

March 11, 2021

The Honorable Richard Hilderbrand, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 445A-S
Topeka, Kansas 66612

Dear Senator Hilderbrand:

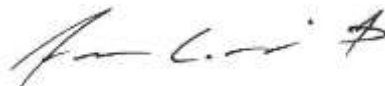
SUBJECT: Fiscal Note for SB 241 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 241 is respectfully submitted to your committee.

SB 241 would require the Kansas Department of Health and Environment (KDHE) to contract with a non-profit managed care organization (MCO) to provide state Medicaid services to children under 18 years of age who were adopted out of foster care. The bill would also apply to children between 18 and 22 years of age who were adopted out of foster care and who are currently attending a public or private postsecondary educational institution. The bill would require Medicaid services to be provided beginning July 1, 2022. The bill establishes the requirements that each bidder would have to include in the bids to KDHE. KDHE would be required to submit any necessary requests to the U.S. Centers for Medicare and Medicaid Services (CMS) for approval to implement the provisions of the bill.

According to KDHE, children who are adopted out of foster care are currently eligible for Medicaid services through the state's for-profit MCOs. KDHE indicates that assigning the children to a new, non-profit MCO would require additional expenditures to issue a Request for Proposal (RFP) and work with CMS to amend the state's current 1115 Waiver. The RFP and waiver amendment processes would be lengthy and require extensive staff time and financial resources. KDHE indicates a portion of these costs would be offset by a reduction from using a non-profit MCO. Currently, the capitation rates paid to the for-profit MCOs include a 1.0 percent profit contingency. However, KDHE is unable to estimate the fiscal effect from the bill. The Department for Children and Families indicates the bill would have no fiscal effect on the agency.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Kim Holter, Children & Families
Dan Thimmesch, Health & Environment