

**Opponent Testimony on SB 161
Senate Committee on Government Efficiency
Tuesday, February 11, 2025
Christine Osterlund, Deputy Secretary of Agency Integration and Medicaid Director
Kansas Department of Health and Environment**

Chairwoman Erickson and members of the Senate Committee on Government Efficiency:

Thank you for the opportunity to provide testimony in opposition of SB 161, a bill which would prevent the Kansas Medicaid program from complying timely with new federal regulations and put the program at risk of withheld federal funding. The bill requires legislative approval prior to the Kansas Department of Health and Environment seeking or implementing any waiver or other authorization from the federal government that expands Medicaid eligibility or increases cost to the State. With no pathway to legislative approval outside of the annual legislative session and bi-annual consensus caseloads, SB 161 leaves the State open to the risks of potential months-long noncompliance with federal laws and regulations that are mandated in the interim.

In order for Kansas Medicaid to receive federal matching funds, the program must remain in compliance with federal laws and regulations. These federal laws and regulations can change, and Medicaid programs must come into compliance with new rules within the timelines set by the federal government. One of these changes is an annual adjustment the Centers for Medicare and Medicaid Services (CMS) makes to payment rates for certain Medicare services. CMS mandates that state Medicaid programs adjust their rates for the same services in accordance with Medicare rates. The rates may increase or decrease, and SB 161 would prevent Kansas Medicaid from adjusting the rates quickly and in compliance with federal guidance. Not only does late compliance bring the risk of financial impacts to the State, in the case of a rate increase, it also delays impacted Medicaid providers from receiving accurate payments for their services.

CMS has the authority to add services to Medicare and require state Medicaid programs to implement those services with the same deadlines as Medicare. Additionally, the United States Congress and CMS will, at times, mandate that Medicaid programs add populations or expand eligibility guidelines and set timelines that the State must comply with. Under SB 161, Kansas would be required to receive legislative approval before complying, which runs the risk of late implementation, resulting in potentially withheld federal funds and/or a corrective plan being issued.

I respectfully ask you to not take action on SB 161 due to the restrictions it will place on KDHE's ability to comply with federal mandates. Mandates from the federal government are made without regard to a state's particular legislative process or structure, meaning that mandates could come outside of the legislative session, creating the potential for Kansas to be out of compliance for months until legislative action is taken on a given mandate. This opens Kansas up to significant financial risk, should federal funds be withheld due to noncompliance with mandates, and potential corrective plans, and delays providers from receiving much-needed rate increases.