

February 20, 2017

The Honorable Daniel Hawkins, Chairperson
House Committee on Health and Human Services
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Hawkins:

SUBJECT: Fiscal Note for HB 2294 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2294 is respectfully submitted to your committee.

HB 2294 would require any managed care organization (MCO) that provides state Medicaid services to procure the services of one or more community-based organizations to provide targeted case management (TCM) services to recipients of home and community based services under the Kansas program of medical assistance administered by the Kansas Department of Health and Environment. The TCM services would include assessment of the recipient's needs; development of a service plan; referral and related activities that link the recipient with providers and resources; and monitoring and follow-up services. The bill would take effect after its publication in the statute book.

There are two issues for consideration when estimating the fiscal effect of HB 2294. First, based on the change in the provision of targeted case management services and the inherent potential for conflict of interest, it is likely that there would be a substantial increase in the cost of plans of care. An estimate of that increase cannot be made. Second, the MCOs currently contract out TCM services for individuals on the Developmentally Disabled and Serious Emotionally Disturbed waivers. Contracting out the TCM services for the other waiver programs could cost up to \$13.0 million. It is unknown whether MCO administrative costs could be reduced by the same amount because the MCOs would still have the duty of care coordination as required in the KanCare contracts. Any fiscal effect associated with HB 2294 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Dan Thimmesch, KDHE