

February 25, 2013

REVISED

The Honorable David Crum, Chairperson
House Committee on Health and Human Services
Statehouse, Room 512-N
Topeka, Kansas 66612

Dear Representative Crum:

SUBJECT: Revised Fiscal Note for HB 2029 by Representative Ward

In accordance with KSA 75-3715a, the following revised fiscal note concerning HB 2029 is respectfully submitted to your committee.

HB 2029 would create the Vulnerable Kansan Protection Act and would prohibit the implementation or administration of a managed care program to provide services for individuals with intellectual or developmental disabilities through a managed care system.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$9,197,833	\$21,390,309
FTE Pos.	--	--	--	--

HB 2029 would essentially carve out of KanCare all services for individuals with intellectual or developmental disabilities. KDHE and its actuary estimated the effects of this legislation by projecting the cost of providing all services to individuals with intellectual or developmental disabilities in a fee-for-service setting starting July 1, 2013 and comparing that to the projected cost of providing physical and behavioral health services to those individuals in a managed care setting starting January 1, 2013, and long-term services and supports for those same individuals through managed care starting January 1, 2014. The projections are consistent with the methodology used in developing previously distributed cost and savings estimates for KanCare.

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Page 2—HB 2029 Revised

Excluding individuals with intellectual and developmental disabilities from KanCare permanently, requiring all services to be rendered in a fee-for-service setting, would increase cumulative state expenditures by an estimated \$126.2 million from all funding sources during Fiscal Years 2014 through 2017. The State General Fund portion of those additional expenditures would be \$54.3 million.

	FY 2014	FY 2015	FY 2016	FY 2017	Total
All funds	21,390,309	39,107,103	35,099,332	30,647,020	126,243,763
State	9,197,833	16,816,054	15,092,713	13,178,218	54,284,818
Federal	12,192,476	22,291,049	20,006,619	17,468,801	71,958,945

If only long term services and supports for these individuals were excluded from KanCare, cumulative state expenditures would increase by an estimated \$99.1 million from all funding sources during Fiscal Years 2014 through 2017. The State General Fund portion of those additional expenditures would be \$42.6 million. The original fiscal note did not separately identify the additional costs for long term services and supports apart from the health care costs. Any fiscal effect associated with HB 2029 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Aaron Dunkel, KDHE
Dave Halferty, Aging & Disability Services