

Executive Reorganization Order (ERO) No. 43

The Governor issued Executive Reorganization Order (ERO) No. 43, which transfers the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to KDHE effective January 1, 2016. In addition, ERO No. 43 will transfer foster care licensing responsibilities from KDHE to the Department for Children and Families effective July 1, 2015.

The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated savings will be split between KDHE and the Department for Aging and Disability Services. The agency states the eligibility determination portion of this organizational change is anticipated to improve the Medicaid Payment Error Rate Measure (PERM) by 2.0 percent. The current Kansas error rate is 12.8 percent while the national average is 3.0 percent. The estimated savings associated with this error rate improvement of \$29.5 million, including \$13.0 million from the State General Fund for FY 2017, for both the Department of Health and Environment and the Department for Aging and Disability Services are included in the Governor's Budget Recommendation, for total savings of \$59.0 million, including \$26.0 million from the State General Fund.

ERO No. 43 transfers the responsibilities of the Medicaid eligibility workers from DCF to KDHE on January 1, 2016. KDHE is the State Medicaid agency and currently has employees in the Division of Health Care Finance with knowledge and expertise in Medicaid eligibility. According to the agencies the combination of the current KDHE and DCF work groups that manage Medicaid eligibility will improve service by reducing the Kansas Medicaid Payment Error Rate Measurement by coordinating staff training and ensuring uniform implementation of policy and processing changes. The agencies are requesting the transfer of \$869,000 from the State General Fund in FY 2016 and \$1,737,000 from the State General Fund in FY 2017 from DCF to KDHE, as well as 138.0 positions. The requested funding transfers are for salaries and operating expenditures for the staff to be transferred.

The Governor also indicates this reorganization is anticipated to streamline the licensing process for foster care licensing. Effective July 1, 2015, ERO No. 43 transfers the foster care home licensing program from KDHE to DCF, making it responsible for all foster care related activity in Kansas. DCF is responsible for child welfare services in Kansas. DCF noted transferring that responsibility to DCF will help streamline the process and further the agency's ability to monitor the entire foster care system and serve those in need. The agencies are requesting the transfer of \$920,000 from the State General Fund in FY 2016 and \$938,000 from the State General Fund in FY 2017 from KDHE to DCF, as well as 23.0 positions. The requested funding transfers are for salaries and operating expenditures for the staff to be transferred.

The combined request for the implementation of ERO No. 43 for FY 2016 totals a transfer of \$51,000 from the State General Fund and 23.0 positions from KDHE to DCF. The request for FY 2017 totals a transfer of \$799,000 from the State General Fund and 115.0 positions from DCF to KDHE.