

**KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
BUDGET RECONSIDERATION REQUESTS
Presented to the Committee on Senate Ways and Means
March 5, 2025**

LAPSES

- KDHE Lab
 - Operating Expenditures of \$1.386M needed for increased rents and surcharges for the new lab.
 - The Department of Administration has not yet finalized the ongoing rent rates for the new lab, but early indications are that the rents and surcharges will exceed the original estimates used to calculate the ongoing operational costs of the new lab. This funding will assist the agency in covering the funding gap.
 - \$429,385 Lab Equipment
 - KDHE has held off on replacing and upgrading equipment as much as possible during the construction of the new Laboratory to minimize the need to transport costly and delicate equipment from the current lab at Forbes Field to the new laboratory, risking damage. Further, such specialized equipment often costs significantly more than the \$280,000 annual appropriation, necessitating the agency to save multiple years' allocations to make the needed purchases. Ensuring that laboratory equipment is current is critical to accurate and reliable laboratory data and is critical to laboratory production of large volumes of data at low cost for the State of Kansas.
- Childcare Pilot
 - \$2.5M Childcare Pilot
 - The State of Kansas has partnered with Blue Cross Blue Shield of Kansas (BCBSKS) on the creation of a daycare facility that will provide licensed childcare exclusively for the children of eligible State employees and BCBSKS employees in a safe, nurturing, and

academically focused environment. The state is contributing \$2.5 million in funding for capital improvements necessary for the project. In exchange, half of the childcare slots available for each age group will be reserved for State of Kansas employees. This agreement was executed, and payment was made, in December of 2024. Therefore, this funding is no longer available for lapse.

- Medicaid Data Warehouse Project
 - Operating Expenditures of \$1.4M has been obligated for a Medicaid data warehouse project.
 - The \$1.4 million that reappropriated from FY 2024 is obligated to a Medicaid data warehouse consolidation project that will allow for the retirement of an obsolete system and eventually result in cost savings to the program. Furthermore, the consolidation will allow for more accurate reporting and oversight of MCO performance. This project was initiated in FY 2024 with the hiring of a consultant, McKinsey Consulting, to guide the development of a Center of Excellence for the KDHE data program.
 - Lapse of these funds would result in a breach of contract and likely penalty fees to McKinsey, the cessation of the data warehouse consolidation project, and no cost savings would be realized in the future.

PUBLIC HEALTH

- \$2M in FY 2026 for health facility surveys
 - Bureau of Facilities and Licensing to address a shortfall in funding that is necessary for the continuation of federally required facility surveys. Safety concern.
- \$1.5M in FY 2026 for disease investigation
 - Bureau of Disease Control & Prevention Funding of disease investigation – HIV, Syphilis and more. Safety concern.

MEDICAID

- Gainwell Technologies
 - \$4.8 million SGF in FY 2025 for the agency's contract with Gainwell Technologies.
 - If not approved, any system changes or processing will be slowed.
 - \$5.0 million SGF in FY 2026 for the agency's contract with Gainwell Technologies.
 - If not approved, any system changes or processing will be slowed.
- Medicaid Provider Centralized Credentialing
 - \$12.9 million, including \$1.5 million SGF to procure and implement a Medicaid provider centralized credentialing module for FY 2026.
 - Requirement of new KanCare 3.0 contracts; demand from providers. Will assist in getting providers enrolled in Medicaid.