

## Kansas Department of Health and Environment

Expenditure	Actual FY 2019	Approved FY 2020*	Approved FY 2021
<b>All Funds:</b>			
State Operations	\$ 328,310,237	\$ 396,643,738	\$ 446,182,509
Aid to Local Units	55,156,109	40,007,684	41,667,893
Other Assistance	2,428,190,843	2,564,348,495	3,544,400,580
<i>Subtotal - Operating</i>	<u>\$ 2,811,657,189</u>	<u>\$ 3,000,999,917</u>	<u>\$ 4,032,250,982</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ 2,811,657,189</u></b>	<b><u>\$ 3,000,999,917</u></b>	<b><u>\$ 4,032,250,982</u></b>
<b>State General Fund:</b>			
State Operations	\$ 20,576,169	\$ 31,343,460	\$ 36,049,713
Aid to Local Units	6,119,651	6,119,930	7,019,930
Other Assistance	742,743,093	721,372,076	773,570,426
<i>Subtotal - Operating</i>	<u>\$ 769,438,913</u>	<u>\$ 758,835,466</u>	<u>\$ 816,640,069</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ 769,438,913</u></b>	<b><u>\$ 758,835,466</u></b>	<b><u>\$ 816,640,069</u></b>
<b>Percent Change:</b>			
Operating Expenditures			
All Funds	5.3 %	6.7 %	34.4 %
State General Fund	14.8	(1.4)	7.6
FTE Positions	1,245.0	1,543.1	1,500.1

This is the report for the entire Kansas Department of Health and Environment. The Divisions of Health and Health Care Finance report can be found in the Human Services section of this document. The Division of Environment report can be found in the Agriculture and Natural Resources section of this document.

The approved budget for the Kansas Department of Health and Environment in FY 2020 is \$3.0 billion, including \$758.8 million from the State General Fund, \$7.2 million from the Children's Initiatives Fund, and \$3.8 million from the State Water Plan Fund. This is an all funds increase of \$189.3 million, or 6.7 percent, and a State General Fund decrease of \$10.6 million, or 1.4 percent, from FY 2019 actual expenditures. The all funds increase is primarily attributable to increased expenditures for contractual services and caseload adjustments in the Divisions of Health and Health Care Finance, as well as increased commodities for drug and pharmaceuticals in the Division of Public Health. The all funds increase is also due to increased expenditures in the Division of the Environment from the Volkswagen Mitigation Trust Fund which funds projects targeted at diesel emissions reduction. The State General Fund decrease is primarily due to adjustments to human services caseloads in the Division of Health Care Finance.

The FY 2020 approved budget includes 1,543.1 FTE positions, which is an increase of 298.1 FTE positions above the actual FY 2019 number. The increase is primarily due to positions associated with the insourcing of KanCare Clearinghouse operations that had not yet been filled in FY 2019 but are anticipated to be filled in FY 2020.

The approved budget for the Kansas Department of Health and Environment for FY 2021 is \$4.0 billion, including \$816.6 million from the State General Fund, \$7.2 million from the Children's Initiatives Fund, and \$3.2 million from the State Water Plan Fund. This is an all funds increase of \$1.0 billion, or 34.4 percent, and a State General Fund increase of \$57.8 million, or 7.6 percent, above the FY 2020 approved budget. The increase within the Divisions of Health and Health Care Finance are mainly attributable to increased expenditures for human services caseloads and expenditures budgeted for Medicaid expansion.

The FY 2021 approved budget includes 1,500.1 FTE positions, which is a decrease of 43.0 FTE positions below the FY 2020 approved number. This decrease in FTE positions was due to the Governor's Executive Reorganization Order No. 45 which moved the State Employee Health Plan (SEHP) and the State Self Insurance Fund (SSIF) from the Department of Health and Environment (KDHE) to the Department of Administration.

*Staff note:* Because Medicaid expansion was not approved by the 2020 Legislature, the \$17.5 million in State General Fund appropriated for this program will be transferred to the Coronavirus Prevention Fund of the State Finance Council pursuant to language included in the appropriations bill, 2020 SB 66.

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

Expenditure	Actual FY 2019	Approved FY 2020	Approved FY 2021
<b>All Funds:</b>			
State Operations	\$ 265,653,427	\$ 334,272,452	\$ 385,311,369
Aid to Local Units	53,080,241	35,447,989	36,066,330
Other Assistance	2,426,669,158	2,561,211,250	3,541,373,349
<i>Subtotal - Operating</i>	<u>\$ 2,745,402,826</u>	<u>\$ 2,930,931,691</u>	<u>\$ 3,962,751,048</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ 2,745,402,826</u></b>	<b><u>\$ 2,930,931,691</u></b>	<b><u>\$ 3,962,751,048</u></b>
<b>State General Fund:</b>			
State Operations	\$ 16,428,677	\$ 26,681,878	\$ 31,684,580
Aid to Local Units	6,119,651	6,119,930	7,019,930
Other Assistance	742,743,093	721,372,076	773,570,426
<i>Subtotal - Operating</i>	<u>\$ 765,291,421</u>	<u>\$ 754,173,884</u>	<u>\$ 812,274,936</u>
Capital Improvements	-	-	-
<b>TOTAL</b>	<b><u>\$ 765,291,421</u></b>	<b><u>\$ 754,173,884</u></b>	<b><u>\$ 812,274,936</u></b>
<b>Percent Change:</b>			
Operating Expenditures			
All Funds	5.5 %	6.8 %	35.2 %
State General Fund	14.9	(1.5)	7.7
FTE Positions	810.3	1,101.5	1,058.5

The approved budget for the Kansas Department of Health and Environment–Divisions of Health and Health Care Finance in FY 2020 totals \$2.9 billion, including \$754.2 million from the State General Fund. This is an all funds increase of \$185.5 million, or 6.8 percent, and a State General Fund decrease of \$11.1 million, or 1.5 percent, from the FY 2019 actual amount. The all funds increase is primarily attributable to increased expenditures for contractual services, adjustments for caseloads in the Division of Health Care Finance, and increased commodities for drug and pharmaceuticals in the Division of Public Health. The FY 2020 approved budget includes 1,101.5 FTE positions, which is an increase of 291.2 FTE positions above the actual FY 2019 number. The increase is primarily due to positions associated with the insourcing of KanCare Clearinghouse operations.

The approved budget for the Kansas Department of Health and Environment Divisions of Health and Health Care Finance for FY 2021 totals \$4.0 billion, including \$812.3 million from the State General Fund. This is an all funds increase of \$1.0 billion, or 35.2 percent, and a State General Fund increase of \$58.1 million, or 7.7 percent, above the FY 2020 approved amount. The increase is mainly attributable to adding funding for Medicaid expansion at an estimate of \$562.5 million, including \$17.5 million from the State General Fund, and fully funding human services consensus caseload estimates. The FY 2021 approved amount also includes funding for data center as a service, health facility surveys, mosquito surveillance, and a trauma program. The FY 2021 approved budget includes 1,058.5 FTE positions, which is a decrease of 43.0 FTE positions below the FY 2020 approved number. The decrease in FTE positions was due to Executive Reorganization Order No. 45 which moved the State Employee Health Plan (SEHP) and the State Self Insurance Fund (SSIF) from the Department of Health and Environment (KDHE) to the Department of Administration.

*Staff note:* Because Medicaid expansion was not approved by the 2020 Legislature, \$17.5 million from the State General Fund appropriated for this purpose was transferred to the Coronavirus Prevention Fund of the State Finance Council pursuant to language included in the appropriations bill, 2020 SB 66.

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

	FY 2020			FY 2021		
	SGF	All Funds	FTE	SGF	All Funds	FTE
<b>Agency Estimate</b>	\$ 791,365,053	\$ 3,015,468,529	1,101.5	\$ 762,919,014	\$ 2,978,777,080	1,101.5
<b>Governor's Changes:</b>						
1. Fall Caseloads	\$ (37,041,169)	\$ (84,386,838)	-	\$ 25,994,922	\$ 413,961,650	-
2. Supplemental and Enhancement Requests	(150,000)	(150,000)	-	(454,000)	(454,000)	-
3. Medicaid Expansion Admin	-	-	-	6,500,000	13,000,000	-
4. Medicaid Expansion Assistance	-	-	-	11,000,000	549,500,000	-
5. GBA No. 1, Item 1 - Spring Caseloads	(90,200,000)	5,000,000	-	48,800,000	(126,000,000)	-
6. ERO No. 45 - SEHP and SSIF	-	-	-	-	(148,682)	(43.0)
<b>Subtotal - Governor's Recommendation</b>	<b>\$ 663,973,884</b>	<b>\$ 2,935,931,691</b>	<b>1,101.5</b>	<b>\$ 854,759,936</b>	<b>\$ 3,828,636,048</b>	<b>1,058.5</b>
Change from Agency Est.	\$ (127,391,169)	\$ (79,536,838)	-	\$ 91,840,922	\$ 849,858,968	(43.0)
Percent Change from Agency Est.	(16.1)%	(2.6)%	0.0 %	12.0 %	28.5 %	(3.9)%
<b>Legislative Action:</b>						
7. Community-based Primary Care	\$ -	\$ -	-	\$ 2,000,000	\$ 2,000,000	-
8. Medicaid Dental Rates	-	-	-	1,200,000	3,000,000	-
9. Brain Injury Registry	-	-	-	75,000	75,000	-
10. Local Health Departments	-	-	-	900,000	900,000	-
11. Infant and Toddler Program (Part C)	-	-	-	2,000,000	2,000,000	-
12. Lyme Disease	-	-	-	140,000	140,000	-
13. Medicaid for Incarcerated Individuals Language	-	-	-	-	-	-
14. Newborn Screening Transfer Language	-	-	-	-	-	-
15. Medicaid Expansion Language	-	-	-	-	-	-
16. CMS Approval for HCAIP Language	-	-	-	-	-	-
17. Hospital and Physician Rate Language	-	-	-	-	-	-
18. Provisos Lapsing Language	-	-	-	-	-	-
19. GBA No. 1, Item 1 - Spring Caseloads	90,200,000	(5,000,000)	-	(48,800,000)	126,000,000	-
<b>TOTAL APPROVED</b>	<b>\$ 754,173,884</b>	<b>\$ 2,930,931,691</b>	<b>1,101.5</b>	<b>\$ 812,274,936</b>	<b>\$ 3,962,751,048</b>	<b>1,058.5</b>
Change from Gov. Rec.	\$ 90,200,000	\$ (5,000,000)	-	\$ (42,485,000)	\$ 134,115,000	-
Percent Change from Gov. Rec.	13.6 %	(0.2)%	0.0 %	(5.0)%	3.5 %	0.0 %
Change from Agency Est.	\$ (37,191,169)	\$ (84,536,838)	-	\$ 49,355,922	\$ 983,973,968	(43.0)
Percent Change from Agency Est.	(4.7)%	(2.8)%	0.0 %	6.5 %	33.0 %	(3.9)%

- The Governor deleted \$84.4 million, including \$37.0 million from the State General Fund in FY 2020 and added \$414.0 million, including \$26.0 million from the State General Fund, for FY 2021 to fund the fall human services consensus caseload estimates.
- The Governor did not recommend the agency's supplemental request for website redesign in FY 2020. The Governor recommended half of the agency's enhancement request for the trauma program and did not recommend the agency's enhancement requests for website redesign, School-Based Oral Health Preventative Services, or Medicolegal Death Investigation for FY 2021.
- The Governor added \$13.0 million, including \$6.5 million from the State General Fund for the administration of Medicaid expansion for FY 2021.
- The Governor added \$549.5 million, including \$11.0 million from the State General Fund, for Medicaid expansion assistance expenditures for FY 2021.
- The Governor added \$5.0 million, including the deletion of \$90.2 million from the State General Fund, in FY 2020 and deleted \$126.0 million, including the addition of \$48.8 million from the State General Fund, for FY 2021 to fund the spring human services consensus caseload estimate.

6. The Governor's Executive Reorganization Order (ERO) No. 45 shifted expenditures for the administration of the State Employee Health Plan (SEHP) and Workers Compensation Self-Insurance Fund (SSIF) from KDHE to the Department of Administration for FY 2021.
7. The Legislature added \$2.0 million, all from the State General Fund, for primary health projects for community-based primary care grants for FY 2021. This amount is to be directed for community-based primary care grants provided by the Community Care Network of Kansas for FY 2021.
8. The Legislature added \$3.0 million, including \$1.2 million from the State General Fund, to increase Medicaid dental reimbursement rates under KanCare for FY 2021.
9. The Legislature added \$75,000, all from the State General Fund, to develop a brain injury registry to identify individuals who have experienced brain injuries, more effectively coordinate rehabilitation, and gather information about effective treatments for FY 2021.
10. The Legislature added \$900,000, all from the State General Fund, to increase funds available to Local Health Departments using the statutory formula distribution contained in K.S.A. 65-242, for FY 2021, and added 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 2021 to \$12,000.
11. The Legislature added \$2.0 million, all from the State General Fund, for the Infant and Toddler Program for FY 2021. The Infant and Toddler Program (Part C) provides early intervention services for children under the age of 3 with developmental delays.
12. The Legislature added \$140,000, all from the State General Fund, 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 2021.
13. The Legislature added language to require the Kansas Department of Health and Environment to implement a policy which suspends Medicaid and MediKan coverage provided under the Kansas Medical Assistance Program for incarcerated individuals, rather than terminate coverage until notice of their release for FY 2021.
14. The Legislature added language to raise the limit of the amount transferred from the Medical Assistance Fee Fund to the Newborn Screening Fund to \$5.0 million for FY 2021.
15. The Legislature added language prohibiting Medicaid expansion without the approval of the 2020 Legislature for FY 2021 and directed that \$17.5 million, all from the State General Fund, be transferred to the Coronavirus Prevention Fund of the State Finance Council if Medicaid expansion did not pass during the 2020 Legislative session.
16. The Legislature added language in 2020 SB 66 directing KDHE to modify and continue their request to the federal Centers for Medicare and Medicaid Services (CMS) to implement changes to the Health Care Access Improvement Program (HCAIP) hospital provider assessment rate adjustment as recommended by the 2019 Legislature. These changes included increasing the hospital provider assessment rate to 3.0 percent, including hospital outpatient operating revenue, and adjusting the fiscal year on which the assessment would be based.
17. The Legislature added language in 2020 SB 66 directing KDHE to pay hospitals and physicians at the Medicaid rate established in FY 2020 until the first calendar quarter following approval by CMS of the HCAIP hospital provider assessment rate adjustment as recommended by the 2019 Legislature.
18. The Legislature added language in 2020 SB 66 that the provisions in items 16 and 17 regarding HCAIP would lapse should any legislation that increases the hospital provider assessment to 3.0 percent and includes inpatient and outpatient operating revenue become law during the 2020 Legislative session. (Note: HB 2168, which increased the provider tax to 3.0 percent and includes inpatient and outpatient revenue, was passed by the 2020 Legislature. Subsequently, CMS reported the requested changes as outlined in 2020 HB 2168 would not be approved so the proposed changes to HCAIP have not been implemented).
19. The Legislature did not adopt GBA No. 1, Item 1, and deleted \$5.0 million all funds, including the addition of \$90.2 million from the State General Fund, in FY 2020 and added \$126.0 million, including the deletion of \$48.8 million from the State General Fund, for FY 2021 for the spring human services consensus caseloads estimates.