

March 5, 2019

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 111-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2205 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2205 is respectfully submitted to your committee.

HB 2205 would eliminate the client obligation for all individuals receiving home and community-based services under the Kansas medical assistance program. Under current law, individuals receiving home and community-based services pay a client obligation based on the individual's monthly income.

Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$11,600,000	\$27,000,000
FTE Pos.	--	--	--	--

The Kansas Department of Health and Environment (KDHE) estimates enactment of HB 2205 would increase expenditures by \$27.0 million from all funding sources, including \$11.6 million from the State General Fund in FY 2020 and future fiscal years. The bill would require KDHE to set monthly income standards by individual, at an amount that would eliminate that individual's client obligation.

KDHE indicates that an individual's client obligation is determined by considering the individual's monthly income in conjunction with the protected income limit. Current law places the effective protected income limit at \$747 a month. According to the agency, any income above \$747 would be counted towards an individual's client obligation, which is the amount of money individuals are required to pay for home and community-based services per month. Any difference

between the individual's client obligation and the actual cost of services is paid for by the managed care organization. HB 2205 would require KDHE to set a specific protected income limit for everyone receiving services in order to eliminate any client obligation payment.

Client obligation payments are cost avoidances for the state, as client obligation payments are counted as a reduction in the monthly capitation payments made to managed care organizations. Over the past three years, statewide individual client obligation payments have totaled between \$2.0 million to \$2.4 million per month, or roughly \$27.0 million per year. Eliminating client obligations places payment responsibility on the state, totaling \$27.0 million, including \$11.6 million from the State General Fund. KDHE indicates enactment of HB 2205 could have a longer-term fiscal effect by eliminating client obligations. The agency estimates there are individuals in the state that are eligible for home and community-based services who choose to forgo services because those individuals would be financially responsible for services. As individuals become aware of the client obligation requirement being eliminated, those individuals could begin receiving services that would be the responsibility of the state to pay. Expenditures related to the enactment of HB 2205 would be experienced in the budget of the Kansas Department for Aging and Disability Services.

KDHE also estimates enactment of HB 2205 would require approximately 1,750 hours of work at a cost of \$200,000 to make necessary system changes to allow the agency to create individual monthly income standards for each person receiving services. Any fiscal effect associated with HB 2205 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Cody Gwaltney, Aging & Disability Services
Dan Thimmesch, Health & Environment