

Senate Subcommittee Report

Agency: Kansas Department for Aging and Disability Services **Bill No.** SB 155 **Bill Sec.** 54

Analyst: LaMunyon

Analysis Pg. No. Vol. II, p. 1149

Budget Page No. 240

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 1,139,784,949	\$ 1,184,008,817	\$ 39,233,075
Federal Funds	1,556,201,133	1,602,256,921	37,200,000
Other Funds	74,432,193	73,386,885	0
<i>Subtotal</i>	<u>\$ 2,770,418,275</u>	<u>\$ 2,859,652,623</u>	<u>\$ 76,433,075</u>
Capital Improvements:			
State General Fund	\$ 55,360	\$ 55,360	\$ 0
Federal Funds	0	0	0
Other Funds	11,520,740	3,517,390	0
<i>Subtotal</i>	<u>\$ 11,576,100</u>	<u>\$ 3,572,750</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 2,781,994,375</u></u>	<u><u>\$ 2,863,225,373</u></u>	<u><u>\$ 76,433,075</u></u>
 FTE positions	 397.3	 364.3	 1.0

Agency Request

The **agency** requests \$2.8 billion, including \$1.1 billion SGF, and 397.3 FTE positions for FY 2024. This is an all funds increase of \$95.0 million, or 3.4 percent, including an increase of \$2.6 million SGF, or 0.2 percent, above the FY 2023 revised estimate. The agency's request includes 21 enhancement requests for an all funds increase totaling \$105.6 million, including \$46.4 million SGF.

Governor's Recommendation

The **Governor** recommends expenditures of \$2.9 billion, including \$1.2 billion SGF, for FY 2024. This is an increase of \$81.2 million, including \$44.2 million SGF, above the agency's request for FY 2024. The Governor's recommendation includes the following adjustments:

- **FALL 2022 CASELOADS ADJUSTMENT.** The Governor recommends the addition of \$126.4 million, including \$53.5 million SGF, to reflect the fall 2022 human services consensus caseloads estimate.
- **EMERGENCY MENTAL HEALTH BED EXPANSION.** The Governor recommends the addition of \$22.0 million SGF to fund behavioral health emergency room bed expansion. The stated purpose is to expand behavioral health services to patients of all ages who would otherwise meet admission criteria for Osawatomie State Hospital.

- **ENHANCEMENTS RECOMMENDED.** The Governor recommends adoption of the following agency enhancement requests:
 - **HCBS Rate Standardization.** \$17.7 million, including \$7.1 million SGF, to increase select HCBS service rates on the Brain Injury (BI), PD, Autism, and Technology Assisted (TA) waivers to match the rates approved by the 2022 Legislature for the Frail Elderly (FE) waiver.
 - **TBI Rehabilitation Facility Rates.** \$9.3 million, including \$3.7 million SGF, to increase the traumatic brain injury rehabilitation facility rate from \$700/day to \$1,400/day.
 - **Increase Targeted Case Management Rates.** \$3.8 million, including \$1.5 million SGF, to increase the TCM rates for individuals receiving I/DD waiver services by 25.0 percent, from \$43.24 per hour to \$54.15 per hour.
 - **Expand Children's Crisis Respite Pilot Program.** \$1.0 million SGF to expand the Children's Crisis Respite Pilot Program to additional communities.
 - **CARE System Automation.** \$4.0 million, including \$1.0 million SGF, to implement a fully automated system for the Client Assessment, Referral and Evaluation (CARE) program.

- **ENHANCEMENTS NOT RECOMMENDED.** The Governor did not recommend the adoption of several agency enhancements, resulting in a decrease of \$66.7 million, including \$29.8 million SGF, below the agency's request for FY 2024. Enhancements not recommended include:
 - **Add Slots to I/DD and PD Waivers.** \$45.3 million, including \$18.1 million SGF, to add 500 slots to the I/DD and PD waivers to reduce the waiting lists for services.
 - **SUD Services.** \$5.0 million SGF to supplement federal block grant funding to support SUD services for individuals not covered by Medicaid.
 - **NFMH Pre-Litigation Settlement Agreement.** \$4.3 million SGF to maintain the requirements set forth in the Nursing Facility for Mental Health Pre-Litigation Settlement Agreement Practice Improvement.
 - **Behavioral Health FTE Positions.** \$302,466 SGF and 4.0 FTE positions for children's services and SUD services.
 - **Complete NCI Survey.** \$500,000, including \$250,000 SGF, to issue a contract to complete the NCI survey of the I/DD waiver population. [*Staff Note:* This has been funded with ARPA funds.]
 - **Increase CARE Assessment Rates.** \$1.9 million from all funds, including \$470,980 SGF, to increase rates for Level I CARE assessments conducted by AAAs.
 - **SCCC Base Pay Increases.** \$290,215 SGF for base pay increases for Surveying, Credentialing and Certification Commission staff who did not receive pay increases as part of the 24/7 Pay Plan.
 - **Add SCCC FTE Positions.** \$1.1 million SGF and 12.0 FTE positions to survey adult care homes, ensure compliance with CMS requirements for PRTFs, and to increase surveillance and enforcement for poorly performing providers.
 - **Capital Improvement Enhancements.** \$8.0 million SIBF to remodel two buildings on OSH campus, to raze four abandoned buildings on OSH and PSH campuses, and to fund the second priority rehabilitation and repair projects included in the agency's 5-year capital improvements plan.

- **ENHANCEMENTS PARTIALLY RECOMMENDED.** The Governor partially recommended several agency enhancements, resulting in a decrease of \$514,514

from all funds, including a decrease of \$1.5 million SGF, below the agency's request for FY 2024.

- **Sports Betting FTE Positions.** The agency requested \$1.1 million SGF to add 2.0 FTE positions. The Governor does not recommend funding the positions using SGF moneys, and instead recommends the agency fund the positions using \$1.1 million from the Problem Gambling and Addictions Grant Fund.
- **Quality Assurance Behavioral Health FTE Positions.** The agency requested \$445,145, including \$222,573 SGF, to continue funding 5.0 FTE positions currently funded with federal block grant funds. The Governor recommends adding the funding but not the FTE positions.
- **Final Settings Compliance FTE Positions.** The agency requested \$492,937, including \$246,469 SGF, to continue funding 7.0 FTE positions providing compliance monitoring and oversight of state compliance with the CMS HCBS settings final rule. The Governor recommends adding the funds, but does not recommend adding the FTE positions.
- **IT FTE Positions.** The agency requested \$777,982, including \$466,791 SGF, to add 8.0 FTE positions to support IT functions. The Governor recommends partial adoption of the request, in the amount of \$388,991, including \$233,396 SGF, to add 4.0 FTE positions to support IT functions.
- **Attorney FTE Positions.** The agency requested \$251,046, including \$188,285 SGF, to add 2.0 attorney FTE positions. One FTE position would support LSH and the other FTE position would support KDADS, particularly the Behavioral Health Commission. The Governor recommends partial adoption of the request, in the amount of \$125,523, including \$94,143 SGF, to add 1.0 FTE position to support KDADS Behavioral Health Commission.

Senate Subcommittee Recommendation

The **Subcommittee** concurs with the Governor's recommendation with the following adjustments:

1. Add language directing the agency to continue funding the EmberHope Youthville pilot program at current levels using existing resources.
2. Add \$200,000 SGF for operating support for Envision to assist Envision families, programs and advocacy efforts for blind or visually impaired children for FY 2024.
3. Consider at Omnibus the addition of \$24.3 million, including \$9.7 million SGF, for FY 2024 to accelerate CCBHC transition certification based on readiness, notwithstanding the schedule set forth in 2021 HB 2208.
4. Add \$2.7 million, including \$1.1 million SGF, to increase the targeted case management reimbursement rate to \$62.00 per hour for FY 2024.
5. Add \$6.0 million SGF to increase allocations for substance use disorder services for the uninsured for FY 2024.
6. Add \$1.0 million SGF for FY 2024 to analyze Kansas Assessment Management Information System (KAMIS) current functions, measure performance, and make recommendations to implement changes to maximize the value and performance of the system.

7. Add \$133,075 SGF for FY 2024 to increase annual funding for mental health first aid training to \$266,150 per year.
8. Add \$15.0 million, including \$5.9 million SGF, to provide a 7.0 percent rebase of the nursing facility daily Medicaid rate for FY 2024, and review at Omnibus.
9. Add \$1.5 million SGF for nutritional services for seniors for FY 2024, to be distributed through the Area Agencies on Aging.
10. Add \$6.5 million, including \$2.6 million SGF, to provide a 5.0 percent increase to the reimbursement rate for providers of HCBS Frail Elderly waiver services for FY 2024.
11. Add language requiring KDADS to conduct a study to review I/DD service provider costs and to provide recommendations for funding adjustments based on inflationary indexes for FY 2024.
12. Add \$2.1 million SGF and 1.0 FTE position for FY 2024 to build capacity for crisis services for Kansans with I/DD. In addition, add language requiring the agency to submit a report of the program to the Senate Committee on Public Health and Welfare, House Committee on Health and Human Services, House Social Services Budget Committee and Senate Ways and Means Human Services Subcommittee.
13. Add \$30.8 million, including \$12.4 million SGF, for FY 2024 to establish an additional Medicaid reimbursement for nursing facilities based on the percentage of Medicaid residents served, and review at Omnibus.
14. Add \$5.0 million SGF for FY 2024 to reimburse healthcare providers, law enforcement, and counties on an hourly basis for patient observation and transportation following an evaluation and approval for stay at a state mental health hospital and admission to the state hospital.
15. Add language to increase the maximum transfer from lottery vending machines for mental health services to \$9.0 million for FY 2024.
16. Add \$3.0 million, including \$1.3 million SGF, and add language to increase PACE reimbursement rates by 5.0 percent for FY 2024.
17. Add \$2.5 million from federal funds, all from the \$66.0 million ARPA funds allocated to the agency by the State Finance Council at the conclusion of the SPARK process, to expand PACE for FY 2024, and review at Omnibus if ARPA funds are unavailable for this purpose.

Senate Committee Recommendation

The **Committee** concurs with the Subcommittee's recommendation for FY 2024 with the following adjustment:

1. Add \$116,250 SGF and 1.0 FTE position to create a dementia services coordinator position.
2. Delete \$6.0 million SGF to increase allocations for substance use disorder services for the uninsured for FY 2024, and review prior to conference on SB 155.

3. Delete \$15.0 million, including \$5.9 million SGF, to provide a 7.0 percent rebase of the nursing facility daily Medicaid rate for FY 2024, and review prior to conference on SB 155.
4. Delete \$30.8 million, including \$12.4 million SGF, for FY 2024 to establish an additional Medicaid reimbursement for nursing facilities based on the percentage of Medicaid residents served, and review prior to conference on SB 155.
5. Delete \$5.0 million SGF for FY 2024 to reimburse healthcare providers, law enforcement, and counties on an hourly basis for patient observation and transportation following an evaluation and approval for stay at a state mental health hospital and admission to the state hospital, and review prior to conference.

Senate Committee of the Whole Recommendation (Sub. for SB 155)

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2024 with the following adjustment:

1. Add \$1.8 million SGF to increase the targeted case management reimbursement rate to \$75/hour for FY 2024.
2. Add language to certify CCBHCs based on readiness rather than according to the statutory schedule for FY 2024.

House Budget Committee Report

Agency: Kansas Department for Aging and Disability Services **Bill No.** HB 2273

Bill Sec. 54

Analyst: LaMunyon

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<i>Subtotal</i>	<u>\$ 2,770,418,275</u>	<u>\$ 2,859,652,623</u>	<u>\$ 163,333,075</u>
Capital Improvements:			
State General Fund	\$ 55,360	\$ 55,360	\$ 0
Federal Funds	0	0	0
Other Funds	11,465,380	3,462,030	0
<i>Subtotal</i>	<u>\$ 11,520,740</u>	<u>\$ 3,517,390</u>	<u>\$ 0</u>
TOTAL	<u>\$ 2,781,939,015</u>	<u>\$ 2,863,170,013</u>	<u>\$ 163,333,075</u>
FTE positions	397.3	364.3	1.0

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House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation for FY 2024 with the following adjustments:

1. Add language directing the agency to continue funding the EmberHope Youthville pilot program at current levels using existing resources.
2. Add \$400,000 SGF for one-time expenditures to Envision to support Envision families, programs and advocacy efforts for blind or visually impaired children for FY 2024.
3. Add \$2.1 million SGF and 1.0 FTE position to administer a grant for organizations developing crisis services for individuals with intellectual or developmental disabilities

(I/DD).

4. Add \$5.0 million SGF to establish a patient observation reimbursement program to be used for unreimbursed patient observation and transportation provided by healthcare providers, law enforcement, and other county entities.
5. Add \$1.0 million SGF for one-time expenditures to establish a grant program for Kansas-based sheltered workshops to transition away from the use of 14(c) certificates and subminimum wage employment for individuals with I/DD.
6. Add \$3.0 million SGF for senior nutrition services distributed through the Area Agencies on Aging.
7. Add language directing the agency to certify community mental health centers (CMHCs) to transition to certified community behavioral health clinics (CCBHCs) based on readiness, rather than the statutory schedule.
8. Add \$24.3 million, including \$9.7 million SGF, to accelerate the transition of CMHCs to CCBHCs.
9. Add \$7.4 million, including \$3.0 million SGF, to increase the I/DD targeted case management (TCM) rate to \$75.00 per hour.
10. Add \$133,075 SGF to offer additional training on mental health first aid.
11. Add language requiring the agency to spend \$5.0 million of the SGF savings created by the 10.0 percent HCBS FMAP enhancement on assistive technology.
12. Add \$3.0 million, including \$1.2 million SGF, and add language to increase PACE Medicaid rates by 5.0 percent.
13. Add language requiring the agency to fund an expansion of PACE using ARPA federal funds were granted to the agency by the State Finance Council.
14. Add \$34.4 million, including \$14.0 million SGF, to fully rebase the daily Medicaid rate for nursing facilities for FY 2024.
15. Add \$13.0 million, including \$5.2 million SGF, to increase the Home and Community Based Services (HCBS) Frail Elderly (FE) waiver reimbursement rates by 10.0 percent.
16. Add language directing the agency to review the overall costs of providing services within the I/DD services system, and further directing the agency to make recommendations to the Legislature for a system to make regular rate adjustments based on inflationary indexes.
17. Add \$61.6 million, including \$24.6 million SGF, to fund additional payments to nursing facilities based on the number of Medicaid residents served.
18. Add language requesting an interim committee to take a holistic look at the nursing facility reimbursement rate system, including cost center caps and an acuity-based add-on.

19. Add language requiring the agency to submit to CMS an initial application for a community support waiver.
20. Add \$3.0 million SGF for CMHC funding to cover uninsured and indigent care.
21. Add \$5.0 million SGF to provide reimbursement to organizations who provide substance use disorder treatment for uninsured individuals.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation for FY 2024 with the following adjustments:

1. Add language to direct the agency to reimburse opioid use disorder providers for all allowable purposes, including medication and treatment.
2. Delete \$22.0 million SGF to fund a behavioral health emergency room bed expansion in Sedgwick County.
3. Delete monetary recommendations by the House Budget Committee (Items 2, 4, 8, 10 and 20).
4. Delete language requiring the agency to spend \$5.0 million of the SGF savings created by the 10.0 percent HCBS FMAP enhancement on assistive technology (Item 11).
5. Direct the agency to use existing resources to fund up to \$5.0 million in reimbursements for unreimbursed patient observation and transportation provided by healthcare providers, law enforcement, and other county entities.
6. Add language to require the agency to use Problem Gambling and Addictions Grant Funds prior to using the \$5.0 million SGF to reimburse providers of substance use disorder treatment for uninsured individuals.

House Committee of the Whole Recommendation (Sub. for SB 42)

The **Committee of the Whole** concurs with the House Committee's recommendation for FY 2024.

Conference Committee Recommendation (HB 2184)

The **Conference Committee** concurs with the Governor's recommendation in FY 2023 with the following adjustments:

1. Delete \$22.0 million SGF and add \$22.0 million from federal ARPA funds to expand the Ascension Via Christi emergency room for FY 2024. The \$22.0 million ARPA would be taken from the ARPA funds appropriated to the Department of Administration by the 2022 Legislature.
2. Add \$61.6 million, including \$24.6 million SGF, to fund additional payments to

nursing facilities based on the number of Medicaid residents served for FY 2024.

3. Add \$34.4 million, including \$14.0 million SGF, to fully rebase the daily Medicaid rate for nursing facilities for FY 2024.
4. Add \$13.0 million, including \$5.2 million SGF, to increase the Home and Community Based Services (HCBS) Frail Elderly (FE) waiver reimbursement rates by 10.0 percent for FY 2024.
5. Add \$7.4 million, including \$3.0 million SGF, to increase the targeted case management reimbursement rate to \$75.00 per hour for FY 2024.
6. Add \$3.0 million, including \$1.2 million SGF, and add language to increase PACE reimbursement rates by 5.0 percent for FY 2024.
7. Add \$2.5 million, all from federal ARPA funds, to expand PACE for FY 2024 and review at Omnibus. This funding comes from a transfer to the agency of \$66.0 million, all from federal ARPA funds, which was approved by the State Finance Council on December 21, 2022 and recommended by the SPARK Taskforce.
8. Add \$2.1 million SGF and 1.0 FTE position to build capacity for crisis services for Kansans with I/DD for FY 2024. Add language requiring the agency to submit a report on the program to the Senate Committee on Public Health and Welfare, House Committee on Health and Human Services, House Committee on Social Services Budget, and Senate Committee on Ways and Means Human Services Subcommittee
9. Add \$1.5 million SGF for nutritional services for seniors for FY 2024, to be distributed through the Area Agencies on Aging.
10. Add \$1.0 million SGF for FY 2024 to analyze Kansas Assessment Management Information System (KAMIS) functions, measure performance, and make recommendations to maximize the value and performance of the system.
11. Add \$133,075 SGF for FY 2024 to increase annual funding for mental health first aid training to \$266,150 annually.
12. Add \$116,250 SGF and 1.0 FTE position to create a dementia services coordinator position for FY 2024.
13. Add \$6.0 million SGF to increase allocations for substance use disorder services for the uninsured for FY 2024, and add language to lapse SGF if Problem Gambling and Addiction Grant Funds are available for this purpose.
14. Add language directing the agency to certify CMHCs to transition to CCBHCs based on readiness, rather than the statutory schedule, for FY 2024.
15. Add language to increase the maximum transfer of lottery vending machine revenue to the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund from \$8.0 million to \$9.0 million for FY 2024.
16. Add language requiring the agency to conduct a study of I/DD service provider costs

and to provide recommendations to the 2024 Legislature for funding adjustments based on inflationary indexes for FY 2024.

17. Add language directing the agency to continue funding the EmberHope Youthville pilot program at current levels using existing resources for FY 2024.
18. Add language requiring the agency to submit to CMS an initial application for a community support waiver for individuals with I/DD for FY 2024.
19. Add language requesting an interim committee to take a holistic look at the nursing facility reimbursement rate system, including cost center caps and an acuity-based add-on for FY 2024.
20. Add language to reimburse up to \$5.0 million in costs of healthcare providers, law enforcement agencies, and counties on an hourly basis for patient observation and transportation following an evaluation and approval for stay at a state mental health hospital and admission to the state hospital, all from existing resources, for FY 2024.

Governor's Veto (HB 2184)

The **Governor** vetoes the following:

1. Add \$2.5 million, all from federal ARPA funds, to expand PACE for FY 2024 and review at Omnibus. This funding comes from a transfer to the agency of \$66.0 million, all from federal ARPA funds, which was approved by the State Finance Council on December 21, 2022 and recommended by the SPARK Taskforce.

Omnibus Action (SB 25)

1. Adopt GBA No.1, Item 1, to delete \$20.9 million, including \$13.1 million SGF, to adopt the Spring Human Services Caseloads Estimates for FY 2024.
2. Add \$200,000 SGF to Envision for operating support to assist Envision families, programs and advocacy efforts for blind or visually impaired children for FY 2024.
3. Add \$2.5 million SGF to expand the PACE program for FY 2024.
4. Add \$1.5 million SGF for senior nutrition services for FY 2024.
5. Add \$5.0 million SGF in caseloads savings to reimburse healthcare providers, law enforcement agencies, and counties on an hourly basis for patient observation and transportation following an evaluation and approval for stay at a state mental health hospital and admission to the state hospital for FY 2024.
6. Add language to appropriate the County Competency Expense Fund for FY 2024.

State Finance Council

1. Add \$886,218, including \$353,345 SGF, for a salary adjustment for most state employees based on the Department of Administration Market Survey and a 5.0

percent salary adjustment for employees with job classifications that are not included in the Market Survey for FY 2024.

	Governor's Recommendation* FY 2024	Legislative Action Mega Bill	Legislative Approved FY 2024	Legislative Action Omnibus Bill	Final Legislative Approved FY 2024
All Funds					
State Operations	\$ 155,826,089	\$ 1,209,250	\$ 157,035,339	\$ 886,218	\$ 157,921,557
Aid to Local Units	111,544,830	0	111,544,830	5,000,000	116,544,830
Other Assistance	2,568,881,704	131,533,075	2,700,414,779	4,200,000	2,704,614,779
<i>Subtotal - Operations</i>	<i>\$ 2,836,252,623</i>	<i>\$ 132,742,325</i>	<i>\$ 2,968,994,948</i>	<i>\$ 10,086,218</i>	<i>\$ 2,979,081,166</i>
Capital Improvements	3,517,390	0	3,517,390	0	3,517,390
TOTAL	<u>\$ 2,839,770,013</u>	<u>\$ 132,742,325</u>	<u>\$ 2,972,512,338</u>	<u>\$ 10,086,218</u>	<u>\$ 2,982,598,556</u>

State General Fund

State Operations	\$ 103,122,573	\$ 1,209,250	\$ 104,331,823	\$ 353,345	\$ 104,685,168
Aid to Local Units	87,988,538	0	87,988,538	5,000,000	92,988,538
Other Assistance	979,797,706	35,633,075	1,015,430,781	4,200,000	1,019,630,781
<i>Subtotal - Operating</i>	<i>\$ 1,170,908,817</i>	<i>\$ 36,842,325</i>	<i>\$ 1,207,751,142</i>	<i>\$ 9,553,345</i>	<i>\$ 1,217,304,487</i>
Capital Improvements	55,360	0	55,360	0	55,360
TOTAL	<u>\$ 1,170,964,177</u>	<u>\$ 36,842,325</u>	<u>\$ 1,207,806,502</u>	<u>\$ 9,553,345</u>	<u>\$ 1,217,359,847</u>

FTE Positions	364.3	2.0	366.3	0.0	366.3
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* The Governor's recommendation includes GBA No. 1, Item 1 to delete \$20.9 million, including \$13.1 million SGF, to adopt the Spring 2023 Human Services Caseload estimate for FY 2023.