

February 12, 2025

The Honorable Renee Erickson, Chairperson  
Senate Committee on Government Efficiency  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Erickson:

**SUBJECT:** Fiscal Note for SB 151 by Senate Committee on Public Health and Welfare

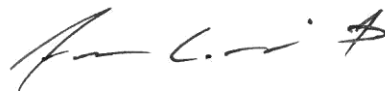
In accordance with KSA 75-3715a, the following fiscal note concerning SB 151 is respectfully submitted to your committee.

SB 151 would require the Secretary of Health and Environment to request a waiver on July 1, 2025, from the United States Centers for Medicare and Medicaid Services to end participation in certain expenditure authorities under the KanCare demonstration. These would include additional services for individuals with behavioral health needs, residential and inpatient treatment for individuals with substance use disorder, continuous eligibility period for parents and other caretaker relatives, and continuous coverage for individuals aging out of the Children's Health Insurance Program (CHIP). The bill would specify that if the waiver was approved, services approved in such expenditure authorities would be required to end immediately. If the waiver was not approved the bill would require the Secretary to request the waiver annually until it was approved.

The Kansas Department of Health and Environment (KDHE) and the Kansas Department for Aging and Disability Services (KDADS) note that enactment of SB 151 would eliminate current 1115 waiver authority and reduce state Medicaid expenditures by \$11.3 million, including \$4.3 million from the State General Fund, in FY 2026 and \$10.4 million, including \$4.0 million from the State General Fund, in FY 2027. The reduction in expenditures would also reduce correlating federal revenue and would continue as long as the waiver was in place. The agencies note that behavioral health and substance abuse services have been authorized for coverage since 2013 and removing these services would affect approximately 25,984 members over the next three years. KDADS states that to maintain the same level of services for individuals under the affected programs, a total of \$8.0 million from the State General Fund would be needed beginning in FY

2026. This would include the \$3.1 million appropriation currently funded in the caseload process and the federal share of \$4.9 million that would be discontinued with elimination of the 1115 authority. The agencies state that there is no fiscal effect associated with the provisions on eligibility for parents and caretakers or CHIP. KDHE notes that the bill would prohibit them from moving forward with current plans to request an enhanced match for CHIP related to a Public Health Emergency policy. Any fiscal effect associated with SB 151 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt". The signature is fluid and cursive, with a large initial "A" and a stylized "P" at the end.

Adam C. Proffitt  
Director of the Budget

cc: Amy Penrod, Department of Health & Environment  
Leigh Keck, Department for Aging & Disability Services