

MEMORANDUM

TO: Governor Sam Brownback and Legislative Budget Committee

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

DATE: April 15, 2016

SUBJECT: Consensus Caseload Estimates for FY 2016 and FY 2017

The staff from the Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), Department of Corrections (DOC), and the Legislative Research Department met on April 12, 2016, to revise the estimates on caseload expenditures for FY 2016 and FY 2017. The caseload estimates include expenditures for KanCare medical programs, Non-KanCare programs including Nursing Facilities for Mental Health (state only) and Frail Elderly/Physical Disability Waiver Assessments, Temporary Assistance to Families, the Reintegration/Foster Care Contracts, and Out of Home Placements.

As the starting point for the current estimate, the group used the approved budget in 2016 House Substitute for SB 161. A chart summarizing the estimates for FY 2016 and FY 2017 is included at the end of this memorandum. The new estimate for FY 2016 is an increase of \$100.2 million from all funding sources, including an increase of \$3.3 million from the State General Fund. The estimate for FY 2017 is an increase of \$2.1 million from the State General Fund and \$91.9 million from all funding sources. The combined estimate for FY 2016 and FY 2017 is an all funds increase of \$192.1 million, including \$5.4 million from the State General Fund.

On January 1, 2013, the State implemented its integrated medical care model KanCare, in which three managed care organizations began coordinating health care for nearly all Medicaid beneficiaries. The administration of KanCare within the state is accomplished by KDHE maintaining financial management and contract oversight, while KDADS administers the Medicaid Waiver programs for disability services, mental health and substance abuse services, and the State Hospitals.

In addition, the Department of Corrections administers program management for Out of Home Placements and part of KanCare related to Foster Care for juveniles in the custody of the Secretary. These programs were previously administered by the Juvenile Justice Authority and were transferred to the Department of Corrections on July 1, 2013.

FY 2016

The FY 2016 estimate for all human services caseloads is \$3.0 billion from all funding sources, including \$1.1 billion from the State General Fund. The estimate is an all funds increase of \$100.2 million and an increase of \$3.3 million from the State General Fund, as compared to the approved budget in 2016 House Substitute for SB 161. The estimate for the Temporary Assistance to Needy Families program is a decrease of \$648,965, all from federal funds. The number of families receiving services is expected to decrease at a faster rate than had been anticipated in the fall consensus caseload estimate. Expenditures for Foster Care are decreased by \$2.1 million from all funding sources, including \$4.6 million from the State General Fund. The decrease in all funds reflects an increase in the number of children anticipated to be in the foster care system, although the increase is lower than the estimate that was made by the group in the fall. The estimate for the Department of Corrections/Juvenile Services Out-of-Home Placements is decreased by \$3.3 million, all from the State General Fund, to reflect a reduction in the number of youth in DOC out-of-home placements.

The FY 2016 estimate for KanCare Medical is \$2.8 billion, including \$968.9 million from the State General Fund. The total estimate for the KanCare program in all agencies in FY 2016 reflects an increase of \$101.4 million from all funding sources and an increase of \$8.4 million from the State General Fund. For the Department of Health and Environment, the KanCare Medical estimate is \$2.0 billion from all funding sources, including \$663.0 million from the State General Fund. The Department for Aging and Disability Services' KanCare Medical estimate is \$764.7 million from all funding sources, including \$304.5 million from the State General Fund. The KanCare Medical estimate for the Department of Corrections is \$3.2 million, including \$1.4 million from the State General Fund. The major contributor to the increase for FY 2016 KanCare is the higher cost of capitated negotiated rates and estimated growth in population, which take into account recent processing delays and KanCare policy changes instituted in FY 2016. An additional \$18.9 million from KDHE fee funds was added to meet the state expenditure obligation in lieu of adding the same amount from the State General Fund.

The FY 2016 estimate for KDADS Non-KanCare is an increase of \$4.8 million, including \$2.8 million from the State General Fund. The new estimate was increased because of the eligibility determination backlog that is requiring an increase in retroactive fee-for-service payments.

FY 2017

The FY 2017 estimate for all human services caseloads is \$3.0 billion from all funding sources, including \$1.1 billion from the State General Fund. The estimate is an all funds increase of \$91.9 million from all funding sources and \$2.1 million from the State General Fund, as compared to the approved budget in 2016 House Substitute for SB 161. The estimate for the Temporary Assistance to Needy Families program is a decrease of \$1.7 million all from federal funds. The number of families receiving services is expected to decrease at a faster rate than had been anticipated in the fall estimate. Expenditures for Foster Care are decreased by \$3.2 million from all funding sources, including \$1.5 million from the State General Fund. The decrease in all funds is attributable to the fact the number of children in out-of-home placement is expected to be lower than what had been anticipated in the fall consensus caseload estimate. The estimate still anticipates an increase in the number of children in the foster care system for FY 2017. The

estimate for the Department of Corrections/Juvenile Services Out-of-Home Placements is reduced by \$1.5 million, including \$1.1 million from the State General Fund, to reflect a reduction in the numbers of youth in DOC out-of-home placements.

The FY 2017 estimate for KanCare Medical is \$2.8 billion, including \$957.2 million from the State General Fund. The new estimate reflects an increase of \$96.8 million from all funding sources, including \$2.8 million from the State General Fund. For the Department of Health and Environment, the KanCare Medical estimate is \$2.1 billion from all funding sources, including \$657.0 million from the State General Fund. The Department for Aging and Disability Services' KanCare Medical estimate is \$699.0 million from all funding sources, including \$298.7 million from the State General Fund. The KanCare Medical estimate for the Department of Corrections is \$3.5 million, including \$1.5 million from the State General Fund. The major contributor to the increase for FY 2017 KanCare is the higher cost of capitated negotiated rates and estimated growth in population, which take into account recent processing delays and KanCare policy changes instituted in FY 2016. An additional \$24.2 million from KDHE fee funds was added to meet the state expenditure obligation in lieu of adding the same amount from the State General Fund.

The FY 2017 estimate for KDADS Non-KanCare is an all funds increase of \$1.4 million, including an increase of \$1.9 million from the State General Fund. The estimate is increased because of the eligibility determination backlog that is requiring an increase in retroactive fee-for-service payments.

HUMAN SERVICES

April 12, 2016

Consensus Caseloads Estimates

		FY 2016 Approved	April Revised FY 2016	Difference from Approved	FY 2017 Approved	April Revised FY 2017	Difference from Approved
		\$	\$	\$	\$	\$	\$
DCF - Temporary Assistance to Needy Families	SGF	--	17,000,000	(648,965)	16,720,250	15,000,000	(1,720,250)
DCF - Foster Care Contract	AF	17,648,965	85,100,000	(4,620,000)	97,234,000	95,700,000	(1,534,000)
DOC - KanCare	SGF	89,720,000	153,500,000	(2,084,668)	161,159,784	158,000,000	(3,159,784)
DOC - Out of Placements	AF	155,584,668	1,400,000	146,000	1,181,000	1,500,000	319,000
KDHE - KanCare	SGF	1,254,000	3,200,000	341,000	2,694,000	3,500,000	806,000
KDADS - KanCare	SGF	2,859,000	15,000,000	(3,300,000)	14,900,000	13,800,000	(1,100,000)
KDADS - Non-KanCare	AF	18,300,000	15,600,000	(3,300,000)	16,900,000	15,400,000	(1,500,000)
	SGF	686,700,000	663,000,000	(23,700,000)	681,178,549	657,000,000	(24,178,549)
	AF	2,022,900,000	2,033,000,000	10,100,000	2,040,860,000	2,060,000,000	19,140,000
	SGF	272,499,557	304,500,000	32,000,443	272,000,000	298,700,000	26,700,000
	AF	673,697,431	764,700,000	91,002,569	622,100,000	699,000,000	76,900,000
	SGF	17,500,000	20,300,000	2,800,000	17,600,000	19,500,000	1,900,000
	AF	22,500,000	27,300,000	4,800,000	22,600,000	24,000,000	1,400,000
TOTALS	SGF	\$1,085,973,557	\$1,089,300,000	\$ 3,326,443	\$1,084,396,642	\$1,086,503,093	\$ 2,106,451
	AF	\$2,914,090,064	\$3,014,300,000	\$ 100,209,936	\$2,883,034,034	\$2,974,900,000	\$ 91,865,966

SGF - State General Fund

AF - All Funds

DCF - Department for Children and Families

DOC - Department of Corrections

KDHE - Kansas Department of Health and Environment

KDADS - Kansas Department for Aging and Disability Services