapist provided, to a physician or other practitioner identified by the patient, a copy of the therapist's evaluation of the patient within five business days of the start of treatment.
  - Treatment by a physical therapist for more than 30 consecutive days required

approval by a person authorized to approve treatment.

- **House Sub. for SB 11** also allows physical therapists to provide the following without a referral.
  - Education and instruction related to workplace injury prevention, but not treatment.
  - Fitness, health promotion, and education to members of the public, but not treatment.
  - Physical therapy services to special education students who need physical therapy services to fulfill the provisions of an individualized education plan or an individualized family service plan.

The **2008 Legislature** passed House Sub. for SB 491, which created a prescription monitoring program for controlled substances and a methamphetamine precursor scheduling task force to study the possibility and practicality of making methamphetamine precursors schedule III or IV drugs. The task force included one member appointed by the Board of Healing Arts.

Additionally, Senate Sub. for HB 2207 authorized the Board to suspend or limit the registration of any person dispensing contact lenses through the mail to Kansas residents if the Board determined there is cause to believe continuation of such dispensation would constitute an imminent danger to public health and safety.

The **2008 Legislature** also passed HB 288, which changes the process of selecting a medical malpractice screening panel and also increased compensation for members of the panel.

The mega bill of the **2008** Session, HB 2620, included several provisions affecting the Board of Healing Arts.

- Authorization of non-disciplinary resolution through either a written agreement for a professional development plan, written recommendations to a licensee, or the issuance of a letter of concern if the Board determines certain factors are met.
- Authorization of fingerprinting and criminal background checks as part of an original application for or reinstatement of a license in connection with an investigation.
- Requirement that the Board adopt a formal list of graduated sanctions for violations of the Healing Arts Act, which may be used as a reference in imposing sanctions.
- Requirement that the Board provide six different items in the physician profiles it publishes online prior to July 1, 2010.
- Addition of the ability to place probationary conditions on a license.
- Addition of the ability for the Board to take disciplinary action or enter into a non-disciplinary resolution when a licensee has engaged in a single act that, "if continued, would reasonably be

expected to constitute an inability to practice the healing arts with reasonable skills and safety to patients or unprofessional conduct.”

The **2009 Legislature** took the following actions.

- Transferred \$53,080, all from the Healing Arts Fee Fund, to the State General Fund in FY 2009. The amount represented a reduction of 21.5 percent from the Governor’s FY 2009 budget recommendation.
- Transferred \$55,289, all from the Healing Arts Fee Fund, to the State General Fund in FY 2010. The amount represented a reduction of 21.5 percent from the Governor’s FY 2010 budget recommendation.
- Deleted \$105,333, all from the Healing Arts Fee Fund, to hold the agency budget for FY 2011 at the level recommended by the Legislature for FY 2010.
- Authorized the conversion of 6.0 unclassified, temporary positions to 6.0 permanent FTEs. These positions were three attorneys, a legal assistant, a public information officer, and a legislative analyst, all hired for the purpose of reviewing complaints, clearing cases, responding to Board actions in a timely manner, and improving the transparency of the Board.

The **2009 Legislature** also passed HB 2010, which created the Medical Records Maintenance Trust Fund and provided funding for the Board of Healing Arts for the storage,

maintenance, and transfer of abandoned medical records. The Fund received an allocation set by the Board that may be no greater than \$10 of each fee for the issuance or renewal of a license. If the balance of the Medical Records Maintenance Trust Fund fell below \$100,000, the Board should certify an amount, no greater than \$10 of each fee, to be deposited in the Fund. The bill also empowers the Board to order a licensee to reimburse the Board for expenses incurred for the storage, maintenance, and transfer of medical records when a licensee failed to provide for the safekeeping of medical records once the licensee became inactive.

The **2010 Legislature** took the following actions.

- Added \$1,000, all from the Healing Arts Fee Fund, for FY 2011 to register distributors of contact lenses not licensed to practice optometry, medicine, or surgery in the state, as authorized by SB 489.
- Added \$22,000, all from the Healing Arts Fee Fund, for FY 2011 to change the regulatory status of naturopathic doctors and to create new licensure categories for physical therapists as authorized by House Sub. for SB 83.

Additionally, the **2010 Legislature** passed House Sub. for SB 83, which created the Naturopathic Doctors Licensure Act and amended the Physical Therapy Practice Act. The bill changed naturopathic doctors’ credentialing from registration to licensure. In addition, it authorizes naturopaths to form professional corporations and provided clarifying language that licensure does not require health insurance to provide covered services.

The **2010 Legislature** also passed SB 500, which allows the use of the word “doctor” or the letters “M.D.,” “D.O.,” or “D.C.” by an unlicensed medical doctor, doctor of osteopathic medicine, or doctor of chiropractic medicine if the individual has earned a professional degree from an accredited healing arts school or college and does not use such word or initials in a way that would mislead the public, patients, or other health care providers to think the individual is engaged in the practice of healing arts or is licensed to practice healing arts in this state.

The **2011 Legislature** passed HB 2182, a mega health bill with provisions related to numerous health care professions and issues. Included in the bill is a provision related to Physical Therapy, amending the Physical Therapy Act by allowing expandable professional designations for physical therapists, including the use of designations of educational degrees, certification or credentials earned.

The **2012 Legislature** passed HB 2178 which requires state licensing agencies to issue a license to a nonresident military spouse for the spouse to lawfully practice a regulated profession in Kansas. The licensee must meet certain requirements as enumerated in the legislation, including the following items.

- Hold a current license in another jurisdiction.
- Not had the license limited, suspended, or revoked.

- Not been disciplined in another jurisdiction.
- Pay required fees by the Kansas licensing agency.
- Submit a signed application and affidavit that the application information provided is correct.

The **2012 Legislature** also passed SB 330, amending statutes related to professional malpractice liability screening panels to allow any judge of a district court to convene such a panel, and deleted the option of having the chief judge in a district with more than one division convene a panel.

The **2013 Legislature** passed HB 2066, which allows physical therapists to initiate treatment without referral from a licensed healthcare practitioner.

The **2014 Legislature** passed Senate Sub. for HB 2146, which allows for collaborative practice between physicians and pharmacists and requires the creation of a joint committee of 3 pharmacists and 3 physicians to guide implementation.

The **2014 Legislature** also passed HB 2673, which makes technical updates to the Healing Arts Act and expands the authorized scope of practice for podiatrists.

The **2014 Legislature** also passed HB 2516, which requires physician assistants and advanced practice registered nurses to participate in the Health Care Stabilization Fund.

## **BUDGET SUMMARY AND KEY POINTS**

### **FY 2015 Agency Estimate**

The **agency** requests a revised estimate of \$4.4 million, all from special revenue funds, in FY 2015, the same as the amount approved by the 2014 Legislature. The revised estimate includes increased expenditures for salaries and wages offset by decreased expenditures for other operating expenses.

The revised estimate includes 45.0 FTE positions, the same as the approved number.

### **FY 2015 Governor Recommendation**

The **Governor** recommends a budget of \$4.4 million, all from special revenue funds, in FY 2015. This is a decrease of \$28,323, or 0.6 percent, below the approved amount. This

decrease is attributable to the proposed KPERS employer contribution rate reduction.

### **FY 2016 Agency Request**

The **agency** requests \$4.7 million, all from special revenue funds, for FY 2016. This is an increase of \$323,897, or 7.4 percent, above the revised FY 2015 estimate. This increase is largely attributable to increased expenditures for salaries and wages and contractual services.

The request includes 45.0 FTE positions, the same number as the revised FY 2015 estimate.

### **FY 2016 Governor Recommendation**

The **Governor** recommends a budget of \$4.7 million, all from special revenue funds, for FY 2016. This is a decrease of \$33,012, or 0.7 percent, below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2016.

## **FY 2017 Agency Request**

The **agency** requests \$4.9 million, all from special revenue funds, for FY 2017. This is an increase of \$149,471, or 3.2 percent, above the agency's FY 2016 request. This increase is largely attributable to salary and wage expenditures associated

with the 27<sup>th</sup> pay period in FY 2017. The request includes 45.0 FTE positions, the same number as the agency's FY 2016 request.

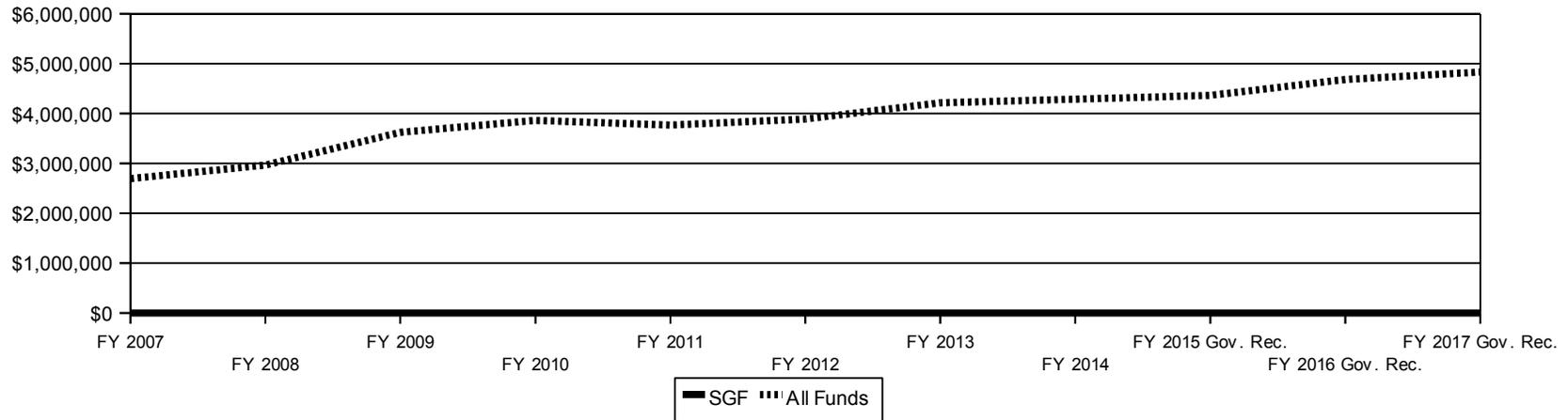
## **FY 2017 Governor Recommendation**

The **Governor** recommends a budget of \$4.8 million, all from special revenue funds, for FY 2017. This is a decrease of \$33,673, or 0.7 percent, below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2017.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	-- %	\$ 2,695,642	4.1 %	39.0
2008	0	--	2,967,121	10.1	39.0
2009	0	--	3,624,887	22.2	39.0
2010	0	--	3,864,050	6.6	45.0
2011	0	--	3,769,616	(2.4)	45.0
2012	0	--	3,890,984	3.2	45.0
2013	0	--	4,216,506	8.4	45.0
2014	0	--	4,289,284	1.7	45.0
2015 Gov. Rec.	0	--	4,366,207	1.8	45.0
2016 Gov. Rec.	0	--	4,685,415	7.3	45.0
2017 Gov. Rec.	0	--	4,834,225	3.2	45.0
Eleven-Year Change	\$ 0	-- %	\$ 2,138,583	79.3 %	6.0

**Summary of Operating Budget FY 2014 - FY 2016**

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
<b>By Program:</b>									
Administration	\$ 4,289,284	\$ 4,394,530	\$ 4,718,427	\$ 323,897	7.4 %	\$ 4,366,207	\$ 4,685,415	\$ 319,208	7.3 %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 2,870,517	\$ 3,076,928	\$ 3,198,446	\$ 121,518	3.9 %	\$ 3,048,605	\$ 3,165,434	\$ 116,829	3.8 %
Contractual Services	1,298,690	1,257,502	1,409,631	152,129	12.1	1,257,502	1,409,631	152,129	12.1
Commodities	42,257	42,100	44,350	2,250	5.3	42,100	44,350	2,250	5.3
Capital Outlay	77,820	18,000	66,000	48,000	266.7	18,000	66,000	48,000	266.7
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 4,289,284	\$ 4,394,530	\$ 4,718,427	\$ 323,897	7.4 %	\$ 4,366,207	\$ 4,685,415	\$ 319,208	7.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 4,289,284	\$ 4,394,530	\$ 4,718,427	\$ 323,897	7.4 %	\$ 4,366,207	\$ 4,685,415	\$ 319,208	7.3 %
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Healing Arts Fee Fund	4,289,284	4,359,530	4,683,427	323,897	7.4	4,331,207	4,650,415	319,208	7.4
Medical Records Maintenance Trust Fund	0	35,000	35,000	0	0.0	35,000	35,000	0	0.0
TOTAL	\$ 4,289,284	\$ 4,394,530	\$ 4,718,427	\$ 323,897	7.4 %	\$ 4,366,207	\$ 4,685,415	\$ 319,208	7.3 %

**Summary of Operating Budget FY 2016 - FY 2017**

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
<b>By Program:</b>								
Administration	\$ 4,718,427	\$ 4,867,898	\$ 149,471	3.2 %	\$ 4,685,415	\$ 4,834,225	\$ 148,810	3.2 %
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 3,198,446	\$ 3,341,994	\$ 143,548	4.5 %	\$ 3,165,434	\$ 3,308,321	\$ 142,887	4.5 %
Contractual Services	1,409,631	1,430,804	21,173	1.5	1,409,631	1,430,804	21,173	1.5
Commodities	44,350	47,000	2,650	6.0	44,350	47,000	2,650	6.0
Capital Outlay	66,000	48,100	(17,900)	(27.1)	66,000	48,100	(17,900)	(27.1)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 4,718,427	\$ 4,867,898	\$ 149,471	3.2 %	\$ 4,685,415	\$ 4,834,225	\$ 148,810	3.2 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	<u>\$ 4,718,427</u>	<u>\$ 4,867,898</u>	<u>\$ 149,471</u>	<u>3.2 %</u>	<u>\$ 4,685,415</u>	<u>\$ 4,834,225</u>	<u>\$ 148,810</u>	<u>3.2 %</u>
<b>Financing:</b>								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Healing Arts Fee Fund	4,683,427	4,832,898	149,471	3.2	4,650,415	4,799,225	148,810	3.2
Medical Records Maintenance Trust Fund	35,000	35,000	0	0.0	35,000	35,000	0	0.0
TOTAL	<u>\$ 4,718,427</u>	<u>\$ 4,867,898</u>	<u>\$ 149,471</u>	<u>3.2 %</u>	<u>\$ 4,685,415</u>	<u>\$ 4,834,225</u>	<u>\$ 148,810</u>	<u>3.2 %</u>

# BUDGET OVERVIEW

## A. FY 2015 – Current Year

### Adjustments to Approved Budget

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,394,530	4,394,530	0	4,366,207	(28,323)
<b>TOTAL</b>	<b>\$ 4,394,530</b>	<b>\$ 4,394,530</b>	<b>\$ 0</b>	<b>\$ 4,366,207</b>	<b>\$ (28,323)</b>
FTE Positions	45.0	45.0	0.0	45.0	0.0

The **agency** requests a revised estimate of \$4.4 million, all from special revenue funds, in FY 2015. This is the same as the amount approved by the 2014 Legislature. The revised estimate includes 45.0 FTE positions, the same as the approved number.

This request includes the following items.

- **Salaries and Wages** expenditures of \$3.1 million. This is an increase of \$53,238, or 1.8 percent, above the approved amount. This increase is attributable to increased expenditures for health insurance (\$27,310) and temporary employee wages (\$32,634).

- **Contractual Services** expenditures of \$1.3 million. This is a decrease of \$47,338, or 3.6 percent, below the approved amount. This decrease is attributable to the delay of expenditures for computer programming services into FY 2016 (\$66,000), staffing services (\$35,000), and IT (\$14,801), partially offset by increased costs for local phone service (\$38,500).
- **Commodities expenditures** of \$42,100. This is a decrease of \$5,900, or 12.3 percent, below the approved amount. This decrease is largely attributable to decreased expenditures for office supplies (\$4,800) and gasoline (\$500).

- **Capital Outlay** expenditures of \$18,000, the same as the approved amount.

The **Governor** recommends a budget of \$4.4 million, all from special revenue funds, in FY 2015. This is a decrease of \$28,323, or 0.6 percent, below the approved amount. This decrease is attributable to the proposed KPERS employer contribution rate reduction.

## B. FY 2016 – Budget Year

<b>FY 2016 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 4,718,427	\$ 4,685,415	\$ (33,012)
<b>FTE Positions</b>	45.0	45.0	0.0
<b>Change from FY 2015:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	323,897	319,208	
TOTAL	<u>\$ 323,897</u>	<u>\$ 319,208</u>	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	7.4	7.3	
TOTAL	<u>7.4 %</u>	<u>7.3 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$4.7 million, all from special revenue funds, for FY 2016. This is an increase of \$323,897, or 7.4

percent, above the revised FY 2015 estimate. This increase is attributable to increased expenditures across all categories of

operating expenditures. The request includes 45.0 FTE positions, the same as the revised FY 2015 estimate.

attributable to increased expenditures on office supplies and stationery.

This request includes the following items.

- **Salaries and Wages** expenditures of \$3.2 million. This is an increase of \$121,518, or 3.9 percent, above the revised FY 2015 estimate. This increase is largely attributable to increased KPERS employer contributions (\$35,682), health insurance costs (\$22,838), and temporary employee wages (\$56,286).
- **Contractual Services** expenditures of \$1.4 million. This is an increase of \$152,129, or 12.1 percent, above the revised FY 2015 estimate. This increase is largely attributable to increased expenditures for professional fees (\$39,821), computer programming (\$60,000), and training and conferences (\$16,300).
- **Commodities** expenditures of \$44,350. This is an increase of \$2,250, or 5.3 percent, above the revised FY 2015 estimate. The increase is

- **Capital Outlay** expenditures of \$66,000. This is an increase of \$48,000, or 266.7 percent, above the revised FY 2015 estimate. This increase is largely attributable to replacement of computers (\$36,000) and associated software upgrades (\$10,000).

The **Governor** recommends a budget of \$4.7 million, all from special revenue funds, for FY 2016. This is a decrease of \$33,012, or 0.7 percent, below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2016.

**C. FY 2017 – Budget Year**

<b>FY 2017 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 4,867,898	\$ 4,834,225	\$ (33,673)
<b>FTE Positions</b>	45.0	45.0	0.0
<b>Change from FY 2016:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	149,471	148,810	
TOTAL	<u>\$ 149,471</u>	<u>\$ 148,810</u>	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	3.2	3.2	
TOTAL	<u>3.2 %</u>	<u>3.2 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$4.9 million, all from special revenue funds, for FY 2017. This is an increase of \$149,471, or 3.2 percent, above the agency's FY 2016 request. This increase is largely attributable to increased salaries and wages expenditures. The request includes 45.0 FTE positions, the same as the agency's FY 2016 request.

- **Salaries and Wages** expenditures of \$3.3 million. This is an increase of \$143,548, or 4.5 percent, above the agency's FY 2016 request. This increase is attributable to costs associated with the 27<sup>th</sup> pay period in FY 2017 and increased KPERS employer contribution rates.

This request includes the following items.

- **Contractual Services** expenditures of \$1.4 million. This is an increase of \$21,173, or 1.5 percent, above the agency's FY 2016 request. This increase is largely attributable to increased expenditures for professional fees (\$14,525).
- **Commodities** expenditures of \$47,000. This is an increase of \$2,650, or 6.0 percent, above the agency's FY 2016 request. This increase is attributable to increased expenditures for office supplies and stationery.
- **Capital Outlay** expenditures of \$48,100. This is a decrease of \$17,900, or 27.1 percent, below the agency's FY 2016 request. This decrease is

largely attributable to decreased costs for computer replacement (\$20,000).

The **Governor** recommends a budget of \$4.8 million, all from special revenue funds, for FY 2017. This is a decrease of \$33,673, or 0.7 percent, below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2017.

## Governor's Recommended Salary and Wage Adjustments

**State Employee Pay Increases.** The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$12,654, all from special revenue funds, and affects 41 employees.**

**Longevity Bonus Payments.** For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$12,280, all from special revenue funds, and FY 2017 longevity payments total \$13,720, all from special revenue funds.**

**Group Health Insurance.** The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$33,012, all from special revenue funds, for FY 2016. This is a reduction of \$33,673, all from special revenue funds, for FY 2017.**

**Kansas Public Employees Retirement System (KPERS) Rate Adjustments.** The FY 2015 employer retirement contribution for KPERS regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERS fund.

In addition, the employer contribution for the KPERS death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

## Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
Healing Arts Fee Fund	99.3 %	99.3 %	99.3 %	99.3 %
Medical Records Maintenance Trust Fund	0.7	0.7	0.7	0.7
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

**Note:** Percentages may not add due to rounding.

## Healing Arts Fee Fund

The Board of Healing Arts is financed by special revenue funds, mainly derived from licensing and registration fees, deposited in the Healing Arts Fee Fund under KSA 65-2855. Maximum fees are established in statute, and the actual rates are set by rule and regulation. The fees vary based on the type of license or registration sought.

The Board is able to process license and registration applications online; however, the licensee or registrant also has the option of submitting a paper renewal. Fees are slightly reduced for online renewals. The Board's regulations also establish fees for late renewals or reinstatement of a revoked license. Included below is a table of the Board's renewal fees, which constitute the bulk of fund revenue.

As a fee funded agency, the Board currently contributes the lesser of 10 percent or \$100,000 of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The Governor's 2015 budget includes a recommendation to increase this contribution rate to the lesser of 20 percent or \$200,000 of fee revenue beginning in FY 2016. That change would affect this agency's reported revenue and fund balance beginning in FY 2016.

The table below summarizes estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation, including the proposed change in State General Fund contribution.

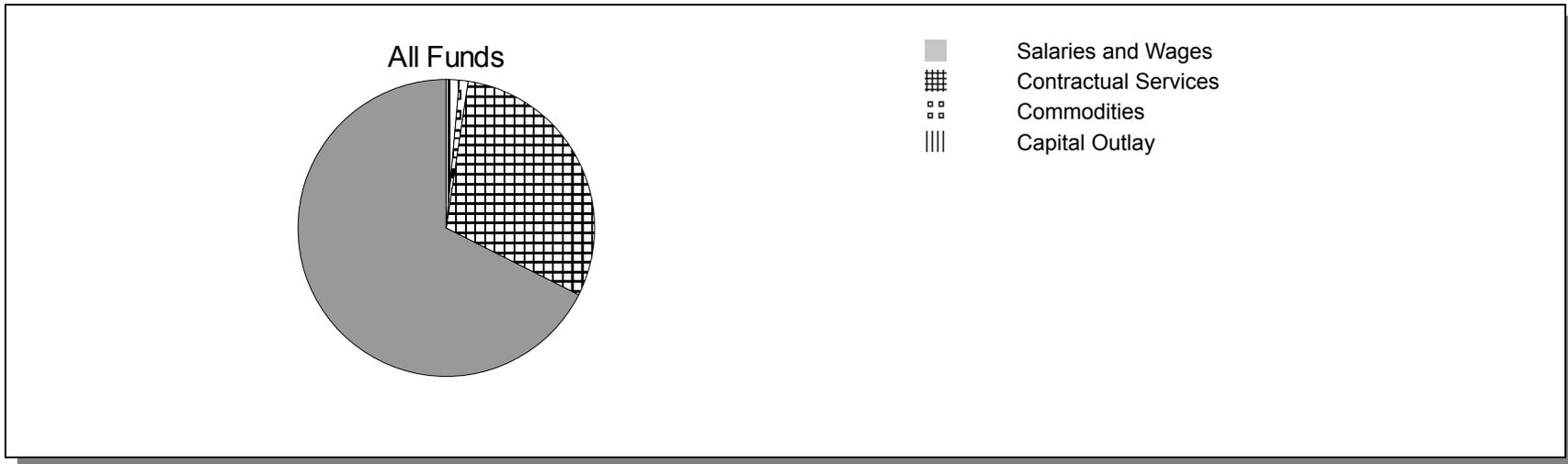
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 3,692,430	\$ 4,073,026	\$ 4,073,026	\$ 4,228,920	\$ 4,257,243	\$ 4,306,393	\$ 4,267,728
Revenue	4,669,880	4,515,424	4,515,424	4,760,900	4,660,900	4,841,100	4,741,100
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 8,362,310	\$ 8,588,450	\$ 8,588,450	\$ 8,989,820	\$ 8,918,143	\$ 9,147,493	\$ 9,008,828
Less: Expenditures	4,289,284	4,359,530	4,331,207	4,683,427	4,650,415	4,832,898	4,799,225
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 4,073,026</u>	<u>\$ 4,228,920</u>	<u>\$ 4,257,243</u>	<u>\$ 4,306,393</u>	<u>\$ 4,267,728</u>	<u>\$ 4,314,595</u>	<u>\$ 4,209,603</u>
Ending Balance as Percent of Expenditures	95.0%	97.0%	98.3%	91.9%	91.8%	89.3%	87.7%
Month Highest Ending Balance	June <u>\$ 4,073,026</u>	June <u>\$ 4,228,920</u>	June <u>\$ 4,257,243</u>	June <u>\$ 4,306,393</u>	June <u>\$ 4,267,728</u>	June <u>\$ 4,314,595</u>	June <u>\$ 4,209,603</u>
Month Lowest Ending Balance	April \$ 2,331,125	April \$ 2,500,321	April \$ 2,572,579	April \$ 2,555,677	April \$ 2,592,159	April \$ 2,546,150	March \$ 2,420,466

**BOARD OF HEALING ARTS FY 2015 RENEWAL FEES**

Fee	Current Fee	Statutory Limit
Doctors of Medicine and Surgery	\$ 330	\$ 500
Doctors of Osteopathy	330	500
Doctors of Chiropractic	330	500
Doctors of Podiatry	330	500
Doctors of Naturopathic Medicine	125	150
Physician Assistants	150	150
Physical Therapists	70	70
Physical Therapists Assistants	70	70
Occupational Therapists	75	80
Occupational Therapy Assistants	75	80
Respiratory Therapists	75	80
Athletic Trainers	70	70
Radiologic Technologists	50	80

# PROGRAM DETAIL

## EXPENDITURES BY OBJECT—GOVERNOR’S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Salaries and Wages	\$ 3,165,434	67.6 %	\$ 0	-- %
Contractual Services	1,409,631	30.1	0	--
Commodities	44,350	0.9	0	--
Capital Outlays	66,000	1.4	0	--
<b>TOTAL</b>	<b>\$ 4,685,415</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>-- %</b>

**FTE POSITIONS BY PROGRAM FY 2014 – FY 2017**

<u>Program</u>	<u>Actual FY 2014</u>	<u>Agency Est. FY 2015</u>	<u>Gov. Rec. FY 2015</u>	<u>Agency Req. FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Req. FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Administration	45.0	45.0	45.0	45.0	45.0	45.0	45.0

**PERFORMANCE MEASURES**

<u>Measure</u>	<u>Gov. Rec. for FY 2014</u>	<u>Actual FY 2014</u>	<u>Gov. Rec. FY 2015</u>	<u>Gov. Rec. FY 2016</u>	<u>Gov. Rec. FY 2017</u>
Investigation and disciplinary program case statistics:					
Open cases forwarded	600	582	650	630	630
New cases opened	700	742	700	720	730
Total cases closed	750	789	750	750	775