

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Operating Expenditures:					
State General Fund	\$ 669,018,933	\$ 928,625,242	\$ 801,818,670	\$ 889,143,187	\$ 752,498,757
Federal Funds	2,629,051,061	2,309,609,174	2,588,272,917	2,235,985,179	3,083,917,781
All Other Funds	504,617,178	509,763,608	623,004,215	534,128,876	678,620,215
<i>Subtotal</i>	<u>\$ 3,802,687,172</u>	<u>\$ 3,747,998,024</u>	<u>\$ 4,013,095,802</u>	<u>\$ 3,659,257,242</u>	<u>\$ 4,515,036,753</u>
Capital Improvements:					
State General Fund	\$ -	\$ 32,500,000	\$ 32,500,000	\$ -	\$ -
Federal Funds	-	-	-	30,875,000	30,875,000
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ 32,500,000</u>	<u>\$ 32,500,000</u>	<u>\$ 30,875,000</u>	<u>\$ 30,875,000</u>
TOTAL	<u>\$ 3,802,687,172</u>	<u>\$ 3,780,498,024</u>	<u>\$ 4,045,595,802</u>	<u>\$ 3,690,132,242</u>	<u>\$ 4,545,911,753</u>
Percentage Change:					
State General Fund	44.5 %	43.7 %	24.7 %	(7.5) %	(9.8) %
All Funds	9.8 %	(0.6) %	6.4 %	(2.4) %	12.4 %
FTE Positions	1,719.1	1,803.7	1,799.7	1,805.7	1,799.7

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to protect and improve the health and environment of all Kansans. This is accomplished through public health programs and services and through the preservation, protection, and remediation of natural resources in the environment. The agency is divided into three main divisions: the Division of Public Health, the Division of Health Care Finance, and the Division of Environment.

The **Division of Public Health** works with local health departments and other organizations to help assure the health of Kansans through public health services and regulatory programs. The Division includes the Office of the Director and six bureaus: Disease Control and Prevention, Health Promotion, Family Health, Community Health Systems, Oral Health, and Epidemiology and Public Health Informatics. The Administration program is also included in the Division of Public Health function.

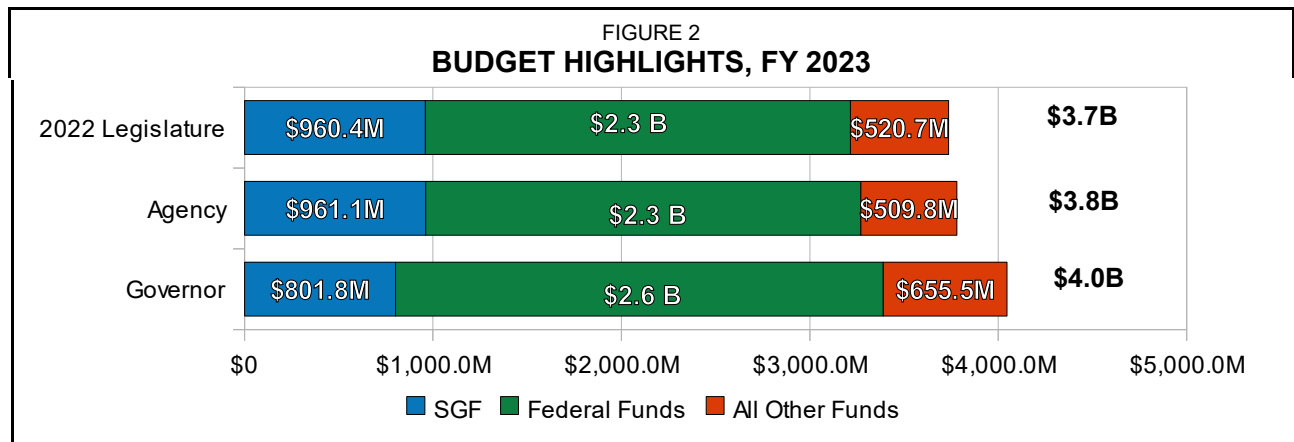
The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda, which combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The powers, duties, and functions of the Division are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and to coordinate with public health programs. The Division oversees the State's Medicaid and Children's Health Insurance programs.

The **Division of Environment** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes six bureaus: Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of the Division of Environment), and the Health and Environmental Laboratories.

EXECUTIVE SUMMARY

The 2022 Legislature approved a budget of \$3,670,538,720, including \$895,881,847 from the State General Fund (SGF), for the Kansas Department of Health and Environment for FY 2023. Two adjustments have been made subsequently to that amount, which changes the current year approved amount without any legislative action required. The following adjustments change the current year approved amount to \$3,736,063,339 from all funds, including \$960,351,398 SGF:

- **SGF REAPPROPRIATION.** KDHE carried over \$64,469,551 in unspent SGF moneys into FY 2023.
- **SWPF REAPPROPRIATION.** The agency received \$ 1.1 million in reappropriations from the State Water Plan Fund (SWPF) from FY 2022 into FY 2023.



The **agency** submits a revised estimate of \$3.8 billion, including \$961.1 million SGF, for operating expenditures in FY 2023. This is an all funds increase of \$44.4 million, or 1.2 percent, including an SGF increase of \$773,844, or 0.1 percent, above the amount approved by the 2022 Legislature.

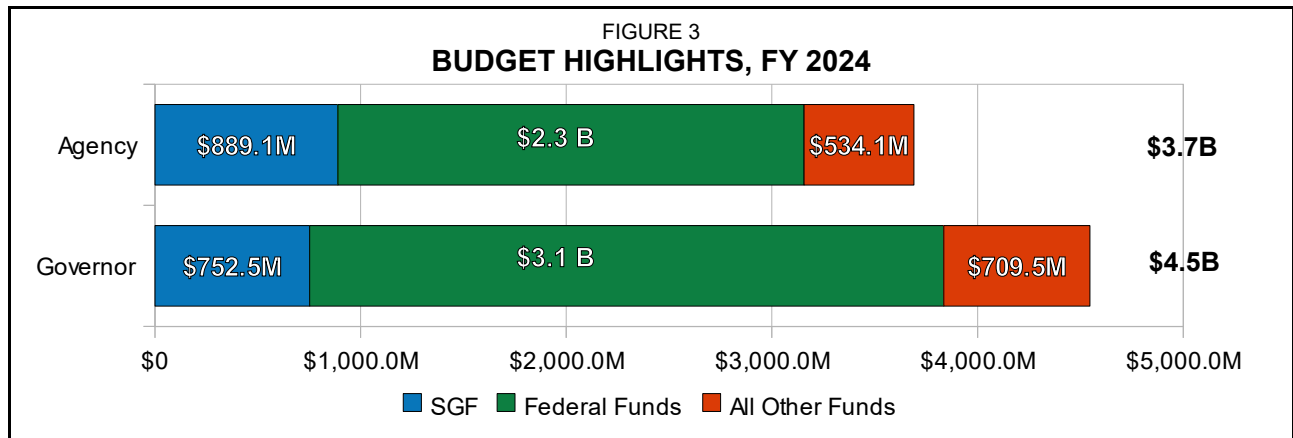
The estimate includes \$36.8 million for the Administration function, \$273.9 million for the Division of Public Health, \$3.3 billion for the Division of Health Care Finance, and \$121.0 million for the Division of Environment. The all funds increase is primarily attributable to federal funds to provide bonuses to child care workers in FY 2023, partially offset by decreased federal grant expenditures in the Division of Public Health. The SGF increase is largely due to the agency's four supplemental requests totaling \$618,595.

The revised estimate includes 1,803.7 FTE positions, which reflects an increase of 79.6 FTE positions above the number approved by the 2022 Legislature. These include an additional 33.0 FTE positions in the Administration function, 46.5 FTE positions in the Division of Public Health, and 17.0 FTE positions in the Division of Health Care Finance, as well as a decrease of 16.9 FTE positions in the Division of Environment. The agency reports that the additional FTE positions are largely attributable to the continued response to the COVID-19 public health emergency (PHE), as well as federally funded workforce development and infrastructure grants.

The **Governor** recommends expenditures of \$4.0 billion, including \$801.8 million SGF, in FY 2023. This is an all funds increase of \$265.1 million, or 7.0 percent, including an SGF decrease of \$159.3 million, or 16.6 percent, from the agency's FY 2023 revised estimate.

The all funds increase and SGF decrease are primarily due to the Governor adding \$265.8 million from all funds, including a reduction of \$158.8 million SGF, to fully fund the fall 2022 human services consensus caseload estimates.

The Governor’s recommendation also includes 1,799.8 FTE positions, which is a decrease of 4.0 FTE positions below the agency's FY 2023 revised estimate number. The decrease is due to the Governor not recommending the agency's supplemental requests for legal staffing for the regulation team (2.0 FTE positions) and local public health program (2.0 FTE positions).



The **agency** requests \$3.7 billion, including \$889.1 million SGF, for FY 2023. This is an all funds decrease of \$90.4 million, or 2.4 percent, including an SGF decrease of \$72.0 million, or 7.5 percent, below the FY 2023 revised estimate. The request includes \$36.9 million for the Administration function, \$209.0 million for the Division of Public Health, \$3.3 billion for the Division of Health Care Finance, and \$146.5 million for the Division of Environment.

The all funds decrease is primarily attributable to one-time federally funded expenditures for child care worker bonuses that occurred in FY 2023 that are not included in the FY 2024 budget. Additionally, the agency request reflects decreased federal funds for a variety of grant programs in the divisions of Public Health and Environment. The SGF decrease is due to \$64.5 million in reappropriated funds in the FY 2023 budget that are not budgeted for FY 2024, as well as \$32.5 million in one-time SGF expenditures in FY 2023 for the construction of a new KDHE laboratory that do not reoccur for FY 2024. The FY 2024 request does include federal funds for laboratory construction. The SGF decreases are partially offset by the agency's enhancement requests totaling \$36.3 million from all funds, including \$35.6 million SGF.

The agency request includes 1,805.7 FTE positions, which is an increase of 2.0 FTE positions above the FY 2022 revised estimate due to the 2.0 FTE positions included in the agency's enhancement requests for the Division of Public Health.

The **Governor** recommends expenditures of \$4.5 billion, including \$752.5 million SGF, for FY 2024. This is an all funds increase of \$855.8 million, or 23.2 percent, including an SGF decrease of \$136.6 million, or 15.4 percent, from the agency's FY 2024 request.

The **Governor’s** recommendation includes the following adjustments:

- NON-RECOMMENDED ENHANCEMENT REQUESTS.** The Governor recommends a decrease of \$34.0 million, all SGF, below the agency's FY 2024 request by not recommending the following enhancement requests: Legal Staffing for the Regulation Team in the Division of Administration, County and Regional Public Health Data (Kansas BRFS), Stan Clark Pregnancy Maintenance Initiative, Statewide psychiatric access program, Local public health program, and small town infrastructure assistance.

2. **HUMAN SERVICES CASELOAD ADJUSTMENTS.** The Governor recommends adding \$214.4 million from all funds, including an SGF decrease of \$35.2 million, to fully fund the fall 2022 human services consensus caseload estimates.
3. **MEDICAID EXPANSION.** The Governor recommends adding \$671.4 million from all funds, including \$21.0 million SGF, to fund Medicaid expansion beginning January 1, 2024.
4. **MEDICAID EXPANSION SGF SAVINGS.** The Governor's recommendation includes a decrease of \$92.5 million SGF due to savings associated with Medicaid expansion. These savings are attributable to provisions in the federal American Rescue Plan Act allowing a 5.0 percent increase to the base FMAP rate for states that have not yet enacted Medicaid expansion. This enhanced FMAP will be in effect for eight quarters after expansion takes effect.

The **Governor's** recommendation also includes 1,799.8 FTE positions, which is a decrease of 6.0 FTE positions below the agency's FY 2024 request. The decrease is due to the Governor not recommending the agency's enhancement requests for legal staffing for the regulation team (2.0 FTE positions), local public health program (2.0 FTE positions), County and Regional Public Health Data (1.0 FTE position), and Statewide psychiatric access program (1.0 FTE position).

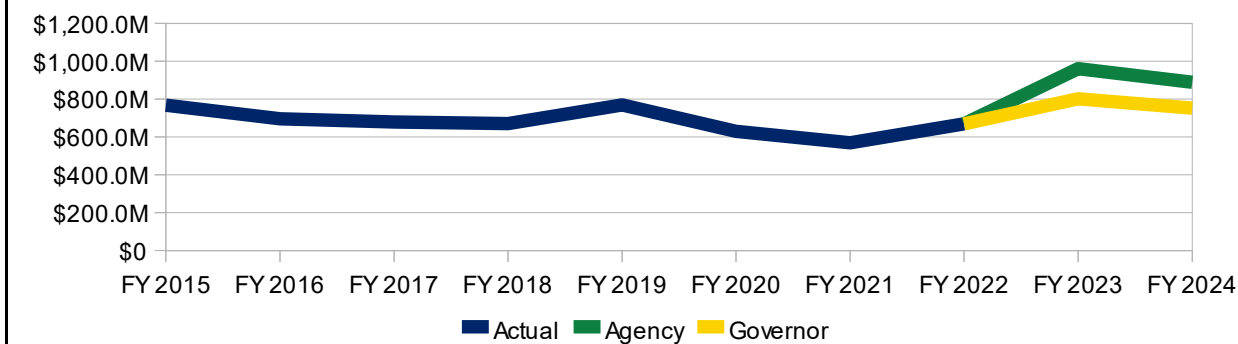
EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 94,495,186	\$ 129,311,198	\$ 128,638,658	\$ 131,707,111	\$ 130,334,210
Contractual Services	605,637,238	414,462,343	414,424,843	359,735,230	386,557,906
Commodities	51,172,986	28,954,917	28,954,917	28,422,201	28,205,051
Capital Outlay	3,391,613	3,008,901	3,008,901	1,663,333	1,663,333
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<i>\$ 754,697,023</i>	<i>\$ 575,737,359</i>	<i>\$ 575,027,319</i>	<i>\$ 521,527,875</i>	<i>\$ 546,760,500</i>
Aid to Local Units	79,769,220	73,278,090	73,278,090	69,726,954	73,726,954
Other Assistance	2,968,220,929	3,098,982,575	3,364,790,393	3,068,002,413	3,894,549,299
<i>Subtotal—Operating</i>	<i>\$ 3,802,687,172</i>	<i>\$ 3,747,998,024</i>	<i>\$ 4,013,095,802</i>	<i>\$ 3,659,257,242</i>	<i>\$ 4,515,036,753</i>
Capital Improvements	-	32,500,000	32,500,000	30,875,000	30,875,000
Debt Service Principal	-	-	-	-	-
TOTAL	\$ 3,802,687,172	\$ 3,780,498,024	\$ 4,045,595,802	\$ 3,690,132,242	\$ 4,545,911,753
Financing:					
State General Fund	\$ 669,018,933	\$ 961,125,242	\$ 801,818,670	\$ 889,143,187	\$ 752,498,757
State Water Plan Fund	3,048,130	4,901,403	4,901,403	4,146,334	4,146,334
Children's Initiatives Fund	7,228,476	8,551,210	8,551,210	8,551,210	8,576,942
Special Revenue Funds	438,816,669	466,236,721	611,977,328	493,740,525	669,081,132
Federal Funds	2,629,051,061	2,309,609,174	2,588,272,917	2,266,860,179	3,083,917,781
All Other Funds	55,523,903	30,074,274	30,074,274	27,690,807	27,690,807
TOTAL	\$ 3,802,687,172	\$ 3,780,498,024	\$ 4,045,595,802	\$ 3,690,132,242	\$ 4,545,911,753
FTE Positions	1,719.1	1,803.7	1,799.7	1,805.7	1,799.7

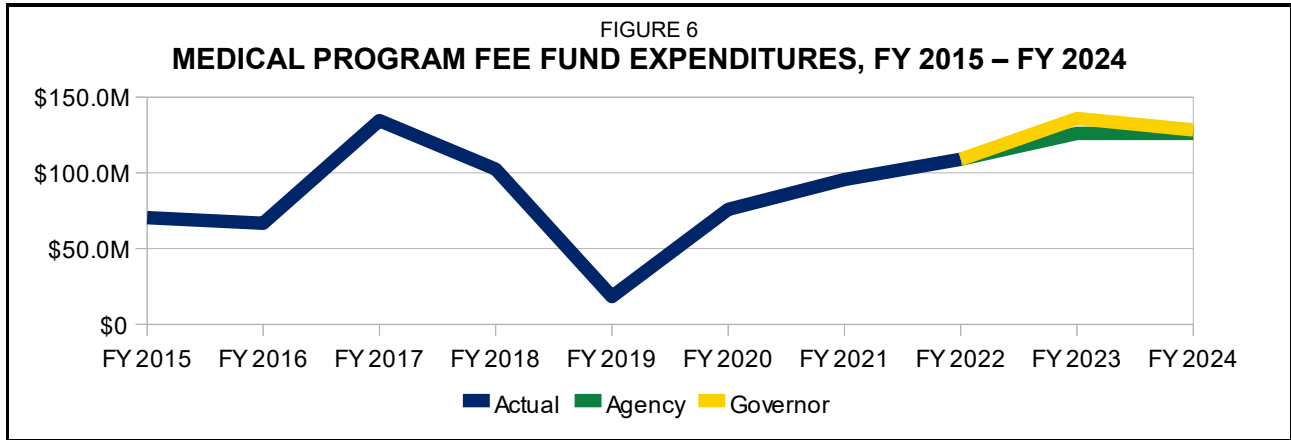
STATE GENERAL FUND

FIGURE 5
STATE GENERAL FUND EXPENDITURES, FY 2015 – FY 2024



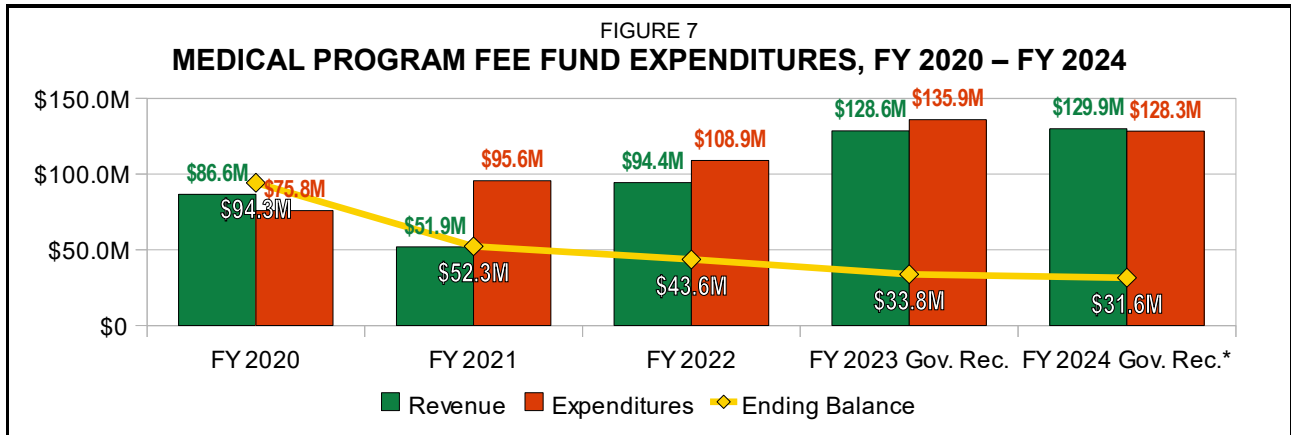
For the Kansas Department of Health and Environment, SGF expenditures have ranged between \$568.6 million in FY 2021 and \$769.4 million for FY 2019. The increase in FY 2019 was primarily attributable to increases in human services consensus caseload estimates due to several factors, including rate changes and population increases. Other SGF increases that year included reinstatement of the federal Health Homes program, funding for three youth crisis centers, funding increases for the Wichita Center for Graduate Medical Education (WCGME) program, changes in the Medicaid tobacco cessation policy, and increased funding for the tiny-k program. SGF expenditures increase again in FY 2023, largely due to an increase in SGF expenditures for human services caseloads and SGF additions for the construction of a new KDHE lab.

MEDICAL PROGRAM FEE FUND



The Medical Program Fee Fund was established by KSA 39-710. The largest revenue sources for the fund are national and state drug rebate agreements and estate recoveries. The Division of Health Care Finance collects two types of drug rebates: those required by federal law and supplemental rebates related to the Preferred Drug List (PDL). This special revenue fee fund has an appropriation limit set by the Legislature. The appropriation limit set in the 2022 Legislative Session was \$108,936,475 in FY 2022 and \$126,123,554 for FY 2023. The fee fund is used primarily to fund Medicaid caseloads.

MEDICAL PROGRAM FEE FUND



* For FY 2024, the lowest month ending balance for the Medical Program Fee Fund will occur in August, with a balance of \$1.2 million.

FY 2023 ANALYSIS

FIGURE 8
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2022 Legislature	\$ 895,881,847	\$ 2,774,656,873	\$ 3,670,538,720	1,724.1
1. SGF Reappropriation	64,469,551	-	64,469,551	--
2. SWPF Reappropriation	\$ -	\$ 1,055,068	\$ 1,055,068	--
<i>Subtotal—Legislative Approved</i>	<u>\$ 960,351,398</u>	<u>\$ 2,775,711,941</u>	<u>\$ 3,736,063,339</u>	<u>1,724.1</u>
Agency Revised Estimate:				
3. Agency Supplementals	773,845	435,105	1,208,950	15.0
4. Increase in Federal Funds for the Laboratory (Environment)	-	2,098,291	2,098,291	--
5. Child Care Worker Bonuses	-	56,926,898	56,926,898	--
6. Reductions in Federal Funds in Division of Public Health	-	(10,023,469)	(10,023,469)	--
7. All Other Adjustments	(1)	(5,775,984)	(5,775,985)	64.6
<i>Subtotal—Agency Revised Estimate</i>	<u>\$ 961,125,242</u>	<u>\$ 2,819,372,782</u>	<u>\$ 3,780,498,024</u>	<u>1,803.7</u>
Governor's Recommendation:				
8. Non-recommended Agency Supplementals	\$ (524,390)	\$ (185,650)	\$ (710,040)	(4.0)
9. Human Services Caseloads	(158,782,182)	424,590,000	265,807,818	--
TOTAL	<u>\$ 801,818,670</u>	<u>\$ 3,243,777,132</u>	<u>\$ 4,045,595,802</u>	<u>1,799.7</u>

LEGISLATIVE APPROVED

Subsequent to the 2022 Session, two adjustments were made to the \$3.7 billion appropriated to the Kansas Department of Health and Environment for FY 2023. These adjustments changed the current year approved amount without any legislative action required:

1. **SGF REAPPROPRIATION.** The SGF reappropriation of \$64.5 million was largely due to \$46.6 million in funds appropriated for human services caseloads that were not spent in FY 2022. Caseload reappropriations were largely due to member estimates being higher than the actual membership, as well as lower than anticipated spending for the Supports and Training for Employing People Successfully (STEPS) and One Care Kansas Programs due to lower use as the programs continue to ramp up and recruit participants. Also included in the reappropriations were \$11.9 million in unused funds from the Division of Health Care Finance due to unfilled positions that the agency is actively trying to fill.

2. **STATE WATER PLAN FUND REAPPROPRIATION.** The agency estimates State Water Plan Fund reappropriations to be \$1,055,068. The majority of these funds carried over from projects for monitoring, analyzing, and preventing harmful algae blooms in Kansas lakes.

AGENCY ESTIMATE

The **agency** requests a revised estimate of \$3.8 billion, including \$961.1 million SGF, for operating expenditures in FY 2023. This is an all funds increase of \$44.4 million, or 1.2 percent, including an SGF increase of \$773,844, or 0.1 percent, above the amount approved by the 2022 Legislature.

The **agency** estimate includes the following adjustments:

3. **AGENCY SUPPLEMENTAL FUNDING REQUESTS.** The agency requests \$1.2 million from all funds, including \$773,845 SGF, for supplemental funding requests in FY 2023. Agency supplemental requests include funding for 2.0 FTE legal staffing positions in the Administration program, 2.0 FTE positions to support local public health programs in the Division of Public Health, 11.0 new FTE positions in the Medicaid Administration Program, and state printer costs in the Division of Health Care Finance.
4. **INCREASE IN FEDERAL FUNDS FOR THE LABORATORY (ENVIRONMENT).** The agency's FY 2023 revised estimate includes \$2.1 million in additional federal funds from the federal Centers for Disease Control and Prevention. These funds are budgeted in the Laboratory program for equipment and supplies.
5. **CHILD CARE WORKER BONUSES.** The agency's revised estimate includes \$56.9 million in federal funds provided through the Child Care and Development Block Grant. These funds were allocated by the American Rescue Plan Act (ARPA) and were distributed to child care providers in the form of one-time bonuses that ranged from \$750 to \$2,500 per person.
6. **REDUCTIONS IN FEDERAL FUNDS IN THE DIVISION OF PUBLIC HEALTH.** The agency's FY 2023 revised estimate includes a \$10.0 million decrease in expenditures for several federal grants. The largest adjustments were seen in grants funding epidemiology and laboratory capacity, immunizations, and COVID-19 testing funds for hospitals.
7. **ALL OTHER ADJUSTMENTS.** The agency's request includes a decrease of \$5.6 million, including an increase of \$155,249 SGF in other adjustments. These changes are the result of adjustments to a variety of federal grants in the Division of Public Health and Health Care Finance.

The revised estimate includes 1,803.7 FTE positions, which reflects an increase of 79.6 FTE positions above the number approved by the 2022 Legislature. These include an additional 33.0 FTE positions in the Administration Function, 46.5 FTE positions in the Division of Public Health, and 17.0 FTE positions in the Division of Health Care Finance, as well as a decrease of 16.9 FTE positions in the Division of Environment. The agency reports that the additional FTE positions are largely attributable to the continued response to the public health emergency (PHE), as well as federally funded workforce development and infrastructure grants.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$4.0 billion, including \$801.8 million SGF, in FY 2023. This is an all funds increase of \$265.1 million, or 7.0 percent, including an SGF decrease of \$159.3 million, or 16.6 percent, from the agency's FY 2023 revised estimate.

The **Governor's** recommendation also includes 1,799.8 FTE positions, which is a decrease of 4.0 FTE positions below the agency's FY 2023 revised estimate number. The decrease is due to the Governor not recommending the agency's supplemental requests for legal staffing for the regulation team and local public health program.

The **Governor's** recommendation includes the following adjustments:

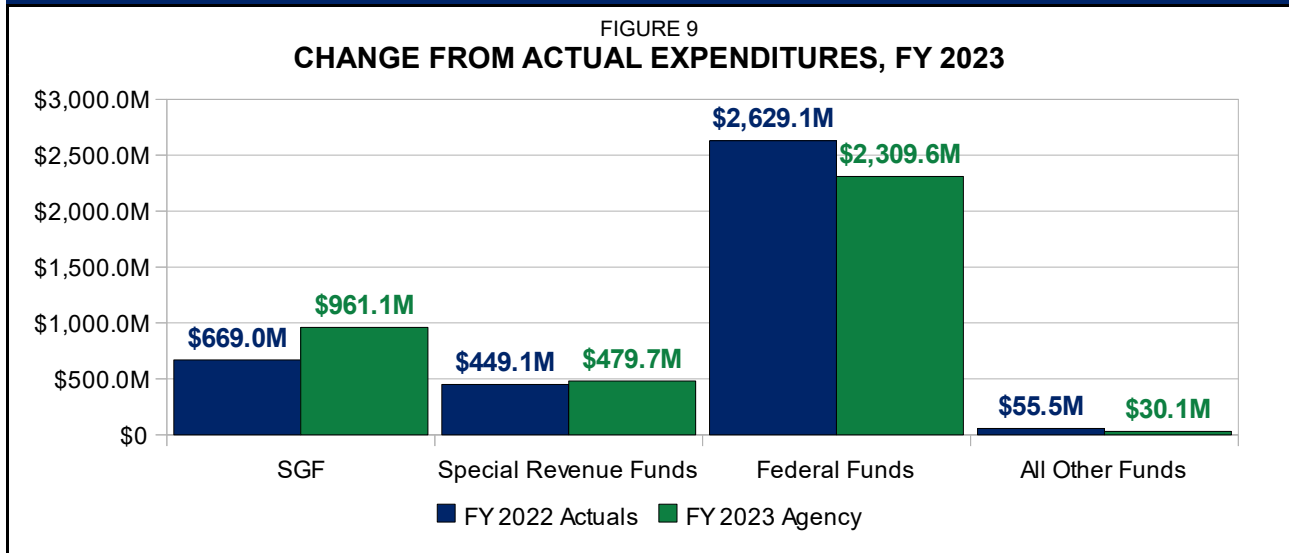
8. **NON-RECOMMENDED AGENCY SUPPLEMENTALS.** The Governor did not recommend funding the agency's requests for an additional 2.0 FTE positions for legal staffing for the regulation team and 2.0 FTE positions for the local public health program. The Governor **recommended partially funding the agency's request for 11.0 FTE positions for Medicaid programs at a level of \$371,300 from all funds, including \$185,650 SGF, to fund the positions for six months.**

Overall, this is a decrease of \$710,040 from all funds, including \$524,390 SGF, below the agency's total supplemental request. The Governor did recommend fully funding the agency's request for increased state printer costs.

9. **HUMAN SERVICES CASELOADS.** The Governor recommends adding \$265.8 million from all funds, including a reduction of \$158.8 million SGF, to fully fund the Fall 2022 human services consensus caseload estimates.

The increase in the all funds for caseload estimates is largely due to adjustments to the Health Care Access Improvement Program (HCAIP), which increased the amount of federal funds coming into the state. The SGF decrease is largely due to the extension of the 6.2 percent increase to the Federal Medical Assistance Percentage (FMAP) to include three quarters of FY 2023. Prior estimates had included only one quarter of the enhanced federal match.

FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The agency's FY 2023 revised estimate includes an increase in SGF expenditures of \$292.1 million above the agency's FY 2022 actual amount. The increase in SGF expenditures is largely attributable to changes in the human services caseload estimates. The agency's actual caseload expenditures for FY 2022 include a full year of the 6.2 percent increase to the Federal Medical Assistance Percentage (FMAP). The agency's FY 2023 revised request is based on the spring 2022 estimates, which include only one quarter of the 6.2 percent increased federal share. This accounts for the increased amount of SGF moneys in the agency's FY 2023 revised estimate.

The SGF increase can also be attributed to Medicaid expenditures added by the 2022 Legislature for FY 2023, including the extension of Medicaid coverage for pregnant women and \$9.1 million for the Kansas Modular Medicaid System (KMMS) upgrade. Other items contributing to the increased SGF expenditures include the addition of \$32.5 million SGF for a new laboratory in FY 2023. The overall SGF increase is partially offset by lower than anticipated expenditures for salaries and wages in FY 2022 due to open positions.

The agency's FY 2023 revised estimate includes a federal funds decrease of \$213.9 million below the agency's FY 2022 actual amount. This decrease is due to COVID-19 pandemic relief funds that were available in FY 2022 that are not anticipated to be available in FY 2023. These include a decrease of \$96.7 million in the Division of Environment laboratory and \$121.4 million in the Division of Public Health. Decreases are included in COVID-19 pandemic relief funds for COVID-19 testing, COVID-19 testing in schools, and vaccine preparedness, as well as \$50.0 million added to the FY 2022 budget for one-time bonuses to front-line hospital workers.

FY 2024 ANALYSIS

FIGURE 10
SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ 961,125,242	\$ 2,819,372,782	\$ 3,780,498,024	1,803.7
Agency Request:				
1. Enhancement Requests in Administration	\$ 3,881	\$ -	\$ 3,881	--
2. Enhancement Requests in Public Health	4,513,600	-	4,513,600	2.0
3. Enhancement Requests in Health Care Finance	9,283	9,283	18,566	--
4. Enhancement Requests in Environment	30,280,000	300,000	30,580,000	--
5. Capital Improvements (SGF)	(32,500,000)	-	(32,500,000)	--
6. Capital Improvements (Federal Funds)	-	30,875,000	30,875,000	--
7. Child Care Worker Bonuses	-	(58,274,674)	(58,274,674)	--
8. Reappropriations not budgeted for in FY 2024	(64,469,551)	-	(64,469,551)	--
9. Contractual expenditure adjustments in Health Care Finance	(8,963,832)	24,212,468	15,248,636	--
10. Federal Fund adjustments in Public Health	-	(7,094,817)	(7,094,817)	--
11. All Other Adjustments	(855,436)	(8,410,987)	(9,266,423)	--
<i>Subtotal—Agency Estimate</i>	\$ 889,143,187	\$ 2,800,989,055	\$ 3,690,132,242	1,805.7
Governor's Recommendation:				
12. Non-Recommended Enhancement Requests	\$ (34,006,221)	\$ -	\$ (34,006,221)	--
13. Human Services Caseload Adjustments	(35,180,000)	249,590,000	214,410,000	--
14. SIDS CIF Enhancement	-	25,732	25,732	—
15. Tiny-K Vision Services	1,500,000	-	1,500,000	--
16. Child care Pilot Project	2,500,000	-	2,500,000	--
17. Medicaid Expansion	21,000,000	650,350,000	671,350,000	--
18. Medicaid Expansion SGF Savings	(92,458,209)	92,458,209	-	--
TOTAL	\$ 752,498,757	\$ 3,793,412,996	\$ 4,545,911,753	1,805.7

AGENCY REQUEST

The **agency** requests \$3.7 billion, including \$889.1 million SGF, for FY 2024. This is an all funds decrease of \$90.4 million, or 2.4 percent, including an SGF decrease of \$72.0 million, or 7.5 percent, below the FY 2023 revised estimate. The request includes \$36.9 million for the Administration function, \$209.0 million for the Division of Public Health, \$3.3 billion for the Division of Health Care Finance, and \$177.4 million for the Division of Environment.

The **agency** request includes the following adjustments:

- 1. ENHANCEMENTS – ADMINISTRATION.** The agency requests \$3,881 SGF to continue to fund 2.0 FTE positions in the Administration program. These positions will handle reporting requirements to the Legislature's Joint Committee on Administrative Rules and Regulations. (*Staff Note:* The agency's FY 2023 request included a supplemental request of \$183,490 for these 2.0 FTE positions, which will continue into FY 2024 if included in the FY 2023 budget recommendation.)

2. **ENHANCEMENTS – PUBLIC HEALTH.** The agency requests \$4.5 million, all SGF, for enhancement requests in the Division of Public Health. These enhancements include additional funding for family planning and reproductive wellness, the Stan Clark Pregnancy Maintenance Initiative, a statewide psychiatric access program, and health facility surveillance.
3. **ENHANCEMENTS – HEALTH CARE FINANCE.** The agency requests \$18,566 from all funds, including \$9,283 SGF, for enhancements in the Division of Health Care Finance. These will provide continued funding for 11.0 new FTE positions in Medicaid administration and state printer costs. (*Staff Note:* the agency's FY 2023 request included a supplemental of \$742,600, including \$371,300 SGF, for these 11.0 FTE positions, which will continue into FY 2024 if included in the FY 2023 budget recommendation.)
4. **ENHANCEMENTS – ENVIRONMENT.** The agency requests \$30.6 million from all funds, including \$30.3 million SGF and \$300,000 from the State Water Plan Fund, in enhancements to fund local environment protection programs, stream trash removal, small town infrastructure assistance, and laboratory equipment.
5. **CAPITAL IMPROVEMENTS (SGF).** The agency's request includes a decrease of \$30.3 million SGF due to one-time SGF expenditures for the KDHE laboratory included in the FY 2023 budget that are not budgeted for in FY 2024.
6. **CAPITAL IMPROVEMENTS (FEDERAL FUNDS).** The agency's request includes \$30.9 million, all federal funds, from the American Rescue Plan Act (ARPA) for construction of the KDHE laboratory.
7. **CHILD CARE WORKER BONUSES.** The agency's FY 2024 request includes a decrease of \$58.3 million in federal funds for child care bonuses. These were budgeted for in FY 2023 as a one-time expense and are not included in the agency's FY 2024 request.
8. **REAPPROPRIATIONS NOT BUDGETED FOR IN FY 2024.** The agency's request has a decrease of \$64.5 million due to unspent funds in FY 2022 that were reappropriated into FY 2023 and not budgeted for in FY 2024.
9. **CONTRACTUAL EXPENDITURE ADJUSTMENTS IN HEALTH CARE FINANCE.** The agency requests an all funds increase of \$15.2 million, including an SGF decrease of \$9.0 million. These adjustments are due to decreased expenditures for fiscal agent services and increased fee fund expenditures being used to offset SGF expenses.
10. **FEDERAL FUND ADJUSTMENTS IN PUBLIC HEALTH.** The agency requests a decrease of \$7.1 million in federally funded grants. Grants seeing a decrease include federal grants for epidemiology and laboratory capacity and public health crisis response.
11. **ALL OTHER ADJUSTMENTS.** The agency requests an all funds decrease of \$9.3 million, including \$855,436 SGF. This decrease is largely due to decreases in a variety of federally funded grants across the divisions of Public Health, Health Care Finance, and Environment.

The **agency** request also includes 1,805.7 FTE positions. This is an increase of 2.0 FTE positions above the number in the agency's FY 2023 revised estimate due to 2.0 additional FTE positions included in the agency's enhancements in the Division of Public Health.

GOVERNOR'S RECOMMENDATION

The **Governor** recommends expenditures of \$4.5 billion, including \$752.5 million SGF, for FY 2024. This is an all funds increase of \$855.8 million, or 23.2 percent, including an SGF decrease of \$136.6 million, or 15.4 percent, from the agency's FY 2024 request.

The **Governor's** recommendation includes the following adjustments:

12. **NON-RECOMMENDED ENHANCEMENT REQUESTS.** The Governor recommends a decrease of \$34.0 million, all SGF, below the agency's FY 2024 request by not recommending the following enhancement requests:

- Legal Staffing for the Regulation Team in the Division of Administration (\$159,131 SGF);
- County and Regional Public Health Data (\$1.8 million SGF);
- Stan Clark Pregnancy Maintenance Initiative (\$338,846 SGF);
- Statewide psychiatric access program (\$1.2 million SGF);
- Local public health program (\$183,490 SGF); and
- Small town infrastructure assistance (\$30.0 million SGF).

(*Staff Note:* Descriptions of agency enhancement requests can be found in the enhancement section below.)

The Governor recommends funding seven of the agency's enhancement requests for a total of \$2.3 million from all funds, including \$1.6 million SGF. Recommended enhancements include:

- Family Planning and Reproductive Wellness (\$350,000 SGF);
- Health Facility Surveillance (\$500,000 SGF);
- Medicaid FTE positions (\$761,166 from all funds, including \$380,583 SGF);
- State Printer Cost Increases (\$127,610 from all funds, including \$63,805 SGF);
- Local Environmental Protection Program (\$250,000 SWPF);
- Stream Trash Removal (\$50,000 SWPF); and
- Laboratory Equipment (\$280,000 SGF).

13. **HUMAN SERVICES CASELOAD ADJUSTMENTS.** The Governor recommends adding \$214.4 million from all funds, including an SGF decrease of \$35.2 million, to fully fund the fall 2022 human services consensus caseload estimates.

14. **SIDS CIF ENHANCEMENT.** The Governor recommends adding \$25,732, all from the Children's Initiative Fund (CIF), to enhance funding for the Sudden Infant Death Syndrome (SIDS) Network of Kansas. The SIDS Network is a nonprofit statewide support organization that supports families who have been affected by the loss of an infant and provides information on prevention and risk reduction methods to improve the health and survival of infants and children.

15. **TINY-K VISION SERVICES.** The Governor recommends adding \$1.5 million, all SGF, for vision and hearing services for children in the Infant-Toddler Services Program (Tiny-K). Tiny-K provides early identification, evaluation, and/or early intervention services for newborns, infants, and toddlers with special needs, disabilities, and/or developmental delays and their families.

16. **CHILD CARE PILOT PROJECT.** The Governor recommends adding \$2.5 million, all SGF, for a child care pilot project in an area identified as having a high need for alternate child care options.
17. **MEDICAID EXPANSION.** The Governor recommends adding \$671.4 million from all funds, including \$21.0 million SGF, to fund Medicaid expansion beginning January 1, 2024.
18. **MEDICAID EXPANSION SGF SAVINGS.** The Governor's recommendation includes \$92.5 million in savings associated with Medicaid expansion. These savings are attributable to provisions in the federal American Rescue Plan Act granting states that have not yet enacted Medicaid expansion a 5.0 percent increase to their regular FMAP rate. This enhanced FMAP rate would be in effect for eight quarters after expansion takes effect.

The **Governor's** recommendation also includes 1,799.8 FTE positions, which is a decrease of 6.0 FTE positions below the agency's FY 2024 request. The decrease is due to the Governor not recommending the agency's enhancement requests for legal staffing for the regulation team (2.0 FTE positions), local public health program (2.0 FTE positions), county and regional public health data (1.0 FTE position), and statewide psychiatric access program (1.0 FTE position).

SUPPLEMENTAL AND ENHANCEMENT REQUESTS
UNCLASSIFIED PERSONNEL SALARY INCREASE

Item	FY 2023 SUPPLEMENTAL REQUESTS					
	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Legal Staffing for Regulation Team	\$ 155,250	\$ 155,250	2.0	\$ -	\$ -	--
Local Public Health Program	183,490	183,490	2.0	-	-	--
Medicaid FTE Positions	371,300	742,600	11.0	185,650	371,300	11.0
State Printer Cost Increases	63,805	127,610	--	63,805	127,610	--
TOTAL	\$ 773,845	\$ 1,208,950	15.0	\$ 249,455	\$ 498,910	11.0

Legal Staffing for Regulation Team. The Division of Administration is requesting \$155,250 and 2.0 FTE positions in FY 2023 to create a legal team of one senior attorney and one administrative assistant to handle reporting requirements to the Legislature's Joint Committee on Administrative Rules and Regulations as described in 2022 HB 2087. This funding would support staff to prepare statutorily required reports and ensure that the Division of Health Care Finance is meeting guidelines for the promulgation of the agency's regulations.

The Governor does not recommend adoption of this request.

Local Public Health Program. The Bureau of Community Health Systems is requesting \$183,490 SGF and 2.0 FTE positions to support the KansasTRAIN learning management system in FY 2023. The KansasTRAIN system is the agency's main method for providing professional development to public health professionals, child care providers, law enforcement, and first responders across the state. Of the total funding, \$37,000 will go toward the KansasTRAIN annual license fee, which does not currently have an identified funding source; and \$145,990 will fund 2.0 FTE positions: a KansasTRAIN instructional Designer to assist in designing new course material and an Aid to Local/State Formula Administrator that will aid in reducing the administrative burden of the applications and reporting associated with the Aid to Local grant process.

The Governor does not recommend adoption of this request.

Medicaid FTE Positions. The Division of Health Care Finance is requesting \$742,600 from all funds, including \$371,300 SGF, and 11.0 FTE positions for FY 2023. Ten of the positions will support Eligibility and Presumptive Eligibility Services (EPE) and one will support the Payments and Institutional Reimbursements program (PIR). The 10.0 FTE positions in the EPE program will consist of 8.0 Presumptive Eligibility Coordinators and 2.0 supervisor positions. These positions will be stationed across the state and will assist the agency in providing services to an increasing number of clinics and hospitals that are Qualified Entities in the Medicaid Program. The 1.0 FTE position in the PIR program will review federal CMS guidelines on rural hospital reimbursement programs to increase the funding for Kansas' rural hospitals, as well as work with the Kansas Hospital Association to ensure the enhanced Health Care Access Improvement Program (HCAIP) funding is paid accurately to the hospitals on a quarterly basis. All of these positions will be eligible for a 50/50 federal match.

The Governor recommends partially adopting this request to fund the positions for six months.

Medicaid Funding for State Printer Cost Increases. The Division of Health Care Finance is requesting \$127,610 from all funds, including \$63,805 SGF, to cover increased costs in the KDHE/Division of Printing interagency agreement.

The Governor recommends adoption of this request.

FY 2024 ENHANCEMENT REQUESTS						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Legal Staffing for Regulation Team	\$ 159,131	\$ 159,131	--	\$ -	\$ -	--
County and Regional Public Health Data (Kansas BRFSS)	1,768,504	1,768,504	1.0	-	-	--
Family Planning and Reproductive Wellness	350,000	350,000	--	350,000	350,000	--
Stan Clark Pregnancy Maintenance Initiative	338,846	338,846	--	-	-	--
Statewide Psychiatric Access Program	1,200,000	1,200,000	1.0	-	-	--
Health Facility Surveillance	856,250	856,250	--	500,000	500,000	--
Local Public Health Program	183,490	183,490	--	-	-	--
Medicaid FTE Positions	380,583	761,166	11.0	380,583	761,166	11.0
State Printer Cost Increases	63,805	127,610	--	63,805	127,610	--
Local Environmental Protection Program	-	250,000	--	-	250,000	--
Stream Trash Removal	-	50,000	--	-	50,000	--
Small Town Infrastructure Assistance	30,000,000	30,000,000	--	-	-	--
Laboratory Equipment	280,000	280,000	--	280,000	280,000	--
TOTAL	\$ 35,580,609	\$ 36,324,997	13.0	\$ 1,574,388	\$ 2,318,776	11.0

Legal Staffing for Regulation Team. The Division of Administration is requesting \$159,131 in FY 2024 to maintain a legal team of one senior attorney and one administrative assistant to handle reporting requirements to the Legislature's Joint Committee on Administrative Rules and Regulations. This funding would support staff to prepare statutorily required reports and ensure that the Division of Health Care Finance is meeting guidelines for the promulgation of the agency's regulations.

The Governor does not recommend adoption of this request.

County and Regional Public Health Data (Kansas BRFSS). The Bureau of Health Promotion is requesting \$1.8 million, all SGF, and 1.0 FTE position to maintain the current level of data collection through the Kansas Behavioral Risk Factor Surveillance System (BRFSS). The Kansas BRFSS is an anonymous survey of Kansas adults on disease, health risk behaviors, and health disparities. Data from the BRFSS is used to justify requested funds on federal grant proposals, community health assessments, and monitoring progress on state health objectives. Funding for the BRFSS has been a compilation of efforts from foundations and public health partners; however, the agency reports that this funding is anticipated to decrease in FY 2024 due to federal funding restrictions.

The Governor does not recommend adoption of this request.

Family Planning and Reproductive Wellness. The Bureau of Family Health is requesting \$350,000, all SGF, for FY 2024 to promote family planning services, such as disease screening, preconception health care, contraception, and the provision of hormonal injection contraception services throughout Kansas. The funds will be used for education and awareness activities to increase program utilization, which saw a drop during the COVID-19 pandemic. In addition, approximately \$140,000 of the total funds will be allocated to Title X grantees across the state to

provide contraception in the form of hormonal injections (also known as Depo-Provera). The agency reports that, in July of 2022, clinics saw the cost of these injections increase over 2,000 percent from an average of \$.01 per dose to nearly \$21 per dose. As per KDHE, without this increase, providers will no longer be able to support this service for their clients.

The Governor recommends adoption of this request.

Stan Clark Pregnancy Maintenance Initiative. The Bureau of Family Health requests an additional \$338,846, all SGF, to extend case management services provided by the Stan Clark Pregnancy Maintenance Initiative (PMI) from 6 months to 12 months postpartum. The goal of increasing these services is better outcomes for mothers and babies related to housing, education, physical, and mental health. The PMI program currently receives \$338,846 SGF annually. The additional \$338,346 will cover an additional six months of service provision.

The Governor does not recommend adoption of this request.

Statewide Psychiatric Access Program. The Bureau of Family Health is requesting \$1.2 million SGF and 1.0 FTE position to establish a statewide program to build the capacity of front-line workers to address behavioral health concerns. The funds will be used to leverage infrastructure developed through two federal grant programs (Kansas Connecting Communities and KSKidsMAP) that are coming to an end, and continue to provide current services focused on children and pregnant/postpartum women. The program provides education, consultation, and resource and referral support to primary health care providers with the goal of increasing their knowledge, skills, and comfort to identify and address concerns in their own clinics with guidance and support from trained mental health professionals. This funding is part of a recommendation made by the 2021 Special Committee on Kansas Mental Health Modernization and Reform.

The Governor does not recommend adoption of this request.

Health Facility Surveillance. The Bureau of Community Health Systems is requesting \$856,250 SGF to support nurse salaries and contractual costs associated with Health Facility Surveillance. The Health Facilities Program surveys hospitals, Ambulatory Surgery Centers, Home Health agencies and other health facilities. According to the agency, the program has had difficulty recruiting and retaining nurse surveyors for several years, making it difficult to meet requirements outlined by the federal Centers for Medicare and Medicaid Services (CMS). Of this total, \$616,250 will be used to bring salaries to competitive market levels and \$240,000 will fund contractual services for facility surveillance. The agency indicated it is planning to lessen its dependency on contractors as the program is better able to recruit and retain staff.

The Governor recommends \$500,000 for this request.

Local Public Health Program. The Bureau of Community Health Systems is requesting \$183,490 SGF and 2.0 FTE positions to support the KansasTRAIN learning management system in FY 2024. The KansasTRAIN system is the agency's main method for providing professional development to public health professionals, child care providers, law enforcement, and first responders across the state. Of the total funding, \$37,000 will go toward the KansasTRAIN annual license fee, which does not currently have an identified funding source; and \$145,990 will fund 2.0 FTE positions: a KansasTRAIN instructional Designer to assist in designing new course material and an Aid to Local/State Formula Administrator that will aid in reducing the administrative burden of the applications and reporting associated with the Aid to Local grant process.

The Governor does not recommend adoption of this request.

Medicaid FTE Positions. The Division of Health Care Finance is requesting \$731,166 from all funds, including \$380,583 SGF, and 11.0 FTE positions for FY 2024. The FY 2024 expenditures include a 2.5 percent salary increase above the FY 2023 amount. Ten of the FTE positions will support Eligibility and Presumptive Eligibility Services (EPE) and one will support the Payments and Institutional Reimbursements program (PIR). The 10.0 FTE positions in the EPE program will consist of 8.0 Presumptive Eligibility Coordinators and 2.0 supervisor positions. These positions will be stationed across the state and will assist the agency in providing services to an increasing number of clinics and hospitals that are Qualified Entities in the Medicaid Program. The 1.0 FTE position in the PIR program will review federal CMS guidelines on rural hospital reimbursement programs to increase the funding for Kansas' rural hospitals, as well as work with the Kansas Hospital Association to ensure the enhanced Health Care Access Improvement Program (HCAIP) funding is paid accurately to the hospitals on a quarterly basis. All of these positions will be eligible for a 50/50 federal match.

The Governor recommends adoption of this request.

Medicaid Funding for State Printer Cost Increases. The Division of Health Care Finance is requesting \$127,610 from all funds, including \$63,805 SGF, to cover increased costs in the KDHE/Division of Printing interagency agreement.

The Governor recommends adoption of this request.

Local Environmental Protection Program. The Bureau of Environmental Field Services is requesting \$250,000, all from the State Water Plan Fund, to broaden support to local communities through the Local Environmental Protection Program for FY 2024. The Local Environmental Protection Programs provide funding and technical assistance to enable local authorities to develop water protection plans that complement other water quality efforts being implemented by state and federal agencies. The enhancement request has been reviewed and approved by the Kansas Water Authority.

The Governor recommends adoption of this request.

Stream Trash Removal. The Bureau of Water is requesting \$50,000, all from the State Water Plan Fund, for FY 2024 for a pilot effort to remove and keep trash out of Kansas rivers. These funds will support clean-up efforts by non-governmental organizations. Methods include providing grants to local volunteer groups to conduct stream clean-up efforts and provide education on the proper disposal of trash, and grants to city stormwater programs to capture trash before it discharges into the stream.

The Governor recommends adoption of this request.

Small Town Infrastructure Assistance. The Bureau of Water is requesting \$30.0 million in FY 2024 to support technical assistance and drinking water and sewer system upgrades for towns with a population under 500. The agency reports that towns with less than 500 people represent a disproportionate amount of drinking water and sewer compliance issues. In addition, these towns often lack the resources to utilize and repay KDHE's State Revolving Loan Fund (SRLF). The funding for this enhancement will be used to initiate a grant program to provide small towns with technical and financial assistance in improving their drinking water and sewer infrastructure and returning them to compliance.

The agency presents two funding options for this request. The first is \$30.0 million SGF for FY 2024 followed by a \$10.0 million request for out years as the backlog of noncompliant systems is corrected and additional systems emerge with compliance issues. This option is expected to

address 25 systems in the first year. The second option is an FY 2024 expenditure of \$10.0 million to address the systems with the greatest need, followed by subsequent out year requests of \$10.0 million per year to address remaining noncompliant systems. This option would likely address 10 systems in the first year. The current agency request is the first option, with an appropriation of \$30.0 million in FY 2024.

The Governor does not recommend adoption of this request. *(Staff Note: The State Finance Council approved \$10.0 million to be transferred from the federal American Rescue Plan State Relief Fund to KDHE for Small Town Water and Sewer Infrastructure Assistance Program.)*

Laboratory Equipment. The KDHE laboratory is requesting \$280,000 for FY 2024 to fund the ongoing retirement and replacement of aging laboratory equipment. The laboratory plans to replace an older inductively coupled plasma mass spectrometry (ICPMS) instrument and a gas chromatograph mass spectrometry (GCMS) instrument. The agency reports that both instruments are vital to their ability to perform drinking water testing and support monitoring programs for the agency around the state.

The Governor recommends adoption of this request.

SPECIAL TOPICS
FEDERAL MEDICAL ASSISTANCE PERCENTAGE

FEDERAL MEDICAL ASSISTANCE PERCENTAGE

The Federal Medical Assistance Percentage (FMAP) determines the state and federal shares of funding for Medicaid, Adoption Assistance, and Foster Care. It is determined annually by the Secretary of Health and Human Services and is based on each state’s per capita personal income compared to the average per capita personal income in other states. The Families First Coronavirus Response Act (FFCRA) provided a temporary 6.2 percentage point increase to the FMAP through the end of the federal public health emergency (PHE). The increase became effective on January 1, 2020.

The Federal Omnibus bill, signed into law in December 2022, uncoupled the 6.2 percent increase from the PHE and created a phase-down approach through calendar year 2023. With this approach, quarter 1 of calendar year 2023 will include a 6.2 percent increase; quarter 2 will have a 5.0 percent increase; quarter 3 a 2.5 percent increase; and quarter 4 a 1.5 percent increase.

KDHE provided the information displayed in the table below. The table details the actual savings accumulated thus far due to the 6.2 percent increase to the federal share and also includes the savings due to the increased enhanced FMAP (eFMAP). The eFMAP applies to Medicaid services such as Children’s Health Insurance Program (CHIP) and is calculated using a different formula than the regular FMAP. The eFMAP has seen an increase of 4.34 percentage points during the time the 6.2 percent increase has been in effect. KDHE reports the total SGF savings through the end of September 2022 is \$700.5 million.

Quarter Ending	FMAP Savings (6.2%)	Enhanced FMAP Savings (4.34%)	Total SGF Savings
March 2020	\$ 58,435,092	\$ 1,882,863	\$ 60,317,955
June 2020	63,476,684	1,947,016	65,423,700
<i>Subtotal FY 2020:</i>	<i>\$ 121,911,776</i>	<i>\$ 3,829,879</i>	<i>\$ 125,741,655</i>
September 2020	60,205,603	1,895,712	62,101,315
December 2020	59,806,369	1,958,688	61,765,057
March 2021	61,581,962	1,955,930	63,537,892
June 2021	66,029,133	2,032,091	68,061,224
<i>Subtotal FY 2021:</i>	<i>\$ 247,623,067</i>	<i>\$ 7,842,421</i>	<i>\$ 255,465,488</i>
September 2021	66,399,011	1,951,806	68,350,817
December 2021	67,485,073	2,195,241	69,680,314
March 2022	67,586,668	2,177,830	69,764,498
June 2022	65,283,708	2,125,248	67,408,956
<i>Subtotal FY 2022:</i>	<i>\$ 266,754,460</i>	<i>\$ 8,450,125</i>	<i>\$ 275,204,585</i>
September 2022	64,230,674	1,901,444	66,132,118
GRAND TOTAL:	\$ 700,519,977	\$ 22,023,869	\$ 722,543,846

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

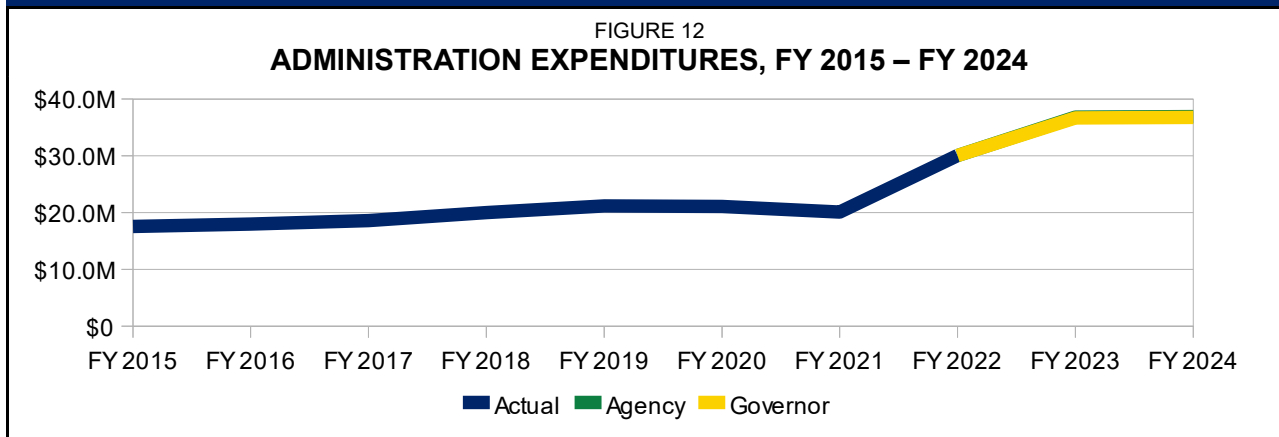
FIGURE 11
OPERATING EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024

Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Expenditures:					
Administration	\$ 30,077,316	\$ 36,835,951	\$ 36,680,701	\$ 36,928,224	\$ 36,769,093
Public Health	405,855,150	273,926,366	273,742,876	208,951,335	209,129,977
Health Care Finance	3,119,300,137	3,316,279,842	3,581,716,360	3,266,833,196	4,152,593,196
Environment	247,454,569	120,955,865	120,955,865	146,544,487	116,544,487
TOTAL	<u>\$ 3,802,687,172</u>	<u>\$ 3,747,998,024</u>	<u>\$ 4,013,095,802</u>	<u>\$ 3,659,257,242</u>	<u>\$ 4,515,036,753</u>
FTE Positions:					
Administration	124.0	157.0	155.0	157.0	155.0
Public Health	468.2	514.7	512.7	516.7	512.7
Health Care Finance	622.0	644.0	644.0	644.0	644.0
Environment	504.9	488.0	488.0	488.0	488.0
TOTAL	<u>1,719.1</u>	<u>1,803.7</u>	<u>1,799.7</u>	<u>1,805.7</u>	<u>1,799.7</u>

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness.

ADMINISTRATION



STATUTORY BASIS: • This program did not provide any statutory information or goals.

The Administration Program provides the central management and administrative support functions of KDHE. The program includes the Secretary's Office, which sets agency policy and coordinates operations in order to carry out statutory mandates. The Office of Legal Services supports all program areas in the enforcement of health and environmental laws and regulations. Management and Budget provides financial and strategic planning support services to all programs in KDHE. Financial Services include budget development, grant management, maintenance of accounts and reports, central reporting, and execution of all financial transactions.

The Office of Communications supplies written, oral, and visual communications services to convey KDHE's program objectives to internal and external audiences. The Office of Information Technology Services (OITS) is under the Kansas Executive Chief Information

Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology from hardware and basic desktop applications to vendor-produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget.

The agency also confers with the Office of Personnel Services staff from the Department of Administration on all KDHE personnel transactions, such as recruitment and selection, employment management, benefit administration, classification and workforce planning, examination and certification of qualified candidates, employee relations, and Equal Employment Opportunity and affirmative action program implementation.

FIGURE 13
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
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There were no agency performance measures submitted for this program.

	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
Financing					
SGF	\$ 7,394,765	\$ 4,786,708		\$ 7,877,588	\$ 7,794,984
All Other Funds	12,702,433	25,290,608		28,803,113	28,974,109
TOTAL	\$ 20,097,198	\$ 30,077,316		\$ 36,680,701	\$ 36,769,093
Percentage Change:					
SGF	33.6 %	(35.3) %		64.6 %	(1.0) %
All Funds	(0.4) %	49.7 %		22.0 %	0.2 %
FTE Positions	112.0	124.0		155.0	155.0

BUDGET ANALYSIS

The Administration Program provides the central management and administrative support functions of KDHE.

FY 2023 REVISED ESTIMATE

The agency submits a revised estimate for FY 2023 expenditures of \$36.8 million, including \$8.0 million SGF, for the Administration Program. This is an all funds increase of \$1.3 million, or 3.6 percent, including an SGF increase of \$689,556, or 9.4 percent, above the FY 2023 approved amount.

The all funds increase is largely due to an increase in salaries and wages, primarily for employee salaries. This is partially offset by a decrease in COVID-19 pandemic relief funds allocated through the Federal Health Disparities grant. The SGF increase is largely due to the agency's supplemental request for 2.0 new FTE positions to assist with new requirements surrounding agency rules and regulations.

The FY 2023 revised estimate for the Administration Program includes 157.0 FTE positions, which is an increase of 33.0 FTE positions above the FY 2023 approved number. The increase in FTE positions includes staff to administer federally funded programming across several agency divisions, as well as additional IT support staff.

GOVERNOR RECOMMENDATION

The Governor recommends expenditures of \$36.7 million, including \$7.8 million SGF, for the Administration program in FY 2023. This is a decrease of \$155,250 SGF, due to the Governor not recommending the agency's supplemental request for legal staffing for implementation of rules and regulations requirements.

FY 2024 REQUEST

The agency requests FY 2024 expenditures totaling \$36.9 million, including \$8.0 million SGF, for the Administration Program. This is an all funds increase of \$92,273, or 0.7 percent, including an SGF decrease of \$78,723, or 1.0 percent, from the FY 2023 revised estimate. The increase is primarily attributable to increased expenditures for employer contributions to group health insurance.

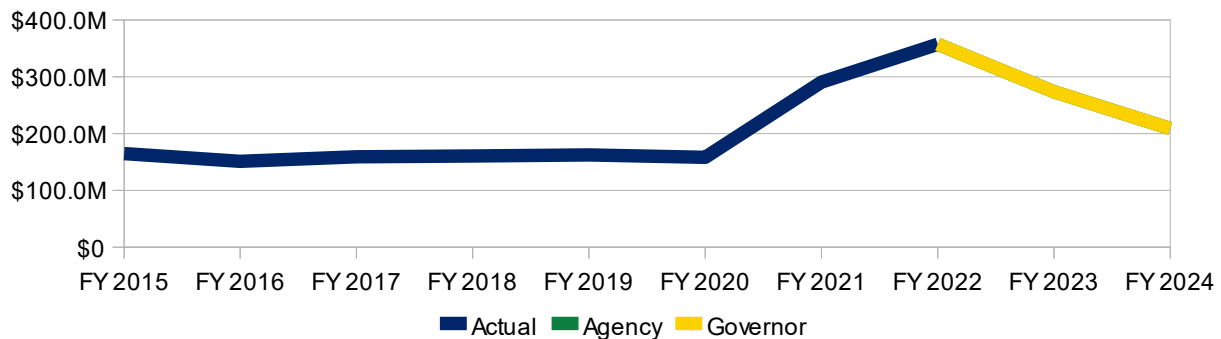
The FY 2024 request includes 157.0 FTE positions, which is the same as the FY 2023 revised estimate number.

GOVERNOR RECOMMENDATION

The Governor recommends expenditures of \$36.8 million, including \$7.8 million SGF, for the Administration program for FY 2024. This is a decrease of \$159,131 SGF, due to the Governor not recommending the agency's enhancement request for legal staffing for rules and regulations requirements for FY 2024.

DIVISION OF PUBLIC HEALTH

FIGURE 14
DIVISION OF PUBLIC HEALTH EXPENDITURES, FY 2015 – FY 2024



STATUTORY BASIS: • KSA 65-1668 to 1675; KSA 75-5666; KSA 65-241 to 246, KSA 65-116, KSA 75-6102(f)(1)(2)(3); KSA 65-101 to 102; KSA 65-118 to 119; KSA 65-128; KSA 65-177; KSA 65-1,202; KSA 65-1,241 *et seq.*; KSA 75-5661; KSA 65-2401-2438; KSA 65-180; KSA 65-1,157a; KSA 65-5a01 through 65-5a16; KSA 65-1,159a; KSA 65-5a13; KSA 65-5a14; KSA 65-1132 and KSA 65-1133; KSA 65-501 *et seq.*; KSA 74-7801 and 74-7803; KSA 75-5648 and 75-5649; KSA 65-101; KSA 68-6803; KSA 65-103a

- PROGRAM GOALS:**
- Enhance the health and safety of Kansas communities.
 - Strengthen the public health system through collaboration, support, and monitoring.
 - Intervene in the spread of sexually transmitted infections (STIs), including HIV, and reduce the complications occurring from these infections.
 - Reduce the incidence of vaccine preventable disease (VPD).
 - Protect Kansans from public health hazards.
 - Collect, analyze, and disseminate public health data.
 - Facilitate access to comprehensive and coordinated clinical and public health services; improve access to comprehensive screening including health, social, developmental, and behavioral; promote policies, systems, and resources to meet the needs of Kansas women, men, children, and families.
 - Protect and promote public health and the optimal development of children in out of home care through the inspection and licensing of child care facilities; and provide a basic level of consumer protection for parents and guardians selecting child care.
 - Improve access to comprehensive and quality nutritional services for women, mothers, and children.
 - Increase access to preventive health services and reduce the health impact of chronic disease and injury among Kansans.
 - Decrease the prevalence of health risk behaviors that contribute to the leading preventable chronic diseases and injury in the Kansas population.

The Division of Public Health seeks to promote and protect health and prevent disease and injury among the people of Kansas. Three core functions are employed to further this mission. The assessment function is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. The policy development function utilizes scientific knowledge in making important health policy decisions. Finally, the assurances

function makes certain that services are provided to meet the State's health goals. This may be done directly through state or local programs, indirectly through encouraging other public or private entities to act, or by regulatory activity.

While the bulk of its staff and programs are located in Topeka, the Division of Public Health provides direct services throughout the state, with staff stationed in several of KDHE's district

offices. In addition, the Division works closely with 100 local health departments serving all 105 Kansas counties. The Division includes a Health Administration subprogram, and six bureaus administer the Division of Public Health programs.

The **Bureau of Disease Control and Prevention** concentrates on identifying, preventing, and controlling communicable diseases of crucial public health concern. The Bureau conducts focused programming through two sections: the STI/HIV (Sexually Transmitted Infections/Human Immunodeficiency Virus) Section and the TB (Tuberculosis/Immunization) Section.

The **Bureau of Health Promotions** facilitates the development of state and local health objectives that offer a prevention framework for health promotion and evidence-based decision-making to promote improvements in population health status. The Bureau pursues funding resources and collaborative partnerships to respond to the state's leading health problems in the areas of chronic disease, including heart disease, dental disease, arthritis, cancer, injury and disability, obesity, stroke, and diabetes.

The **Bureau of Family Health** supports a statewide system of public health services for maternal and child populations, including women of reproductive age, pregnant women, infants, children, and adolescents up to 22 years old. The Early Care and Youth Programs section (Child Care Licensing) is responsible for licensing and regulating more than 5,000 child care facilities and agencies serving children under the age of 16. Other programs include:

- Special Health Services;
- Nutrition and WIC Services; and
- Healthy Homes and the Lead Hazard Prevention Program.

The **Bureau of Community Health Systems** provides leadership for the agency in the Public Health and Hospital Preparedness Program, which coordinates response to all public health and radiation emergency situations, whether caused by natural events or acts of terrorism. The Right-to-Know Program works closely with

local emergency management and local emergency planning commissions to assist them in emergency preparedness. The Health Facilities Program licenses or certifies about 850 hospitals, ambulatory surgical centers, home health agencies, and other medical care providers. Other main programs include the Radiation Program and the Kansas Radon Program.

The Bureau of Community Health Systems also houses the Primary Care, Rural Health, and Special Populations Health programs, which serve Kansans who face financial, geographic, or other barriers to accessing health care services. The Kansas Trauma Program advises the Secretary on trauma-related matters, supports the Kansas Trauma Registry, and provides oversight of trauma center designation processes. The bureau also coordinates statewide minority health and health equity initiatives and acts as a liaison for local health departments and critical access hospitals across the state.

The **Bureau of Oral Health** works to increase awareness and improve the oral health of all Kansans through oral health data collection, surveillance, and dissemination; statewide oral health education, promotion, and collaboration; development of science-based oral health policy; and programming dedicated to dental disease prevention.

The **Bureau of Epidemiology and Public Health Informatics**, under the supervision of the State Epidemiologist, serves as a data and information support group for the agency, as well as other state agencies. The primary responsibilities of the Bureau are vital records acquisition, management, and issuance; data and information acquisition; and analysis, distribution, and publication for the public, policymakers, and program managers. The Bureau also manages the State's reportable disease surveillance system, responds to outbreaks of disease related to infectious and environmental agents, and provides professional staffing to a 24-hour disease response hotline. The Bureau is the administrative home of the State's Health Information Technology Coordinator Program.

FIGURE 15
DIVISION OF PUBLIC HEALTH, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Number of unduplicated patients served by state-funded primary care clinics	289,037	336,235	312,109	345,000	350,000
2. Number of cases submitted to the trauma registry by hospitals within 60 days of patient discharge*	12,311	8,988	12,027	10,706	11,027
3. Percent of women served by local Maternal Child Health agencies receiving prenatal care beginning in the first trimester	71.4%	72.6 %	70.8 %	73.0 %	73.0 %
4. Percent of early syphilis cases treated appropriately*	87.0 %	87.3%	85.5%	90.0%	90.0%
5. Percent of children entering kindergarten up to date with required DTaP5 – Polio4 – MMR2 - HepB3– Varicella2 vaccines	85.5%	90.0%	87.8%	90.0%	90.0%
6. Number of reportable diseases sent to the CDC*	458,212	303,408	260,664	16,000	16,000
7. Number of certified vital records produced*	402,632	412,111	395,978	412,000	408,000
8. Percent of children receiving services from Part C who substantially increased their growth in positive social-emotional skills by the time they turned 3 years of age or exited the program*	65.0 %	64.8%	65.7%	66.0%	67.0%
9. Number of pregnant and postpartum women, breastfeeding mothers, infants, and children to age 5 served by the WIC program*	76,424	73,659	77,204	74,300	75,300
10. Average number of child care facility permits and licenses issued monthly*	440	439	450	450	450
11. Average Cost of Kansas school dental screening program at \$5.00 per screening*	\$ 328,275	\$ 708,935	\$ 594,795	\$ 850,000	\$ 950,000
12. Average cost per cancer screening (colonoscopies added in FY21)*	\$107.25	\$107.88	\$91.17	\$105.05	\$100.34
13. Number of individuals served (unduplicated) through the Special Health Care Needs Program*	1,167	1,229	1,355	2,662	1,745
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2025
SGF	\$ 21,242,669	\$ 28,791,849		\$ 37,246,361	\$ 38,741,563
All Other Funds	142,086,759	328,410,558		236,496,515	170,388,414
TOTAL	<u>\$ 163,329,428</u>	<u>\$ 357,202,407</u>		<u>\$ 273,742,876</u>	<u>\$ 209,129,977</u>
Percentage Change:					
SGF	13.0 %	35.5 %		29.4 %	4.0 %
All Funds	72.6 %	118.7 %		(23.4) %	(23.6) %
FTE Positions	397.0	468.2		512.7	512.7

* The Governor's Office does not utilize this measure for evaluation purposes.

FIGURE 16
SUMMARY OF PUBLIC HEALTH, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved	\$ 37,342,258	\$ 187,727,280	\$ 225,069,538	468.2
Agency Request:				
1. Supplemental - Local Public Health Program	\$ 183,490	\$ -	\$ 183,490	2.0
2. Child and Family Development Block Grant	-	56,926,898	56,926,898	--
3. Small Rural Hospital Federal Grant Program	-	(5,876,576)	(5,876,576)	--
4. Federal Grant Funds from the Centers for Disease Control and Prevention	-	(2,215,019)	(2,215,019)	--
5. Federal Immunization Grant Funds	-	(3,631,266)	(3,631,266)	--
6. Federal Community Health workers COVID Response	-	1,699,392	1,699,392	--
7. All Other Adjustments	(95,897)	1,865,806	1,769,909	44.5
<i>Subtotal—Agency Estimate</i>	<u>\$ 37,429,851</u>	<u>\$ 236,496,515</u>	<u>\$ 273,926,366</u>	<u>514.7</u>
Governor's Recommendation:				
8. Nonrecommended Supplemental	\$ (183,490)	\$ -	\$ (183,490)	(2.0)
TOTAL	<u>\$ 37,246,361</u>	<u>\$ 236,496,515</u>	<u>\$ 273,742,876</u>	<u>512.7</u>

FY 2023 BUDGET ANALYSIS

The agency submits a Division of Public Health revised estimate of \$273.9 million, including \$37.4 million SGF, in FY 2023. This is an all funds increase of \$48.9 million, or 21.7 percent, including an SGF increase of \$87,593, or 0.2 percent, above the amount approved by the 2022 Legislature. The FY 2023 agency revised request includes the following for each bureau:

- \$208,700, including \$204,575 SGF, for Health Administration;
- \$18.5 million, including \$1.9 million SGF, for the Bureau of Disease Control and Prevention;
- \$20.7 million, including \$2.5 million SGF, for the Bureau of Health Promotions;
- \$157.2 million, including \$11.3 million SGF, for the Bureau of Family Health;
- \$40.9 million, including \$20.5 million SGF, for the Bureau of Community Health Systems;
- \$1.3 million, including \$863,761 SGF, for the Bureau of Oral Health; and
- \$17.2 million, including \$197,715 SGF, for the Bureau of Epidemiology and Public Health Informatics.

Notable budget items include:

Supplemental Request – Local Public Health Program. The Bureau of Community Health Systems is requesting \$183,490 SGF and 2.0 FTE positions to support the KansasTRAIN learning management system in FY 2023. The Kansas TRAIN system is the agency's main method for providing professional development to public health professionals, child care providers, law enforcement, and first responders across the state.

Child Care Worker Bonuses. The agency's FY 2023 revised estimate includes \$56.9 million in federal funds provided through the Child Care and Development Block Grant. These funds were allocated by the American Rescue Plan Act (ARPA) and were distributed to child care providers in the form of one-time bonuses that ranged from \$750 to \$2,500 per person.

Reductions in Federal Funds. The agency's FY 2023 revised estimate includes a \$10.0 million decrease in expenditures for several federal grants. The largest adjustments were seen in grants funding epidemiology and

laboratory capacity, immunizations, and COVID-19 testing funds for hospitals.

FTE Positions. The revised estimate for the Division of Public Health includes an increase of 46.5 FTE positions above the 468.2 FTE positions approved by the 2022 Legislature. The positions are primarily associated with the ongoing public health emergency and are housed within the bureaus of Disease Control and Prevention, Community Health Systems, and Family Health. The agency states that the need for additional positions is in response to an increased workload due to the ongoing

public health emergency and related infrastructure changes and are largely federally funded.

GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2023 Division of Public Health expenditures totaling \$273.7 million, including \$37.2 million SGF. This is a decrease of \$183,490 SGF, below the agency's FY 2023 revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request for the local public health program.

FIGURE 17
SUMMARY OF PUBLIC HEALTH, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ 37,429,851	\$ 236,496,515	\$ 273,926,366	514.7
Agency Request:				
1. Enhancement – County Regional Public Health Data (Kansas BRFSS)	\$ 1,768,504	\$ -	\$ 1,768,504	1.0
2. Enhancement – Family Planning and Reproductive Wellness	350,000	-	350,000	--
3. Enhancement – Stan Clark Pregnancy Maintenance Initiative	338,846	-	338,846	--
4. Enhancement – Statewide Psychiatric Access Program	1,200,000	-	1,200,000	1.0
5. Enhancement – Health Facility Surveillance	856,250	-	856,250	--
6. FY 2023 SGF Reappropriations	(2,663,743)	-	(2,663,743)	--
7. Child Care and Development Block Grant	-	(58,274,674)	(58,274,674)	--
8. Federal Funds for COVID Testing	-	(2,118,107)	(2,118,107)	--
9. Federal Funds for Public Health Crisis Response	-	(4,976,710)	(4,976,710)	--
10. All Other Adjustments	(691,055)	(764,342)	(1,455,397)	--
<i>Subtotal–Agency Estimate</i>	<u>\$ 38,588,653</u>	<u>\$ 170,362,682</u>	<u>\$ 208,951,335</u>	<u>516.7</u>
Governor's Recommendation:				
19. Nonrecommended Enhancement – County Regional Public Health Data (Kansas BRFSS)	\$ (1,768,504)	\$ -	\$ (1,768,504)	(1.0)
20. Nonrecommended Enhancement - Local Public Health Program	(183,490)	-	(183,490)	(2.0)
21. Nonrecommended Enhancement – Stan Clark Pregnancy Maintenance Initiative	(338,846)	-	(338,846)	--
22. Nonrecommended Enhancement – Statewide Psychiatric Access Program	(1,200,000)	-	(1,200,000)	(1.0)
23. Partially Recommended Enhancement – Health Facility Surveillance	(356,250)	-	(356,250)	--
24. Enhancement – Family Planning and Reproductive Wellness	-	-	-	--
25. SIDS CIF Enhancement	-	25,732	25,732	--
26. Tiny-K Vision Services	1,500,000	-	1,500,000	--
27. Childcare Pilot Project	2,500,000	-	2,500,000	--
TOTAL	<u>\$ 38,741,563</u>	<u>\$ 170,388,414</u>	<u>\$ 209,129,977</u>	<u>512.7</u>

FY 2024 BUDGET ANALYSIS

The **agency** requests Division of Public Health expenditures of \$209.0 million, including \$38.6 million SGF, for FY 2024. This is an all funds decrease of \$65.0 million, or 23.7 percent, including an SGF increase of \$1.2 million, or 3.1 percent, from the FY 2023 revised estimate. The FY 2024 agency request

includes the following decreases for each bureau:

- \$4,125, all federal funds, for Health Administration;
- \$18.0 million, including \$1.3 million SGF, for the Bureau of Disease Control and Prevention;

- \$21.2 million, including \$3.2 million SGF, for the Bureau of Health Promotions;
- \$93.4 million, including \$13.1 million SGF, for the Bureau of Family Health;
- \$40.7 million, including \$20.2 million SGF, for the Bureau of Community Health Systems;
- \$1.1 million, including \$629,082 SGF, for the Bureau of Oral Health; and
- \$19.5 million, including \$198,012 SGF, for the Bureau of Epidemiology and Public Health Informatics.

Significant budget items include:

Enhancement Requests. The agency requests five enhancements for FY 2024, totaling \$4.5 million SGF and including 2.0 new FTE positions.

Child Care Worker Bonuses. The agency's revised estimate includes a decrease of \$56.9 million. This is due to one-time expenditures for child care worker bonuses in FY 2023 that are not budgeted for in FY 2024.

Reductions in Federal Funds. The agency request includes a decrease of \$7.1 million in federally funded grants. Grants seeing a decrease include federal grants for epidemiology and laboratory capacity and public health crisis response.

FTE Positions. The agency request for the Division of Public Health in FY 2024 includes 516.7 FTE positions, which is an increase of 2.0 FTE positions above the FY 2023 revised number. The 2.0 additional FTE positions are associated with the agency's enhancement requests for the Kansas BRFSS and Statewide Psychiatric Access Program.

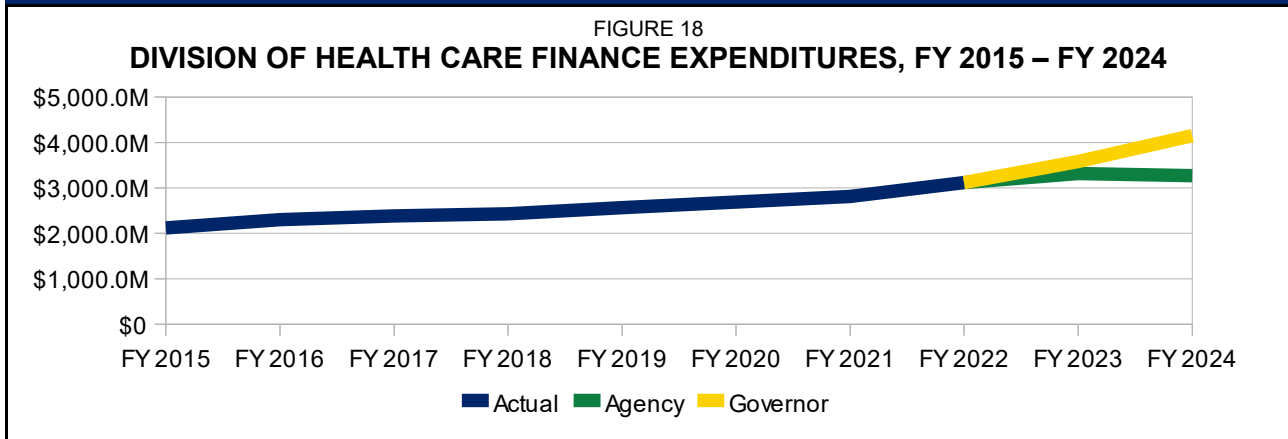
GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2024 Division of Public Health expenditures totaling \$209.1 million, including \$38.7 million SGF. This is an increase of \$178,642, including an SGF increase of \$152,910, above the agency's FY 2024 request. The increase is largely due to the Governor's recommendation to add \$2.5 million for a Child Care Pilot Project, \$1.5 million for Tiny-K vision services, and \$25,732 for the SIDS Network.

These increases are partially offset by the Governor not recommending the agency's enhancement requests for county public health data, local public health program, Stan Clark Pregnancy Maintenance program, statewide psychiatric program, and the recommendation to only partially fund the agency's enhancement request for health facility surveillance.

The Governor recommends 512.7 FTE positions, which is a decrease of 4.0 FTE positions below the agency's FY 2024 request. The decrease is due to the Governor not recommending the agency's enhancement requests for the county public health data, Statewide Psychiatric Access Program, and local public health program.

DIVISION OF HEALTH CARE FINANCE



STATUTORY BASIS: • Social Security Act Title XIX and Title XXI

- PROGRAM GOALS:**
- Improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services.
 - Increase coordination with public health programs.
 - Improve the quality of care for all Kansans.
 - Control program costs.
 - Implement long-lasting reforms that improve the quality of health and wellness of Kansans.

The Division of Health Care Finance is responsible for developing and maintaining a coordinated health policy agenda that combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The Division oversees the State’s Medicaid program (Title XIX), and the Children’s Health Insurance Program (CHIP) (Title XXI), and is responsible for interagency coordination and promoting integrated oversight. The Division includes two major program areas: Medicaid/KanCare administration and Medicaid/KanCare assistance.

MEDICAID/KANCARE

KanCare is the program through which the State administers Medicaid. The State contracts with three managed care organizations (MCOs) to coordinate health care for individuals enrolled in Medicaid. KDHE maintains financial management and contract oversight of the KanCare program while the Kansas Department for Aging and Disability Services (KDADS) administers Medicaid waiver programs for disability services, mental health, and substance abuse, as well as operates the state hospitals and institutions. All Medicaid/KanCare expenditures that are not

considered assistance to individuals under the program are administration expenditures.

The Division of Health Care Finance develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan, and CHIP. Individuals served by these programs include low-income children and adults, individuals with disabilities, and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the Division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System (MMIS), and ensures compliance with relevant federal rules and regulations.

Medicaid is a joint federal and state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program, and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations and certain services. These eligibility groups and services are referred to as “mandatory.”

Nearly all health care services purchased by KDHE are financed through a combination of state and federal matching dollars through either Title XIX (Medicaid) or Title XXI (CHIP). Under Title XIX, the federal government provides approximately 60.0 percent of the cost of Medicaid services, with no upper limit on what the federal government will reimburse the State. The State provides the remaining 40.0 percent of the cost of Medicaid services. Under Title XXI, the federal government provides approximately 70.0 percent of the cost, up to a maximum allotment, and the State provides the remaining 30.0 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service (FFS) and managed care models as described below.

The federal authorization of the current KanCare program was approved by the federal Centers for Medicare and Medicaid Services (CMS) on December 18, 2018, and is effective January 1, 2019, through December 31, 2023. The agency completed the request for proposal (RFP) process for the MCOs contracted for KanCare beginning January 1, 2019. The three MCOs are Aetna, Sunflower Health Plan, and United Healthcare of the Midwest. Aetna joined as a new MCO, while Sunflower Health Plan and United Healthcare of the Midwest continued in their roles. Amerigroup, a former MCO, no longer provides services.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, CHIP, to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid. CHIP is a federal and state partnership similar to Medicaid. The program was designed to provide coverage to “targeted low-income children.” Through CHIP, Kansas provides free or low-cost health insurance coverage to children who:

- Are under the age of 19;
- Do not qualify for Medicaid;
- Have family incomes under 250.0 percent of the federal poverty level (2008 FPL standard); and
- Are not covered by the State Employee Health Plan (SEHP) or other private health insurance.

In FY 2021, the agency spent more than \$2.5 billion purchasing health care for approximately 461,000 persons through Medicaid and CHIP. It is the third largest purchaser of health care services and the largest purchaser of children’s health care services in Kansas.

The Division of Health Care Finance is composed of the following programs: Medicaid Director, Medicaid Operations, Program Finance and Estimations, Policy, Research and Initiatives, Kansas Eligibility Enforcement System (KEES), and Medicaid/KanCare assistance.

THE MEDICAID DIRECTOR

The Medicaid Director oversees the operations and administrative responsibilities of the Division and is responsible for ensuring the Division’s compliance with statutory obligations.

The Office is responsible for coordinating all programs established to assist with the mission and vision of the Division, as well as the oversight of the daily operational issues for the three KanCare MCOs. This oversight spans across the full range of managed care Medicaid and CHIP populations. The realm of responsibilities includes issue resolution for members and providers; review of material for accuracy, clarity, compliance with program requirements, and readability; and coordination with Division of Public Health programs.

MEDICAID OPERATIONS

Medicaid Operations is composed of three groups: the Medicaid Program Compliance and Contracting group, the Kansas Enterprise Systems group, and the Medicaid Eligibility group.

The **Compliance and Contracting group** is responsible for the procurement, management, and oversight of all contracts that include Medicaid and CHIP funding, and is responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare. This group also provides collaborative oversight to the seven Home and Community Based Services (1915) waivers with the Kansas Department for

Aging and Disability Services, and oversight of the fair hearings process.

The **Kansas Enterprise Systems group** manages the oversight of the Medicaid system operations, including management of the vendors responsible for system services, and project management. This group includes the KEES Operations Unit, the Kansas Modular Medicaid System (KMMS) Operations, and the Project Management Unit.

The **Medicaid Eligibility Unit** has five units that oversee all aspects of Medicaid eligibility: Eligibility Policy, Eligibility Systems, Eligibility Operations, Eligibility Training and Quality, and Eligibility Outreach and Presumptive Medical Disability Determination (PMDT) Unit. Responsibilities include overseeing all program, policy, and training activities related to beneficiaries and their enrollment into the program. This unit interprets federal and state laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience, and actively works with community partners to develop strategies for enrolling eligible beneficiaries. The Eligibility Unit monitors the functionality of KEES, monitors the timely processing of eligibility requests, and monitors eligibility contractor compliance.

PROGRAM FINANCE AND ESTIMATIONS

The Program Finance and Estimations group provides fiscal management, financial analysis, and estimates related to Medicaid and CHIP utilization to all division program areas. It is composed of three units: The Federal Reporting Unit, the Budget/Fiscal Unit, and the Medicaid Eligibility Quality Control Unit (MEQC).

The **Federal Reporting Unit** is charged with the fiscal management and accurate financial reporting of the Division's medical programs. Key finance activities include accurate reporting and tracking of expenditures and revenues, submission of quarterly federal Medicaid and CHIP reports for all KanCare expenditures, submission of quarterly Medicaid and CHIP administration and assistance estimates to CMS, prudent management of cash balances, timely and accurate federal fund draws, cost allocation plan maintenance and updates,

management of provider payments through the Medicaid Management Information System, and fiscal management of division contracts.

The **Budget/Fiscal Unit** is responsible for financial reviews and oversight of the KanCare MCOs, development of the division budget, multi-agency combined medical caseload projections, risk management tracking, and fiscal monitoring of critical projects.

The **Medicaid Eligibility Quality Control (MEQC)** is a federally mandated unit that provides comprehensive audit analysis of state compliance with Medicaid and CHIP eligibility regulations and provides data to assist with corrective action planning for identified error deficiencies. MEQC performs audits on cases processed by the KanCare Clearinghouse, the KDHE Out-Stationed Unit, and any other assigned entities.

POLICY, RESEARCH, AND INITIATIVES

The **Medicaid Initiatives, Research, and Training Unit** is responsible for researching and developing new Medicaid policies and initiatives and serves as a liaison for KanCare with the Division of Public Health, KDADS, and the Legislature when Medicaid initiatives overlap with these entities.

The **Data Analytics Unit** provides the agency and outside stakeholders with health care data information policy setting and continuous program and financial improvement. This is accomplished through collecting health care information from claims associated with the Kansas Medicaid population, including programmatic and administrative data.

The **Private Insurance Unit** administers the Kansas Health Insurance Information System (KHIIS), Health Professional Licensure, Medicare Historical Part A and B Dual eligibility, capitation, and the Hospital Inpatient Discharge data sets, which produce standard as well as *ad hoc* reports.

KEES

KEES is the information system used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE has

partnered with the Department for Children and Families to include eligibility for other human services programs, such as Temporary Assistance for Needy Families (TANF),

Supplemental Nutrition Assistance Program (SNAP), child care assistance, Low Income Energy Assistance Program (LIEAP), and others.

FIGURE 19
DIVISION OF HEALTH CARE FINANCE, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Average number of Kansas Medicaid members enrolled monthly	394,599	434,430	412,694	370,800	370,800
2. Stakeholder Medicaid Training: Classroom hours provided*	3,660	2,530	2,737	2,540	2,540
3. Healthcare Effectiveness Data and Information Set (HEDIS) 50th percentile for HbA1c testing for comprehensive Diabetes care*	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile
4. HEDIS 50th percentile for Annual Dental Visit Total Ages 2-21*	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile
5. HEDIS 50th percentile for Weight Assessment / BMI for Children & Adolescents*	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile	Above 50 th percentile
Financing (in thousands)	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 532,865	\$ 631,150		\$ 719,899	\$ 701,597
Federal Funds	2,279,001	2,488,150		2,861,817	3,450,996
TOTAL	\$ 2,811,866	\$ 3,119,300		\$ 3,581,716	\$ 4,152,593
Percentage Change:					
SGF	(11.1) %	18.4 %		14.1 %	(2.5) %
All Funds	4.6 %	10.9 %		14.8 %	15.9 %
FTE Positions	631.0	622.0		644.0	644.0

*The Governor's Office does not utilize this measure for evaluation purposes.

FIGURE 20
SUMMARY OF HEALTH CARE FINANCE, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved	\$ 878,754,361	\$ 2,448,716,048	\$ 3,327,470,409	627.0
Agency Revised Estimate:				
1. Supplemental - Medicaid FTE positions	\$ 371,300	\$ 371,300	\$ 742,600	11.0
2. Supplemental - Printer Cost Increase	63,805	63,805	127,610	--
3. All Other Adjustments	(322,734)	(11,738,043)	(12,060,777)	6.0
Subtotal—Agency Estimate	\$ 878,866,732	\$ 2,437,413,110	\$ 3,316,279,842	644.0
Governor's Recommendation:				
4. Supplemental - Medicaid FTE positions	\$ (185,650)	\$ (185,650)	\$ (371,300)	--
5. Human Services Caseloads	(158,782,182)	424,590,000	265,807,818	--
TOTAL	\$ 719,898,900	\$ 2,861,817,460	\$ 3,581,716,360	644.0

FY 2023 BUDGET ANALYSIS

The **agency** submits a Division of Health Care Finance revised estimate of \$3.3 billion, including \$878.9 million SGF, in FY 2023. This is an all funds decrease of \$11.2 million, or 0.3 percent, including an SGF increase of \$112,371, or less than 0.1 percent, from the amount approved by the 2022 Legislature.

The SGF increase includes \$1.5 million due to the agency's supplemental requests as listed above. The all funds decrease is largely due to decreased expenditures on salaries and wages due to unfilled positions the agency is attempting to fill, and decreased expenditures from fee funds for the state share of the Children's Health Insurance Program (CHIP).

These decreases were partially offset by increased expenditures for contractual services associated with Gainwell, the agency's fiscal agent and Conduent, the agency's eligibility contractor.

GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2023 Division of Health Care Finance expenditures totaling \$3.6 billion, including \$720.0 million SGF. This is an increase of \$265.4 million from all funds, including a decrease of \$159.0 million SGF, from the agency's FY 2023 revised estimate, largely due to adjustments to the human services caseloads.

FIGURE 21
SUMMARY OF HEALTH CARE FINANCE, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ 878,866,732	\$ 2,437,413,110	\$ 3,316,279,842	644.0
Agency Request:				
1. Supplemental - Medicaid FTE positions	\$ -	\$ -	\$ -	--
2. Supplemental - Printer Cost Increase	-	-	-	--
3. FY 2023 Caseload reappropriations	(46,627,182)	-	(46,627,182)	--
4. FY 2023 Operating expenditure reappropriations	(11,902,583)	-	(11,902,583)	--
5. All other FY 2023 reappropriations	(3,137,688)	-	(3,137,688)	--
6. SGF funds for KMMS	(9,100,000)	-	(9,100,000)	--
7. Contractual expenditures in Medicaid Administration	-	20,853,748	20,853,748	--
8. All Other Adjustments	136,168	330,891	467,059	--
<i>Subtotal—Agency Estimate</i>	<u>\$ 808,235,447</u>	<u>\$ 2,458,597,749</u>	<u>\$ 3,266,833,196</u>	<u>644.0</u>
Governor's Recommendation:				
9. Human Services Caseload Adjustments	(35,180,000)	249,590,000	214,410,000	--
10. Medicaid Expansion	21,000,000	650,350,000	671,350,000	--
11. Medicaid Expansion SGF Savings	(92,458,209)	92,458,209	-	--
TOTAL	<u>\$ 701,597,238</u>	<u>\$ 3,450,995,958</u>	<u>\$ 4,152,593,196</u>	<u>644.0</u>

FY 2024 BUDGET ANALYSIS

The **agency** requests Division of Health Care Finance expenditures of \$3.3 billion, including \$808.2 million SGF, for FY 2024. This is an all funds decrease of \$49.4 million, or less than 0.1 percent, including an SGF decrease of \$70.6 million, or 8.0 percent, below the FY 2023 revised estimate.

The decrease in SGF expenditures for FY 2024 is largely due to funds that were

reappropriated from FY 2022 into FY 2023 that are not budgeted to reoccur in FY 2024. Also contributing to the SGF decrease is a \$9.1 million dollar supplement provided to the agency by the 2022 Legislature.

These funds were used for the state match to support the Kansas Modular Medicaid System (KMMS) while KMMS awaited certification by the federal Centers for Medicare and Medicaid

Services (CMS). The certification process is now complete and additional SGF moneys are no longer needed.

The all funds decrease was partially offset by increased contractual fees for Gainwell, the agency's fiscal agent and Conduent, the agency's eligibility contractor.

FTE POSITIONS. The agency's request for the Division of Public Health in FY 2024 includes 644.0 FTE positions, which is the same as the FY 2023 revised estimate number. This number includes the 11.0 FTE positions

added by the agency's supplemental request in FY 2023 for additional staff in Medicaid Program Administration.

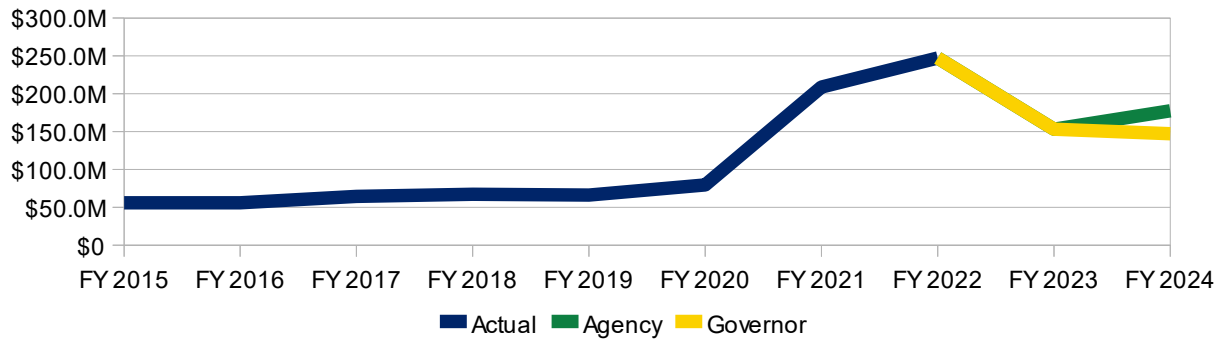
GOVERNOR RECOMMENDATION

The **Governor** recommends FY 2023 Division of Health Care Finance expenditures totaling \$4.2 billion, including \$701.6 million SGF. This is an increase of \$885.8 million from all funds, including a decrease of \$106.6 million SGF, from the agency's FY 2024 request. The all fund increase and SGF decrease are due to adjustments to fully fund the fall 2022 human services caseload estimates and the addition of funding to expand Medicaid Eligibility.

DIVISION OF ENVIRONMENT

FIGURE 22

DIVISION OF ENVIRONMENT EXPENDITURES, FY 2015 – FY 2024



STATUTORY BASIS: • KSA 65-3005; 65-3024; 65-163, *et seq.*; 65-171d, *et seq.*; 65-171; 55-1117; 82a-1201, *et seq.*; 65-161; 65-3453 through 65-3457; 82a-901, *et seq.*; 65-3401, *et seq.*; 65-3430, *et seq.*; 65-166a; 65-674; 65-677; 65-157; 65-101, 109a

- PROGRAM GOALS:**
- Meet all National Ambient Air Quality Standards.
 - Conduct air quality compliance inspections.
 - Monitor water quality of Kansas waters to assist in development of water quality standards and total maximum daily loads and track environment changes for water quality improvement.
 - Oversight of public water supply systems, wastewater and stormwater facilities, underground injection control wells, and underground hydrocarbon storage wells with regards to standards, regulations, and technical assistance.
 - Promote redevelopment of contaminated properties to allow beneficial use of dilapidated or impacted properties.
 - Improve environmental health conditions for Kansans through contaminated site assessment, response, and cleanup.
 - Oversee the regulation of all hazardous and solid waste facilities in Kansas in accordance with the authorizing statutes.
 - Issue permits for confined animal feeding operations.
 - Conduct compliance inspections/complaint investigations/spill responses.
 - Conduct clinical and environmental testing with a high degree of accuracy.

The Division of Environment protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the bureaus of Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

The **Bureau of Waste Management** has primary responsibility for the solid waste, hazardous waste, and waste tire programs, which are entirely funded from state fees and federal grants. The Bureau of Waste Management works with the Bureau of Environmental Field Services for inspections and the Bureau of Environmental Remediation

for closed city dump remediation and corrective action.

The **Bureau of Air** protects the public from the harmful effects of air pollution and conserves the natural resources of the state by preventing damage to the environment from the releases of air contaminants.

The **Bureau of Water** issues permits for wastewater treatment, control and disposal for municipalities, industries, and commercial and livestock entities. The Bureau also regulates and permits the construction and operation of public water supplies. The Bureau provides training to system operators; administers two low-interest loan programs for water works and wastewater treatment works; administers programs to address non-point sources of

pollution; and regulates the storage of natural gas and liquefied petroleum in natural underground salt formations.

The **Bureau of Environmental Remediation** identifies, investigates, and takes appropriate remedial actions when pollution endangers the public health, natural resources, and environment of the state. Responsibilities include investigating pollution sources, designing and overseeing remedial activities at contaminated sites, and negotiating with parties responsible for effective cleanup. The Bureau also utilizes remediation funds to take corrective action at sites where a responsible party cannot be found or is uncooperative. In addition, the Bureau is also responsible for administering the duties of the Department related to the regulation and clean up of alleged illegal drug manufacturing sites.

The **Bureau of Environmental Field Services**, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau also is responsible for the

stream segment classification program. District and satellite offices provide direct services, inspections, and technical assistance to businesses and industries.

The **Health and Environment Laboratories** provide comprehensive chemical and biological analyses on a large volume of clinical specimens and environmental samples. The Chemistry Laboratory conducts analyses to evaluate environmental water quality, defines radiological hazards, and monitors the use and disposal of chemicals. The Radiochemistry Laboratory performs radiological testing of public drinking water samples, ambient water samples, and samples related to the issuance of radioactive material licenses. The Microbiology, Virology, and Serology Laboratories conduct analyses to characterize and diagnose infectious diseases, food-borne epidemics, intestinal illnesses, and sexually transmitted diseases. The Neonatal Chemistry Laboratory tests for potential genetic defects in infants. Laboratory Improvement and Certification evaluates regulated clinical, environmental, and breath alcohol laboratories using established standards to ensure data quality.

FIGURE 23
DIVISION OF ENVIRONMENT, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Average Cost per Air Permit Maintained*	\$ 5,079	\$ 6,873	\$ 6,106	\$ 10,644	\$ 7,862
2. Number of Counties in Compliance with all National Ambient Air Quality Standards	105	105	105	105	105
3. Number of Water Bodies Restored*	272	278	275	278	285
4. Regulatory Cost per Bureau of Water Permits Issued*	\$ 1,397	\$ 1,627	\$ 1,551	\$ 1,701	\$ 1,740
5. Number of Acres Available for New Redevelopment and Improvement of Contaminated Properties*	619	460	624	500	500
6. Percent of Bureau of Waste Management Facilities in Compliance*	99 %	99 %	98 %	97 %	97 %
7. Cost of Regulatory Oversight per Bureau of Waste Management Regulated Facility*	\$ 2,536	\$ 2,438	\$ 2,507	\$ 2,831	\$ 2,846
8. Dollars per Pound of Nitrogen from Surface Water*	\$ 9.72	\$ 6.81	\$ 8.98	\$ 8.90	\$ 8.90
9. Average Cost per Laboratory Test*	\$ 337.18	\$ 409.73	\$ 294.89	\$ 344.83	\$ 331.83
10. Percent Accuracy on Performance Laboratory Samples*	98.7 %	97.0 %	98.4 %	99.0 %	99.0 %
Financing	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ 4,338,906	\$ 4,290,121		\$ 36,795,821	\$ 4,364,972
All Other Funds	308,202,661	243,164,448		116,660,044	143,054,515
TOTAL	\$ 312,541,567	\$ 247,454,569		\$ 153,455,865	\$ 147,419,487
Percentage Change:					
SGF	1.7 %	(1.1) %		757.7 %	(88.1) %
All Funds	292.6 %	(20.8) %		(38.0) %	(3.9) %
FTE Positions	459.9	488.0		488.0	488.0

* The Governor's Office does not utilize this measure for evaluation purposes.

BUDGET ANALYSIS

FY 2023 ANALYSIS

The **agency** estimates Division of Environment revised FY 2023 expenditures of \$153.5 million, including \$36.8 million SGF. This is an all funds increase of \$5.5 million, or 3.7 percent, above the FY 2023 approved amount. The agency's revised estimate includes the following adjustments:

- **FEDERAL FUNDS.** The agency estimates increased receipt of COVID-19 pandemic relief federal funds in FY 2023. Specifically, the agency estimates an additional \$2.1 million from the federal Centers for Disease Control due to COVID-19 for the laboratory equipment and supplies.

• **ENVIRONMENTAL STEWARDSHIP FUND.**

The agency estimates increased expenditures of \$1.9 million from the Environmental Stewardship Fund in the revised FY 2023 estimate. These funds will primarily be spent on contractual services in the Bureau of Environmental Remediation.

• **STATE WATER PLAN FUND REAPPROPRIATIONS.**

The agency estimate includes State Water Plan Fund reappropriations totaling \$1,055,068. The majority of these funds carried over from projects for monitoring, analyzing, and preventing harmful algal blooms in Kansas lakes.

The agency's revised estimate includes 488.0 FTE positions, which is a decrease of 16.9 FTE positions below the approved number. This decrease is all in the Laboratory area.

The **Governor** concurs with the agency's FY 2023 revised estimate.

FY 2024 ANALYSIS

The agency requests Division of Environment FY 2024 expenditures of \$177.4 million, including \$34.4 million SGF. This is an all funds increase of \$24.0 million, or 15.6 percent, including an SGF decrease of \$2.4 million, or 6.6 percent, from the Division's FY 2023 revised estimate. The agency's request includes the following adjustments.

- **ENHANCEMENT REQUEST – LOCAL ENVIRONMENTAL PROTECTION PROGRAM (LEPP).** The agency is requesting \$250,000, all from the State Water Plan Fund, to increase available funding and technical assistance to enable local authorities to develop water protection plans.
- **ENHANCEMENT REQUEST – STREAM TRASH REMOVAL.** The Bureau of Water is requesting \$50,000, all from the State Water Plan Fund, for FY 2024 for a pilot effort to remove and keep trash out of Kansas rivers. These funds will support clean-up efforts such as grants to conduct stream cleanup efforts and capture trash before it discharges into the stream.
- **ENHANCEMENT REQUEST – SMALL TOWN INFRASTRUCTURE ASSISTANCE.** The Bureau of Water is requesting \$30.0 million in FY 2024 to support technical assistance and

drinking water and sewer system upgrades for towns with less than 500 population. The funding will be used to initiate a grant program to provide small towns with technical and financial assistance in improving their drinking water and sewer infrastructure and returning them to compliance.

- **ENHANCEMENT REQUEST – LABORATORY EQUIPMENT.** The KDHE laboratory is requesting \$280,000 SGF for FY 2024 to fund the ongoing retirement and replacement of aging laboratory equipment. The laboratory plans to replace instruments used to perform drinking water testing.
- **LABORATORY CONSTRUCTION.** The agency's revised request has a decrease of \$32.5 million SGF for one-time expenditures that were included in the FY 2023 revised estimate and not included in the FY 2024 request. The FY 2024 request includes an increase of \$30.9 million in federal funds for laboratory construction in FY 2024.

The **Governor** recommends FY 2024 Division of Environment expenditures totaling \$147.4 million, including \$4.4 million SGF. This is a decrease of \$30.0 million, all SGF, below the agency's FY 2024 request. This decrease is due to the Governor not recommending the agency's enhancement request for small town infrastructure assistance.

The Governor did recommend funding the agency's enhancement requests for Stream trash removal, local environment protection program, and replacement laboratory equipment.

CAPITAL IMPROVEMENTS

FIGURE 24
CAPITAL IMPROVEMENTS, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Capital Projects:					
Laboratory	\$ -	\$ 32,500,000	\$ 32,500,000	\$ 30,875,000	\$ 30,875,000
Financing:					
SGF	\$ -	\$ 32,500,000	\$ 32,500,000	\$ -	\$ -
Federal Funds	-	-	-	30,875,000	30,875,000
All Other Funds	-	-	-	-	-
TOTAL	\$ -	\$ 32,500,000	\$ 32,500,000	\$ 30,875,000	\$ 30,875,000

FY 2023 CAPITAL IMPROVEMENTS

The **agency** submits a revised estimate for FY 2023 capital improvements expenditures totaling \$32.5 million, all SGF.

Section 143 of enacted 2022 House Sub. for Sub. for SB 267 appropriated \$32.5 million SGF for the construction of the KDHE laboratory. The lab is being constructed at Lot 4 in Downtown Topeka, near the Docking Building, and the building design includes three above-ground floors and a parking lot.

On October 28, 2022, the Legislative Budget Committee received testimony from the Department of Administration that construction on the lab is anticipated to begin in December 2022 or January 2023. The agency reports that the construction schedule is estimated at 24 months with an estimated completion date of December 2024. The estimated cost of this project is \$65.0 million.

The **Governor** concurs with the agency's revised estimate for FY 2023 capital improvement expenditures.

FY 2024 CAPITAL IMPROVEMENTS

The **agency** requests FY 2024 capital improvements expenditures totaling \$30.9 million, all federal funds. These funds will be used to continue construction of the KDHE lab.

The **Governor** concurs with the agency's request for FY 2024 capital improvement expenditures.