

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on March 1, 2006, in Room 123-S of the Capitol.

All members were present except:
Senator Steve Morris- excused

Committee staff present:
Jill Wolters, Revisor of Statutes Office
Michael Corrigan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efirid, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee: none

Others attending:
See attached list.

Bill Introductions

Senator Steineger moved, with a second by Senator Barone, to introduce a bill concerning authorizing the state board of regents to sell certain real estate (5rs2108). Motion carried on a voice vote.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2006 and FY 2007 were made available to the Committee.

Subcommittee budget reports on:

Kansas Department of Administration (including Public Broadcasting)
Department of Administration - Regular
Division of Health Policy and Finance
Kansas Health Policy Authority

Staff briefed the Committee on the changes regarding the Kansas Department of Administration, Division of Health Policy and Finance and the Kansas Health Policy Authority with a flowchart (Attachment 1).

Kansas Department of Administration (Attachment 2)
Kansas Department of Administration - Regular (Attachment 3)

Subcommittee Chairwoman Ruth Teichman reported that the budget subcommittee on the Kansas Department of Administration - Regular - concurs with the Governor's recommendations in FY 2006 with comment and FY 2007 with comments and adjustment.

Senator Teichman moved, with a second by Senator Kelly, to amend the budget subcommittee report on the Kansas Department of Administration - Regular for a technical amendment to in FY 2006, Page 2, Senate Subcommittee Recommendation heading, the FY 2007 should read FY 2006. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Steineger, to amend the budget subcommittee report on the Kansas Department of Administration - Regular for a technical correction regarding Item 1b in FY 2007 that the \$1.9 million figure should be \$1.09 million. Motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on March 1, 2006, in Room 123-S of the Capitol.

Senator Teichman moved, with a second by Senator Taddiken, to adopt the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) and the Kansas Department of Administration - Regular in FY 2006 and FY 2007 as amended. Motion carried on a voice vote.

Division of Health Policy and Finance
Health Policy Authority (Attachment 4)

Subcommittee Chairman Dwayne Umbarger reported that the budget subcommittee on the Health Policy Authority concurs with the Governor's recommendations in FY 2006 with adjustments and FY 2007 with recommendations.

Senator Umbarger moved, with a second by Senator McGinn, to adopt the subcommittee budget report on the Division of Health Policy and Finance in FY 2006 and FY 2007. Motion carried on a voice vote.

Subcommittee Chairman Dwayne Umbarger reported that the budget subcommittee on the Health Policy Authority concurs with the Governor's recommendations in FY 2006 with recommendation and FY 2007 with recommendation.

Senator Wysong moved, with a second by Senator Emler, to amend the budget subcommittee report on the Health Policy Authority with technical correction that in the first column in FY 2007 under Agency request the number of FTE should be 47.5. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Wysong, to adopt the subcommittee budget report on the Health Policy Authority in FY 2006 and FY 2007 as amended. Motion carried on a voice vote.

Staff distributed copies of a table titled, DHPF;HPA Comparison Table, Agency Request/Governor's Recommendations/Senate Subcommittee Adjustments (Attachment 5).

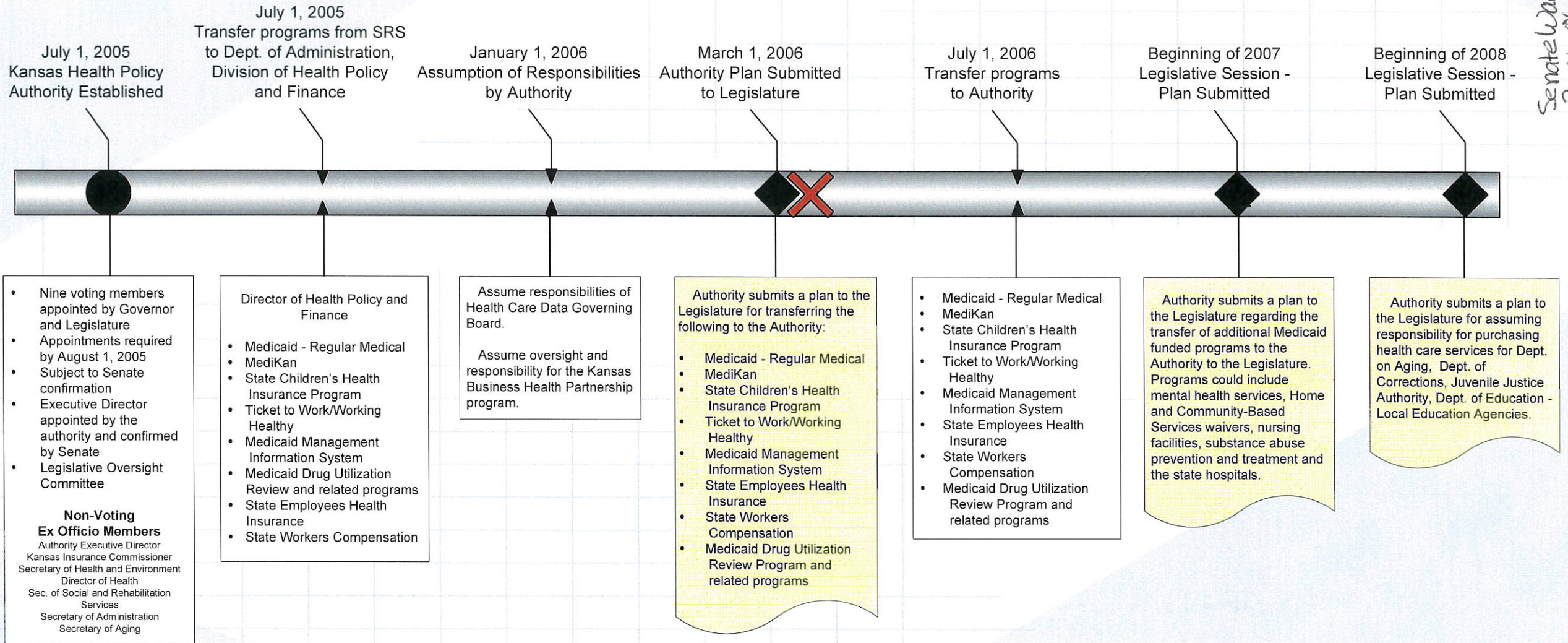
The meeting adjourned at 11:30 a.m. The next meeting was scheduled for March 2, 2006.

SENATE WAYS AND MEANS
GUEST LIST

Date March 1, 2006

NAME	REPRESENTING
Trey Cocking	DOB
Scott Brunner	DHPF
Andy Allison	
DAN ROETTLER	DHPF
TOM STRATTON	Ks legal services
Shannon Crane	Ks. Legal Service
Beth Jones	Hittler Government Relations
Judy Shaw	Kearney + Associates
Estelle Montgomery	Hein Law Firm
Marilyn Jacobson	DOA
Patow	DISC
Melissa Ness	Connections Unlimited
MARK BOZANYAK	CAPITOL STRATEGIES
Dennis Kasselman	First Guard Health Plan
D. KEITH MEYERS	DEPT. OF ADMINISTRATION - DEM
GARY HIBBS	" " "
MARIL MCCAIN	KPBC
Ken Baker	KPBC
Quinn Miller	KPBC
Frank Marshall	KPBC
Cheryl Patrick	Goodwill Ind.
Kemie J. Bacon	KCDC
Josie Tourtz	SILCK

Kansas Health Policy Authority



Senate Ways and Means
3-01-06
Attachment 1

Senate Subcommittee Report

Kansas Department of Administration

February 28, 2006

Department of Administration – Regular

Division of Health Policy and Finance

Kansas Health Policy Authority

Senate Ways and Means
03-01-06
Attachment 2

Senate Subcommittee Report

Agency: Department of Administration **Bill No.** 570

Bill Sec. 31

Analyst: Dunkel and Efird **Analysis Pg. No.** Vol. I – 525

Budget Page No. 13

Expenditure	Agency Est. FY 06	Governor Rec. FY 06	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 456,716,994	\$ 452,419,015	\$ (950,173)
Other Funds	970,218,291	957,760,545	0
Subtotal–Operating	\$ 1,426,935,285	\$ 1,410,179,560	\$ (950,173)
Capital Improvements:			
State General Fund	\$ 5,706,944	\$ 5,706,944	0
Other Funds	147,732	147,732	0
Subtotal–Capital Improvements	\$ 5,854,676	\$ 5,854,676	0
TOTAL–REPORTABLE	\$ 1,432,789,961	\$ 1,416,034,236	\$ (950,173)
FTE Positions–Reportable	262.4	261.9	(6.0)

Agency Estimate

Operating Budget. The agency’s revised estimate for the current fiscal year includes the initial payment of \$10.0 million State General Fund for the KPERS debt service on pension obligation bonds. The 2005 Legislature approved this initial payment. The revised estimate includes \$1.39 billion for the Division of Health Policy and Finance (DHPF).

Capital Improvements. The agency requests revised FY 2006 expenditures of almost \$5.9 million all funds, including \$5.7 million State General Fund financing, for debt service principal and capital improvement projects.

Governor's Recommendation

Operating Budget. The Governor concurs with the \$10.0 million State General Fund amount for KPERS debt service and recommends supplemental financing of \$500,000 State General Fund for the Long Term Care Ombudsman’s Office to provide assistance with Medicare Part D enrollments. The recommendation includes \$1.37 billion for DHPF and \$950,173 for the transfer of the Kansas Health Policy Authority (KHPA) to DHPF.

Capital Improvements. The Governor concurs with the agency's revised estimate of funding for debt service principal and capital improvement projects.

Senate Subcommittee Report

Agency: Department of Administration **Bill No.** 573

Bill Sec. 19

Analyst: Dunkel and Efir **Analysis Pg. No.** Vol. I – 525

Budget Page No. 13

Expenditure	Agency Req. FY 07	Governor Rec. FY 07	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 38,668,722	\$ 453,611,756	\$ (417,073,513)
Other Funds	8,378,590	964,326,737	(955,976,800)
Subtotal–Operating	\$ 42,047,312	\$ 1,417,938,493	\$ (1,373,050,313)
Capital Improvements:			
State General Fund	\$ 13,583,256	\$ 4,742,000	\$ 0
Other Funds	94,740	153,240	0
Subtotal–Capital Improvements	\$ 13,677,996	\$ 4,895,240	\$ 0
TOTAL–REPORTABLE	\$ 55,725,308	\$ 1,422,833,733	\$ (1,373,050,313)
FTE Positions–Reportable	128.0	258.9	(130.9)

Agency Request

Operating Budget. The request does not include funding for DHPF which is abolished when its programs are scheduled for transfer to the KHPA on July 1, 2006. The agency's request includes a \$5.0 million State General Fund addition for KPERS debt service as the payments increase to \$15.0 State General Fund million in FY 2007. The agency also requests an addition of \$3.25 million State General Fund in FY 2007 for debt service on Statehouse bonds that will be used to fund Phase IV of the renovation project. Enhancement funding of \$5,089,586, including \$5,011,585 State General Fund, is requested.

Capital Improvements. The agency requests FY 2007 expenditures of over \$13.7 million all funds, including almost \$13.6 million State General Fund financing, for debt service principal and new capital improvement projects. The agency's request includes \$7.8 million all funds for new projects, with almost \$7.7 million State General Fund financing.

Governor's Recommendation

Operating Budget. The Governor's ion includes \$1.37 billion for the delay of the transfer of the DHPF programs to the KHPA and \$3.9 million for maintaining the KHPA and its programs in DHPF. The Governor concurs with the \$5.0 million State General Fund increase for KPERS debt service and recommends almost \$5.0 million State General Fund in FY 2007 for debt service on

\$212.4 million of KDOT bonds for the Comprehensive Transportation Plan. The Governor does not include any additional debt service financing for the Statehouse bonds associated with Phase IV. The Governor recommends financing for a 2.5 percent salary plan adjustment that would be in addition to other enhancement funding of \$5,827,623, including \$5,749,623 State General Fund.

Capital Improvements. The Governor recommends \$4.9 million all funds, including \$4.7 million State General Fund. Financing for new projects is limited to \$447,000 all funds by the Governor, who includes \$352,000 State General Fund financing for new projects.

Senate Subcommittee Report

Kansas Department of Administration – Regular

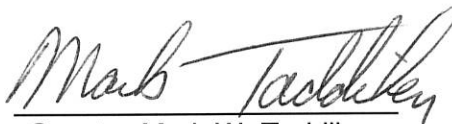
February 28, 2006



Senator Ruth Teichman, Chairperson



Senator Chris Steineger



Senator Mark W. Taddiken

Senate Ways and Means
03-01-06
Attachment 3

Senate Subcommittee Report

Agency: Department of Administration—Regular

Bill No. 570

Bill Sec. 31

Analyst: Efird

Analysis Pg. No. Vol. I – 525

Budget Page No. 13

Expenditure	Agency Est. FY 06	Governor Rec. FY 06	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 25,075,803	\$ 25,575,803	\$ 0
Other Funds	9,441,183	9,441,183	0
Subtotal—Operating	\$ 34,516,986	\$ 35,016,986	\$ 0
Capital Improvements:			
State General Fund	\$ 5,706,944	\$ 5,706,944	0
Other Funds	147,732	147,732	0
Subtotal—Capital Improvements	\$ 5,854,676	\$ 5,854,676	\$ 0
TOTAL—REPORTABLE	\$ 40,371,662	\$ 40,871,662	\$ 0
FTE Positions—Reportable	132.0	132.0	0.0

Agency Estimate

Operating Budget. The agency's revised estimate for the current fiscal year includes the initial payment of \$10.0 million State General Fund for the KPERS debt service on pension obligation bonds. The 2005 Legislature approved this initial payment.

Capital Improvements. The agency requests revised FY 2006 expenditures of almost \$5.9 million all funds, including \$5.7 million State General Fund financing, for debt service principal and capital improvement projects.

Governor's Recommendation

Operating Budget. The Governor concurs with the \$10.0 million State General Fund amount for KPERS debt service and recommends supplemental financing of \$500,000 State General Fund for the Long Term Care Ombudsman's Office to provide assistance with Medicare Part D enrollments.

Capital Improvements. The Governor concurs with the agency's revised estimate of funding for debt service principal and capital improvement projects.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2007 recommendation with the following comment:

1. **Medicare Part D.** Review at Omnibus any developments on this topic. The Subcommittee commends the Office of the Long-Term Care Ombudsman for seeking supplemental financing of \$500,000 from the State General Fund to provide assistance with Medicare Part D prescription plan enrollments. The Subcommittee understands that the Office may be able to secure federal reimbursement for at least some administrative expenditures for this outreach effort. The Subcommittee believes securing federal funds is especially important should the program deadline for Medicare Part D enrollments be extended beyond May 15, 2006, and wishes to have a report on the latest developments during Omnibus.

Senate Subcommittee Report

Agency: Department of Administration—Regular

Bill No. 573 **Bill Sec.** 19

Analyst: Efird

Analysis Pg. No. Vol. I – 525

Budget Page No. 13

Expenditure	Agency Req. FY 07	Governor Rec. FY 07	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 38,668,722	\$ 31,003,349	\$ 542,170
Other Funds	8,378,590	8,349,937	0
Subtotal—Operating	<u>\$ 42,047,312</u>	<u>\$ 39,353,286</u>	<u>\$ 542,170</u>
Capital Improvements:			
State General Fund	\$ 13,583,256	\$ 4,742,000	\$ 0
Other Funds	94,740	153,240	0
Subtotal—Capital Improvements	<u>\$ 13,677,996</u>	<u>\$ 4,895,240</u>	<u>\$ 0</u>
TOTAL—REPORTABLE	<u><u>\$ 55,725,308</u></u>	<u><u>\$ 44,248,526</u></u>	<u><u>\$ 542,170</u></u>
FTE Positions—Reportable	128.0	128.0	0.0

Agency Request

Operating Budget. The agency's request includes a \$5.0 million State General Fund addition for KPERS debt service as the payments increase to \$15.0 State General Fund million in FY 2007. The agency also requests an addition of \$3.25 million State General Fund in FY 2007 for debt service on Statehouse bonds that will be used to fund Phase IV of the renovation project. The request does not include funding for DHPF which is abolished when its programs are scheduled for transfer to the KHPA on July 1, 2006. Enhancement funding of \$5,089,586, including \$5,011,585 State General Fund, is requested.

Capital Improvements. The agency requests FY 2007 expenditures of over \$13.7 million all funds, including almost \$13.6 million State General Fund financing, for debt service principal and new capital improvement projects. The agency's request includes \$7.8 million all funds for new projects, with almost \$7.7 million State General Fund financing.

Governor's Recommendation

Operating Budget. The Governor concurs with the \$5.0 million State General Fund increase for KPERS debt service and recommends almost \$5.0 million State General Fund in FY 2007 for debt service on \$212.4 million of KDOT bonds for the Comprehensive Transportation Plan. The recommendation includes \$1.37 billion for the delay of the transfer of the DHPF programs to the

KHPA and \$3.9 million for maintaining the KHPA and its programs in DHPF. The Governor does not include any additional debt service financing for the Statehouse bonds associated with Phase IV. The Governor recommends financing for a 2.5 percent salary plan adjustment that would be in addition to other enhancement funding of \$5,827,623, including \$5,749,623 State General Fund.

Capital Improvements. The Governor recommends \$4.9 million all funds, including \$4.7 million State General Fund. Financing for new projects is limited to \$447,000 all funds by the Governor, who includes \$352,000 State General Fund financing for new projects.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2007 recommendation with following comments and adjustment:

1. **Public Broadcasting.** Add a total of \$542,170 from the State General Fund for operating expenses, tower construction, equipment purchases requested by public television and radio stations. The Subcommittee appreciates the Kansas Public Broadcasting Council's report on services provided to Kansas. The Subcommittee believes that investments in the future are needed to maintain high quality, accessible public broadcasting services. The following is a breakdown of the Subcommittee recommendation:
 - a. **Add \$25,000** from the State General Fund for enhanced operating support to provide stations with relief from higher costs related to the maintenance of both analog and digital broadcasting. This will increase the Governor's recommended enhancement funding of \$100,000 to \$125,000 in FY 2007 as requested by the Council.
 - b. **Add \$325,000** from the State General Fund for Radio Kansas -- Hutchinson to partially finance a new \$1.9 million tower. The radio station has its antenna located on a commercial tower, but must remove it in the near future. The radio station indicates it will not be able to continue broadcasting unless a new tower is constructed. The \$325,000 State General Fund financing will pay approximately 30 percent of total cost, with the federal Public Telecommunications Facilities Program providing approximately 63 percent. The balance, approximately \$100,000, will come from private fund raising. The Subcommittee recommends further review during Omnibus regarding its suggestion for the station to report on how much additional expense would be involved in strengthening the proposed new tower to accommodate other users who would pay rent, how much revenue might be gained, and what obstacles must be addressed to build a stronger tower and allow additional users on the tower.
 - c. **Add \$192,170** from the State General Fund for KPTS TV -- Wichita to upgrade analog studio production equipment that is no longer supported by now defunct manufacturers. This studio equipment is used weekly to produce public affairs programs and public pledge drives. This financing would

provide the 50.0 percent match required in order to secure a federal Public Telecommunications Facilities Program grant for the other 50.0 percent.

- d. **Review at Omnibus** a request to add \$602,125 from the State General Fund for KTWU TV – Topeka for the purchase of digital equipment.
2. **Capitol Complex Plan.** The Subcommittee notes a proposal to add \$100,000 from the State General Fund for updating a long-range plan for the Capitol Complex. Funding was not included in the FY 2007 *Governor's Budget Report*. The Subcommittee wishes discussion to take place in the Senate Ways and Means Committee about adding funds for the Capitol Area Plaza Authority's Master Plan to be updated by a consultant. The plan was last updated approximately 20 years ago.
3. **Motor Vehicles.** The Subcommittee notes the Governor's recommendation for FY 2007 includes \$89,731 from all funds for the purchase of replacement vehicles. Of that amount, \$11,731 is financed from the State General Fund for one vehicle in the Ombudsman's Office, and the remainder is financed in the nonreportable budget for \$78,000. The nonreportable expenditures include \$57,000 for three delivery vehicles that transport agency interoffice mail and \$21,000 is the first-year cost of a three-year plan to acquire four automobiles under the Master Lease Purchase Program for use by Facilities Management.
4. **Statehouse Bonding.** The Subcommittee notes that 2006 SB 571 includes \$16.2 million of additional bonding authority for the Statehouse renovation and that debt service for the bonds will start in FY 2008. The Legislative Coordinating Council at its meeting of December 19, 2005, approved a recommendation that the Governor include \$16,227,091 in additional bonding authority or a direct appropriation in the FY 2007 Department of Administration budget for Statehouse renovation and restoration.

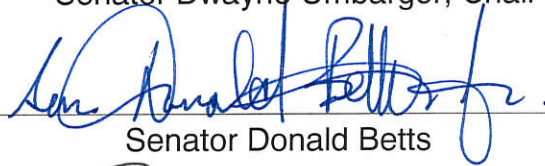
FY 2006 and FY 2007

SENATE SUBCOMMITTEE REPORTS

**Division of Health Policy and Finance
Health Policy Authority**



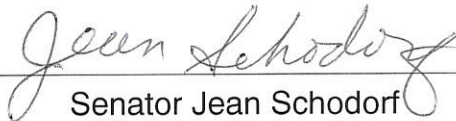
Senator Dwayne Umbarger, Chair



Senator Donald Betts



Senator Carolyn McGinn



Senator Jean Schodorf



Senator Ruth Teichman

Senate Ways and Means
03-01-06
Attachments 4

Senate Subcommittee Report

Agency: Department of Administration - **Bill No. 570**
 Division of Health Policy and Finance

Bill Sec. 35

Analyst: Dunkel

Analysis Pg. No. Vol. I – 525

Budget Page No. 13

Expenditure	Agency Est. FY 06	Governor Rec. FY 06	Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 431,641,191	\$ 426,843,212	\$ (950,173)
Other Funds	960,777,108	948,319,362	0
TOTAL–Operating	\$ 1,392,418,299	\$ 1,375,162,574	\$ (950,173)
FTE Positions–Reportable	130.4	129.9	(6.0)

Agency Estimate

The **agency** estimates FY 2006 expenditures of \$1.4 billion, including \$431.6 million State General Fund for the Division of Health Policy and Finance. The estimate is an increase of \$12.5 million or 0.9 percent all funds and \$1.6 million or 0.4 percent State General Fund from the amount approved by the 2005 Legislature. According to the agency the increase reflects the supplemental request for the SCHIP program, additional funding for HealthWave Administration to address program growth, and additional expenditures related to the Medicaid Management Information System.

Governor’s Recommendation

The **Governor** recommends FY 2006 expenditures of \$1.4 billion, including \$426.8 million from the State General fund for the Division of Health Policy and Finance. The recommendation is a decrease of \$4.7 million or 0.3 percent all funds and \$3.2 million or 0.7 percent State General Fund below FY 2006 approved expenditures. The **Governor’s** recommendation is a reduction of \$17.3 million or 1.2 percent all funds and \$4.8 million or 1.1 percent State General Fund and 0.5 FTE positions below the agency request. The Governor makes the following reductions:

- \$17.9 million, including \$6.0 million from the State General Fund for Fall Consensus Caseload adjustments;
- \$568,151 from the State General Fund to bring expenditures to approved levels; and
- 6.5 FTE positions to bring FTE and Non-FTE positions numbers to the approved levels.

The **Governor** recommends the Health Policy Authority operate as a distinct program under the Division of Health Policy and Finance instead of operating as a new state agency and adds \$1.2 million State General Fund for Health Policy Authority operations.

Senate Subcommittee Recommendation

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

1. Delete \$950,173 from the State General Fund and 6.0 FTE positions for the Division of Health Policy and Finance that the Governor recommended to fund the Health Policy Authority within the Division of Health Policy and Finance.

Senate Subcommittee Report

Agency: Department of Administration -
Division of Health Policy and Finance

Bill No. 570

Bill Sec. 35

Analyst: Dunkel

Analysis Pg. No. Vol. I – 525

Budget Page No. 13

Expenditure	Agency Req. FY 07	Governor Rec. FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 417,615,683	\$ (417,615,683)
Other Funds	0	955,976,800	(955,976,800)
TOTAL–Operating	\$ 0	\$ 1,373,592,483	\$ (1,373,592,483)
 FTE Positions–Reportable	 0.0	 130.9	 (130.9)

Agency Request

The **agency** requests no expenditures for FY 2007.

Governor's Recommendation

The **Governor** recommends expenditures of \$1.4 billion, including \$417.6 million from the State General Fund for the Division of Health Policy and Finance in FY 2007. The recommendation is a reduction of \$1.6 million or 0.1 percent all funds and \$9.2 million or 2.2 percent State General Fund below the FY 2006 recommendation. The all funds reduction reflects reduced expenditures for Medical Policy Administration and the State General Fund reduction reflects a shift of expenditures from the State General Fund to the Social Welfare Fund.

The **Governor's** recommendation includes the delay of the transfer of programs to the Health Policy Authority until FY 2008, and the continuation of the Authority as a distinct program in DHPF, instead of an independent state agency.

Senate Subcommittee Recommendation

The Senate Subcommittee makes the following recommendations:

1. Delete \$1.4 billion, including \$417.6 million from the State General Fund and 130.9 FTE positions for programs that shift from the Division of Health Policy and Finance in the Department of Administration to the Health Policy Authority in FY 2007 as required in 2005 House Substitute for SB 272.

Senate Subcommittee Report

Agency: Health Policy Authority

Bill No. --

Bill Sec. --

Analyst: Dunkel

Analysis Pg. No. Vol 1 - 562

Budget Page No. 187

Expenditure	Agency Req. FY 06	Governor Rec. FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 750,173	\$ 0	\$ 950,173
Other Funds	0	0	0
TOTAL	<u>\$ 750,173</u>	<u>\$ 0</u>	<u>\$ 950,173</u>
FTE Positions	6.0	0.0	6.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>6.0</u>	<u>0.0</u>	<u>6.0</u>

Agency Estimate

For FY 2006, the **agency** estimates expenditures of \$750,173 from the State General Fund. Expenditures are primarily for the Business Health Partnership (\$500,000) and salaries and wages (\$250,173).

Governor's Recommendation

For FY 2006, the **Governor** recommends that instead of operating as a separate program, the Health Policy Authority operate as a distinct program within the Department of Administration Division of Health Policy and Finance. The Governor's recommendation moves all expenditures from the Health Policy Authority to the Division of Health Policy and Finance.

Senate Subcommittee Recommendation

The Senate Subcommittee makes the following recommendation:

1. The Senate Subcommittee recommends \$950,173 from the State General Fund for the Health Policy Authority. This recommendation restores the agency's requested \$250,173 in operating expenditures and restores its status as a separate agency. The recommendation also includes \$200,000 from the State General Fund for the generic drug program. This additional funding was recommended by the Governor in the Division of Health Policy and Finance in the Department of Administration.

Senate Subcommittee Report

Agency: Health Policy Authority

Bill No. --

Bill Sec. --

Analyst: Dunkel

Analysis Pg. No. Vol 1 - 562

Budget Page No. 187

Expenditure	Agency Req. FY 07	Governor Rec. FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 445,193,727	\$ 0	\$ 417,615,683
Other Funds	975,928,412	0	955,976,800
TOTAL Reportable	<u>\$ 1,421,122,139</u>	<u>\$ 0</u>	<u>\$ 1,373,592,483</u>
FTE Positions	144.4	0.0	130.9
Non FTE Uncl. Perm. Pos.	0.0	0.0	10.0
TOTAL Reportable	<u>144.4</u>	<u>0.0</u>	<u>140.9</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	22,481,911	0	22,532,798
TOTAL Non-Reportable	<u>\$ 22,481,911</u>	<u>\$ 0</u>	<u>\$ 22,532,798</u>
FTE Positions	47.0	0.0	39.3
Non FTE Uncl. Perm. Pos.	0.5	0.0	0.5
TOTAL Non-Reportable	<u>144.4</u>	<u>0.0</u>	<u>39.8</u>

Agency Request

For FY 2007, the **agency** requests expenditures of \$1.4 billion, including \$445.2 million from the State General Fund. The request is an increase of \$1.4 billion over the agency's FY 2006 estimate and reflects the transfer of the following programs from the Department of Administration Division of Health Policy and Finance to the Health Policy Authority:

Medical Policy Administration (\$26.6 million all funds, \$6.7 million State General Fund);
Medicaid Management Information System (MMIS) (\$37.7 million all funds, \$11.5 million State General Fund);
HealthWave Administration (\$11.6 million all funds, \$4.7 million State General Fund);
Ticket to Work (\$662,882 all funds); and,
Regular Medical and the State Children's Health Insurance Program (SCHIP) (\$1.3 billion all funds, \$421.4 million State General Fund).

In addition, the request includes enhancement requests totaling \$27.4 million, including \$9.5 million from the State General Fund.

Governor's Recommendation

For FY 2007, the **Governor** proposes a change to the provision of 2005 House Substitute for SB 272. The Governor proposes a one-year delay, until July 1, 2007, of the transfer of health programs from the Division of Health Policy and Finance to the Health Policy Authority. In addition, the Governor recommends the Health Policy Authority operate as a distinct program under the Department of Administration Division of Health Policy and Finance. The Governor's recommendation moves all expenditures from the Health Policy Authority to the Division of Health Policy and Finance.

Senate Subcommittee Recommendation

The Senate Subcommittee makes the following recommendation:

1. Add \$1.4 billion, including \$417.6 million from the State General Fund and 130.9 FTE positions for the reportable budget of the Health Policy Authority to fund the budget with the statutory shift of programs from the Division of Health Policy and Finance in the Department of Administration, in the amount recommended by the Governor for program expenditures, to the Health Policy Authority in FY 2007.
2. Add \$22.5 million and 39.3 FTE positions for the non-reportable budget of the Health Policy Authority to fund the budget with the statutory shift of programs from the Division of Health Policy and Finance in the Department of Administration to the Health Policy Authority in FY 2007.

DHPF/HPA Comparison Table
 Agency Request/Gov. Rec./Senate Subcommittee Adjustments

<u>Program</u>	<u>Actual FY 2005</u>	<u>Agency Est. FY 2006</u>	<u>Gov. Rec. FY 2006</u>	<u>Senate Subcommittee Adjustments FY 2006</u>	<u>Agency Est. FY 2007</u>	<u>Gov. Rec. FY 2007</u>	<u>Senate Subcommittee Adjustments FY 2007</u>
Department of Administration							
Office of Health Planning and Finance	\$365,044	\$0	\$0	\$0	\$0	\$0	\$0
Department of Social and Rehabilitation Services Transferred Programs							
MMIS	\$30,519,459	\$0	\$0	\$0	\$0	\$0	\$0
Health Policy Authority	0	0	0	0	0	0	0
Benefits Administration	0	0	0	0	0	0	0
Business Health Partnership	0	0	0	0	0	0	0
Medical Policy Administration	21,129,590	0	0	0	0	0	0
HealthWave Administration	11,443,536	0	0	0	0	0	0
Regular Medical/SCHIP	1,307,440,900	0	0	0	0	0	0
Ticket to Work/Working Healthy	504,901	0	0	0	0	0	0
Generic Drug Program	0	0	0	0	0	0	0
TOTAL	\$1,371,038,386	\$0	\$0	\$0	\$0	\$0	\$0
Kansas Health Policy Authority							
MMIS	\$0	\$0	\$0	\$0	\$37,734,798	\$0	\$37,734,798
Health Policy Authority	0	250,173	0	250,173	392,500	0	476,077
Benefits Administration	0	0	0	0	1,040,767	0	1,040,767
Business Health Partnership	0	500,000	0	500,000	500,000	0	2,000,000
Medical Policy Administration	0	0	0	0	26,581,869	0	21,035,726
HealthWave Administration	0	0	0	0	11,619,213	0	11,619,213
Regular Medical/SCHIP	0	0	0	0	1,342,590,110	0	1,298,616,863
Ticket to Work/Working Healthy	0	0	0	0	662,882	0	669,039
Generic Drug Program	0	0	0	200,000	0	0	400,000
TOTAL	\$0	\$750,173	\$0	\$950,173	\$1,421,122,139	\$0	\$1,373,592,483
Division of Health Policy and Finance							
MMIS	\$0	\$34,734,798	\$34,734,798	\$0	\$0	\$37,734,798	(\$37,734,798)
Health Policy Authority	0	0	250,173	(250,173)	0	476,077	(476,077)
Benefits Administration	0	0	0	0	0	1,040,767	(1,040,767)
Business Health Partnership	0	0	500,000	(500,000)	0	2,000,000	(2,000,000)
Medical Policy Administration	0	25,986,492	25,668,341	0	0	21,035,726	(21,035,726)
HealthWave Administration	0	11,619,213	11,619,213	0	0	11,619,213	(11,619,213)
Regular Medical/SCHIP	0	1,319,413,607	1,301,525,860	0	0	1,298,616,863	(1,298,616,863)
Ticket to Work/Working Healthy	0	664,189	664,189	0	0	669,039	(669,039)
Generic Drug Program	0	0	200,000	(200,000)	0	400,000	(400,000)
TOTAL	\$0	\$1,392,418,299	\$1,375,162,574	(\$950,173)	\$0	\$1,373,592,483	(\$1,373,592,483)
Grand Total	\$1,371,403,430	\$1,393,168,472	\$1,375,162,574	\$0	\$1,421,122,139	\$1,373,592,483	\$0

Senate Ways and Means
03-01-06
Attachment 5