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Adam C. Proffitt, Director

Laura Kelly, Governor

February 11, 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 161 by Senate Committee on Government Efficiency

In accordance with KSA 75-3715a, the following fiscal note concerning SB 161 is respectfully submitted to your committee.

SB 161 would require legislative approval prior to any state agency seeking or implementing a public assistance program waiver or other authorization from the federal government that would expand eligibility for any public assistance program or would increase cost to the state. The bill would not affect any state plan amendment or waiver program already being implemented prior to July 1, 2025.

According to the Kansas Department of Health and Environment (KDHE), SB 161 would prohibit KDHE from adding required eligibility groups or services that are mandated either by federal law or by federal regulations. As a result, the Kansas Medicaid program would be out of compliance and the state would be at risk for losing federal match dollars. Currently, the federal 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. Since this is federal law, Kansas must cover this eligibility group. 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 could prohibit Kansas from complying and again be out of compliance with federal requirements until such a time as the Legislature would allocate funds.

While the Kansas Department for Aging and Disability Services 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 (CMS) mandated services could put the federal share of funds for the Kansas Medicaid program at risk in its entirety. The federal share is estimated at $3.7 billion for FY 2025, $3.8 billion in FY 2026, and $3.9 billion in FY 2027. These amounts reflect the total estimated share of federal funds when calculated across both KDADS and KDHE. Kansas is not currently receiving guidance from CMS while administrative changes are ongoing at the federal level. Until new federal agency leadership is in place, the Kansas Medicaid program is unable to determine how or when CMS may rule on legislation implemented at the state level.

According to the Department for Children and Families (DCF), enactment of SB 161 would have no immediate effect on expenditures or revenues related to Temporary Assistance to Needy Families (TANF) cash assistance, food assistance, and childcare subsidy programs as it includes a provision indicating it would not affect any state plan amendment or waiver program already implemented as of July 1, 2025. However, future state plan amendments, new programs, or waiver continuation requests could be affected. The requirement to seek legislative approval prior to amending and submitting state plans or implementing new programs could result in delays in funding or an inability to accept new funding. State plans (and corresponding amendments), new federal regulations which may require a waiver, and new program opportunities do not always correspond to when the Legislature is in session.

The bill would prohibit requesting or implementing a waiver for the time limited assistance provisions for able-bodied adults without dependents under the food assistance program. Currently, all TANF and food assistance benefits paid to eligible families are 100.0 percent federally funded. Childcare subsidy payments include state funds to meet matching and maintenance of effort requirements. State funds are required to administer the food assistance program. Any fiscal effect associated with SB 161 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

Adam C. Proffitt
Director of the Budget

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