

March 10, 2021

The Honorable Richard Hilderbrand, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 445A-S
Topeka, Kansas 66612

Dear Senator Hilderbrand:

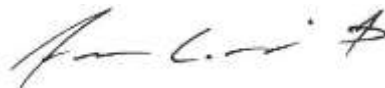
SUBJECT: Fiscal Note for SB 240 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 240 is respectfully submitted to your committee.

Currently, all funds received by the Kansas Department of Health and Environment (KDHE) for drug rebates associated with medical assistance enrollees are deposited into the Medical Programs Fee Fund. SB 240 would require that all funds received by the KDHE for drug rebates associated with medical assistance enrollees to be deposited in the State General Fund. KDHE would be required to certify the amount of monies collected for drug rebates and provide certification to the Directors of the Kansas Legislative Research Department and the Division of the Budget. The certified amount would be included as a separate item on the monthly State General Fund receipt reports published by the Kansas Legislative Research Department and the Division of the Budget. The bill would take effect on July 1, 2022.

KDHE indicates that SB 240 would require a shift of expenditures from the Medical Programs Fee Fund to the State General Fund, as the agency would no longer deposit the drug rebates into the fee fund. This shift would occur in FY 2023 because of the effective date of the bill. In the event KDHE receives a State General Fund appropriation to replace the fee fund revenue, there would be no fiscal effect on expenditures of the agency. Currently, a portion of human services caseload expenditures are funded from the Medical Programs Fee Fund. KDHE indicates it receives drug rebate revenue of approximately \$74.0 million annually. Any fiscal effect associated with SB 240 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Dan Thimmesch, Health & Environment