

MEMORANDUM

TO: Governor Sam Brownback and Legislative Budget Committee

FROM: Kansas Division of the Budget and Kansas Legislative Research Department

DATE: April 12, 2012

SUBJECT: Consensus Caseload Estimates for FY 2012 and FY 2013

The Division of the Budget, Department of Social and Rehabilitation Services, Department of Health and Environment, Department on Aging, Juvenile Justice Authority, and the Legislative Research Department met on April 11, 2012, to revise the estimates on caseload expenditures for FY 2012 and FY 2013. The caseload estimates include expenditures for Nursing Facilities, Regular Medical Assistance, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, Psychiatric Residential Treatment Facilities, and Out of Home Placements. Governor Brownback submitted a reorganization plan to the Kansas Legislature in February. Under the ERO, the Department on Aging will become the Kansas Department for Aging and Disability Services. It will absorb the Medicaid community supports and services programs, mental health programs and addiction programs that are a part of the consensus caseload estimate that are currently under the Department of Social and Rehabilitation Services (SRS). The deadline for legislative action on the ERO expired on Friday, April 6, 2012. As of July 1, 2012 the Department for Aging and Disability Services will take over administration of all Medicaid programs in SRS. SRS will become the Department for Children and Families and will maintain administration of the Temporary Assistance to Families Program and the Reintegration/Foster Care Contracts that are a part of the consensus caseload estimate.

As the starting point for the current estimate the group used the Governor's budget recommendation as adjusted by the Governor's Budget Amendment No. 1. A chart summarizing the estimates for FY 2012 and FY 2013 is included at the end of this memorandum. The estimate for FY 2012 is an increase of \$552,642 from all funding sources. However, the estimate for State General Fund caseload expenditures is a decrease of \$4.9 million. The new estimate for FY 2013 then increases by \$43.8 million from the State General Fund, and \$100.0 million from all funding sources. **The combined increase for FY 2012 and FY 2013 is an all funds increase of \$100.4 million and a State General Fund increase of \$38.9 million.**

FY 2012

For FY 2012, the estimate is an all funds increase of \$552,642 and a State General Fund decrease of \$4.9 million as compared to the Governor's recommended budget. The new estimate for the Regular Medical Program utilizes unanticipated fee fund receipts and includes changes in the distribution of populations served and funding sources available to those clients. The net result from the program for FY

2012 is State General Fund savings of \$3.0 million, but an increase of \$3.7 million from all funding sources. Expenditures for Nursing Facilities and Targeted Case Management for the elderly are expected to increase by \$3.8 million from the State General Fund and \$6.3 million from all funding sources.

The new estimate for Juvenile Justice Authority programs shifts a portion of the population served from Psychiatric Residential Treatment Facilities to Out-of Home Placements resulting in a reduction of \$377,819 from all funding sources, but an increase of \$1.0 million from the State General Fund. The estimates for the SRS' Temporary Assistance to Families, Foster Care, Mental Health, Community Supports and Services and Addiction and Prevention Services are decreased by a total of \$9.4 million from all funding sources, including \$6.9 million from the State General Fund. In general, these estimates indicate that these programs will have fewer participants than was estimated in November of 2011. The \$2.2 million State General Fund reduction in the Temporary Assistance to Families Program is possible because the overall state maintenance of effort requirement for the federal Temporary Assistance for Needy Families (TANF) is being met through expenditures in other programs.

FY 2013

For FY 2013, the estimate is an increase of \$100.0 million from all funding sources, including \$43.8 million from the State General Fund. These adjustments include decreases for the Temporary Assistance to Families and Foster Care programs totaling \$7.3 million from all funding sources and \$1.9 million from the State General Fund. These reductions reflect fewer than previously expected families on assistance and children in foster care placements. The new estimate for Juvenile Justice Authority programs shifts a portion of the population served from Psychiatric Residential Treatment Facilities to Out-of-Home Placements resulting in a reduction of \$813,910 from all funding sources, but an increase of \$900,000 from the State General Fund.

The overall estimate for Nursing Facilities is increased from November of 2011 by \$10.0 million from all funding sources, including \$4.9 million from the State General Fund. The estimates for the number of clients and costs are increased. The estimate for Regular Medical is an increase of \$91.6 million, including \$36.4 million from the State General Fund. The new estimate for the Regular Medical Program utilizes unanticipated fee fund receipts and includes changes in the distribution of populations served and funding sources available to those clients. The estimate for the number of families in the Program is decreased, while the number of aged and disabled clients is beginning to level off while there is still increased growth in the number of infants and children in the Program resulting in an overall increase in the estimate for the number of people served. Costs per person are also expected to increase; however, savings from the implementation of KanCare that were included in the Governor's Budget recommendation are included in the new estimate. Those savings total \$32.1 million from all funding sources and \$12.5 million from the State General Fund. The new estimate also recognizes policy changes that will occur from passage of 2012 House Bill 2416 and adds \$35.6 million in both revenue and expenditures from the Provider Assessment Program. In general, the increases in the remaining programs reflect caseload growth, for both increased individuals and cost increases. The Spring estimate for the Addiction and Prevention Services Program includes the Governor's recommendation to increase funding from the Problem Gambling and Addiction Grant Fund by \$5.0 million, for a total of \$6.45 million, to meet state match requirements.

The base Medicaid matching rate for federal contribution was reduced by 0.83 percent between FY 2012 and FY 2013. The estimated impact of this reduction in FY 2013 is \$17.4 million for caseload programs. The impact of the base federal match rate on non-caseload items is estimated to increase State General Fund expenditures by \$4.7 million in FY 2013.

2012 Consensus Caseload Estimates

	FY 2012 Governor's <u>Rec.</u>	April Revised FY 2012	Difference from Governor's <u>Rec.</u>	FY 2013 Governor's <u>Rec.</u>	April Revised FY 2013	Difference from Governor's <u>Rec.</u>
Regular Medical						
State General Fund	\$565,035,546	\$562,005,546	(\$3,030,000)	\$597,500,000	\$633,870,000	\$36,370,000
All Funds	1,465,850,000	1,469,570,000	3,720,000	1,544,356,826	1,635,983,000	91,626,174
Nursing Facilities						
State General Fund	170,000,000	173,556,472	3,556,472	170,770,096	175,661,600	4,891,504
All Funds	442,904,135	448,675,920	5,771,785	436,206,720	445,866,791	9,660,071
Aging Targeted Case Management						
State General Fund	2,200,000	2,423,877	223,877	2,304,962	2,512,895	207,933
All Funds	5,169,173	5,695,200	526,027	5,312,196	5,791,416	479,220
Psychiatric Residential Treatment Facilities						
State General Fund	2,553,600	1,865,991	(687,609)	2,712,567	1,917,281	(795,286)
All Funds	6,000,000	4,384,378	(1,615,622)	6,251,595	4,418,716	(1,832,879)
Out-of-Home Placements						
State General Fund	20,296,140	21,981,916	1,685,776	19,892,159	21,606,959	1,714,800
All Funds	23,296,140	24,533,943	1,237,803	23,140,017	24,158,986	1,018,969
Temporary Assist. to Families						
State General Fund	22,265,477	20,022,677	(2,242,800)	12,278,290	12,278,290	--
All Funds	45,000,000	42,757,200	(2,242,800)	37,945,952	33,000,000	(4,945,952)
Reintegration/Foster Care Contract						
State General Fund	72,895,882	70,441,355	(2,454,527)	78,741,228	76,880,823	(1,860,405)
All Funds	138,606,455	135,612,043	(2,994,412)	138,579,096	136,196,437	(2,382,659)
Mental Health						
State General Fund	101,767,349	100,286,984	(1,480,365)	113,100,366	114,489,637	1,389,271
All Funds	246,155,819	243,715,680	(2,440,139)	262,802,436	265,398,003	2,595,567
Nursing Facilities Mental Health						
State General Fund	14,500,000	14,740,622	240,622	14,520,418	15,524,391	1,003,973
All Funds	18,742,269	19,063,099	320,830	18,742,269	20,391,600	1,649,331
Community Supports & Services						
State General Fund	14,044,859	13,644,952	(399,907)	14,504,624	14,631,108	126,484
All Funds	33,000,139	32,060,508	(939,631)	33,428,496	33,720,000	291,504
Addiction and Prevention Services						
State General Fund	7,288,482	6,951,747	(336,735)	1,351,574	2,101,082	749,508
All Funds	<u>20,532,147</u>	<u>19,740,948</u>	<u>(791,199)</u>	<u>17,980,120</u>	<u>19,707,495</u>	<u>1,727,375</u>
Total State General Fund	\$992,847,335	\$987,922,139	(\$4,925,196)	\$1,027,676,284	\$1,071,474,066	\$43,797,782
Total All Funds	\$2,445,256,277	\$2,445,808,919	\$552,642	\$2,524,745,723	\$2,624,632,444	\$99,886,721