

February 11, 2025

The Honorable Francis Averkamp, Chairperson  
House Committee on Welfare Reform  
300 SW 10th Avenue, Room 152-S  
Topeka, Kansas 66612

Dear Representative Averkamp:

**SUBJECT:** Fiscal Note for HB 2240 by House Committee on Welfare Reform

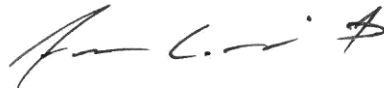
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2240 is respectfully submitted to your committee.

Beginning July 1, 2025, HB 2240 would prohibit state agencies from seeking to implement a Medicaid state plan, state plan amendment, state demonstration, or waiver pursuant to Section 1115 or 1915 of the federal Social Security Act that would expand coverage to any additional individuals or class of individuals or would increase any cost to the state unless the Legislature expressly consents and approves the coverage. The bill would specify that it would not apply to any state plan amendment or waiver program already implemented prior to July 1, 2025.

The Kansas Department of Health and Environment (KDHE) and the Kansas Department for Aging and Disability Services (KDADS) indicate that HB 2240 would prohibit the addition of required eligibility groups or services that are mandated either by federal law or by federal regulations. As a result, the agency indicates the Kansas Medicaid Program would be out of compliance and the state would be at risk for losing federal match dollars. For example, the Consolidated Appropriations Act of 2023 requires all states to cover juveniles exiting the correction systems for 90 days prior to release. Federal law stipulates implementation timeline for this coverage which would be prohibited by HB 2240 until the Legislature would give its approval. In addition, there are services where all Medicaid states are required to make rate adjustments to follow Medicare changes. The effect varies greatly each year as some rates increase and some decrease. Any year where there is a net increase, the bill may prohibit Kansas from complying and again be out of compliance with federal requirements until the increases were approved by the Legislature.

While KDADS and KDHE are unable to determine specific implications, it is likely that failure on the part of the state to provide any or all Centers for Medicare and Medicaid Services mandated services as proposed in HB 2240, would put the federal share of funds for the Kansas Medicaid program at risk in its entirety. Federal share for assistance alone for both agencies is estimated at \$3.8 billion in FY 2026 and \$3.9 billion in FY 2027. Any fiscal effect associated with HB 2240 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt  
Director of the Budget

cc: Amy Penrod, Department of Health & Environment