



standardizing reimbursement rates between waivers and increasing funding to address waiver waitlists. Staff note: For more detailed information on these enhancements, please see Request 2 in the Enhancement Section of the Budget Analysis.

- **ENHANCEMENTS RELATED TO HCBS I/DD WAIVER.** The agency requests \$21.5 million, including \$9.0 million SGF, for several enhancements related to the I/DD waiver. These enhancements center around raising the reimbursement rate for specialized nursing services to match the rate for the TA waiver, and funding in order to bring individuals off the waitlist and onto the waiver. Staff note: For more detailed information on these enhancements, please see Request 3 in the Enhancement Section of the Budget Analysis.
- **ENHANCEMENTS RELATED TO OVERSIGHT OF FACILITIES.** The agency requests \$14.7 million, including \$9.0 million SGF, for several enhancements related to the agency's oversight of adult care homes. These enhancements are generally related to increasing the agency's staff to survey these facilities as well as additional funding to supplement its statutory background check requirements. Staff note: For more detailed information on these enhancements, please see Request 4 in the Enhancement Section of the Budget Analysis.

The revised estimate also includes 341.5 FTE positions, which is an increase of 16.0 FTE positions above the number included in the FY 2022 revised estimate. This increase is due to the agency's enhancement requests for additional staffing.

### **Governor's Recommendation**

The **Governor** recommends \$2.4 billion, including \$970.4 million SGF, for FY 2023 expenditures. This is an increase of \$20.4 million, including \$67.0 million SGF, above the agency's FY 2023 request. Significant items in the Governor's recommendation include the following:

- **CONTINUATION OF FY 2022 INITIATIVES.** The Governor's recommendation includes the addition of \$28.0 million SGF to continue funding associated with the salary increase provided by the Governor's 24/7 facility pay plan, as well as funding for crisis intervention centers. For FY 2023, the Governor recommends that the expenditures for the 24/7 facility pay plan be funded with SGF moneys rather than federal ARPA funds.
- **EXPANSION OF MENTAL HEALTH SERVICES.** The Governor's recommendation includes \$19.3 million SGF in additional funding for mental health services. This includes initiatives to reduce the burden on the state hospitals through expanded funding for mobile competency evaluations and expansion of regional hospital beds to provide inpatient mental health services.
- **SHIFT IN FUNDING FOR MENTAL HEALTH EXPENDITURES.** The Governor's recommendation includes shifting the source of approximately \$13.6 million in mental health related expenditures from special revenue funds to the SGF. These shifts move the expenditures from the State Highway Fund and the Children's Initiatives Fund.

- **DECREASES ASSOCIATED WITH ENHANCEMENTS.** The Governor's recommendation also includes a decrease of \$35.3 million, including \$17.7 million SGF, associated with the Governor not recommending adoption of several of the agency's enhancement requests. Staff Note: For more detail on the agency's enhancement requests please see the Supplemental and Enhancement Requests section of the Budget Analysis.

The **Governor's** recommendation also includes 330.5 FTE positions, which is a decrease of 11.0 FTE positions below the agency's FY 2023 request. This decrease is due to the transfer of the KanCare Ombudsman to the Department of Administration and the partial adoption of the agency's enhancement request for additional survey and credentialing staff.

### **Senate Subcommittee Recommendation**

The **Subcommittee** concurs with the Governor's recommendation for FY 2023 with the following adjustments:

1. Add \$3.5 million SGF for additional nutritional program expenditures for FY 2023.
2. Add \$4.8 million SGF for mini-grants to assist in Certified Community Behavioral Health Clinic (CCBHCs) implementation, for FY 2023.
3. Add language to make the \$15.0 million for regional bed expansion contingent on State Finance Council approval, with a requirement that the Secretary for Aging and Disability Services report on the process of determining the location of the facility to the State Finance Council; as well as language for the agency to work with Sedgwick County to study the need for regional mental health beds within the county and identify the impact of staffing that opening a new 50-bed facility would have on the Sedgwick County health and human services sector for FY 2023. The costs of the study shall be shared between the agency and the county, with the agency covering 80.0 percent of the cost and the County covering 20.0 percent.
4. Review at Omnibus the possible addition of \$7.7 million, including \$3.1 million SGF, and the addition of language to increase the reimbursement rate for the T1000 Medicaid code for specialized nursing care from \$43.00 per hour to \$47.00 per hour, for FY 2023.
5. Review at Omnibus the possible addition of \$146.3 million, including \$58.5 million SGF, to provide a 30.0 percent reimbursement rate increase, excluding the T1000 Medicaid code for specialized nursing care, for providers of Home and Community Based Services Intellectual and Developmental Disability waiver services, for FY 2023.
6. Review at Omnibus the possible addition of \$65.2 million, including \$26.2 million SGF, to provide for a full rebase of the nursing facility daily Medicaid rate, for FY 2023. This amount is the difference between the amount to fully rebase the daily rate and the 3.0 percent increase already included in the Governor's recommendation for FY 2023. The full rebase amount is based on calendar year 2019, 2020, and 2021 cost data, however, the data for calendar year 2021 is an estimate.
7. Review at Omnibus the possible addition of \$500,000, all SGF, for FosterAdopt Connect to offer Behavioral Interventionist services for children with behavioral and emotional issues, for FY 2023.
8. Review at Omnibus the possible addition of \$12.5 million, including \$5.0 million SGF, to provide a 4.0 percent reimbursement rate increase for providers of Medicaid behavioral

health services, for FY 2023.

9. Review at Omnibus the possible addition of \$2.0 million, all SGF, to assist with staffing at Psychiatric Residential Treatment Facilities, for FY 2023.
10. Review at Omnibus funding for the 988 behavioral crisis hotline and the status of 2021 HB 2281 to establish a means of funding the hotline through a fee of telephone providers.

### **Senate Committee Recommendation**

The **Committee** concurs with the Subcommittee's recommendation for FY 2023 with the following adjustments:

1. Add \$7.7 million, including \$3.1 million SGF, and the addition of language to increase the reimbursement rate for the T1000 Medicaid code for specialized nursing care from \$43.00 per hour to \$47.00 per hour, for FY 2023.
2. Add \$146.3 million, including \$58.5 million SGF, to provide a 30.0 percent reimbursement rate increase, excluding the T1000 Medicaid code for specialized nursing care, for providers of Home and Community Based Services Intellectual and Developmental Disability waiver services, for FY 2023.
3. Add \$65.2 million, including \$26.2 million SGF, to provide for a full rebase of the nursing facility daily Medicaid rate, for FY 2023. This amount is the difference between the amount to fully rebase the daily rate and the 3.0 percent increase already included in the Governor's recommendation for FY 2023. The full rebase amount is based on calendar year 2019, 2020, and 2021 cost data, however, the data for calendar year 2021 is an estimate.
4. Add \$500,000, all SGF, for FosterAdopt Connect to offer Behavioral Interventionist services for children with behavioral and emotional issues, for FY 2023.
5. Add \$12.5 million, including \$5.0 million SGF, to provide a 4.0 percent reimbursement rate increase for providers of Medicaid behavioral health services, for FY 2023.
6. Add \$2.0 million, all SGF, to assist with staffing at Psychiatric Residential Treatment Facilities, for FY 2023.
7. Review at Omnibus the possible addition of language to make the \$15.0 million for regional bed expansion contingent on State Finance Council approval, with a requirement that the Secretary for Aging and Disability Services report on the process of determining the location of the facility to the State Finance Council; as well as language for the agency to work with Sedgwick County to study the need for regional mental health beds within the county and identify the impact of staffing that opening a new 50-bed facility would have on the Sedgwick County health and human services sector for FY 2023. The costs of the study shall be shared between the agency and the county, with the agency covering 80.0 percent of the cost and the County covering 20.0 percent.
8. Add language to the Other Medical Assistance SGF account for FY 2023 to allow for any unencumbered balance at the end of FY 2022 to reappropriate into FY 2023.

**Senate Committee of the Whole Recommendation (Sub. for SB 444)**

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2023.

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**House Budget Committee Report**

**Agency:** Kansas Department for Aging and Disability Services    **Bill No.** HB 2588

**Bill Sec.** 34

**Analyst:** Moore

**Analysis Pg. No.** Vol. 2, pg. 1096

**Budget Page No.** 240

Expenditure Summary	Agency Request FY 2023	Governor Recommendation FY 2023	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 903,448,989	\$ 970,447,876	\$ 53,332,722
Federal Funds	1,343,001,781	1,316,859,808	100,395,760
Other Funds	82,320,514	61,835,914	0
<i>Subtotal</i>	\$ 2,328,771,284	\$ 2,349,143,598	\$ 153,728,482
<b>Capital Improvements:</b>			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	13,790,142	13,790,142	0
<i>Subtotal</i>	\$ 13,790,142	\$ 13,790,142	\$ 0
<b>TOTAL</b>	<b>\$ 2,342,561,426</b>	<b>\$ 2,362,933,740</b>	<b>\$ 153,728,482</b>
FTE positions	341.5	330.5	0.0

**Agency Request**

The **agency** requests \$2.3 billion, including \$903.4 million SGF, for FY 2023. This is a decrease of \$19.4 million below the agency's FY 2022 revised estimate. Significant items in the agency request include the following:

- **DECREASING COVID-19 PANDEMIC RELIEF EXPENDITURES.** As the agency anticipates the pandemic's conclusion, the request for pandemic-related expenditures decreases. As such, the agency's FY 2023 request reflects a decrease of approximately \$10.3 million in COVID-19 pandemic-related transactions.
- **RETURN TO REGULAR FMAP DISTRIBUTION.** Similarly, the agency anticipates the increased FMAP associated with the COVID-19 pandemic will end in FY 2022.

As such, the agency's submission reflects an increase of \$87.8 million SGF for the increased utilization of state funds for HCBS waiver services.

- **ENHANCEMENTS RELATED TO MEDICAID SERVICES.** The agency requests approximately \$34.7 million, including \$13.8 million SGF, for several enhancements related to Medicaid services. These enhancements are primarily centered around standardizing reimbursement rates between waivers and increasing funding to address waiver waitlists. Staff note: For more detailed information on these enhancements, please see Request 2 in the Enhancement Section of the Budget Analysis.
- **ENHANCEMENTS RELATED TO HCBS I/DD WAIVER.** The agency requests \$21.5 million, including \$9.0 million SGF, for several enhancements related to the I/DD waiver. These enhancements center around raising the reimbursement rate for specialized nursing services to match the rate for the TA waiver, and funding in order to bring individuals off the waitlist and onto the waiver. Staff note: For more detailed information on these enhancements, please see Request 3 in the Enhancement Section of the Budget Analysis.
- **ENHANCEMENTS RELATED TO OVERSIGHT OF FACILITIES.** The agency requests \$14.7 million, including \$9.0 million SGF, for several enhancements related to the agency's oversight of adult care homes. These enhancements are generally related to increasing the agency's staff to survey these facilities as well as additional funding to supplement its statutory background check requirements. Staff note: For more detailed information on these enhancements, please see Request 4 in the Enhancement Section of the Budget Analysis.

The revised estimate also includes 341.5 FTE positions, which is an increase of 16.0 FTE positions above the number included in the FY 2022 revised estimate. This increase is due to the agency's enhancement requests for additional staffing.

### **Governor's Recommendation**

The **Governor** recommends \$2.4 billion, including \$970.4 million SGF, for FY 2023 expenditures. This is an increase of \$20.4 million, including \$67.0 million SGF, above the agency's FY 2023 request. Significant items in the Governor's recommendation include the following:

- **CONTINUATION OF FY 2022 INITIATIVES.** The Governor's recommendation includes the addition of \$28.0 million SGF to continue funding associated with the salary increase provided by the Governor's 24/7 facility pay plan, as well as funding for crisis intervention centers. For FY 2023, the Governor recommends that the expenditures for the 24/7 facility pay plan be funded with SGF moneys rather than federal ARPA funds.
- **EXPANSION OF MENTAL HEALTH SERVICES.** The Governor's recommendation includes \$19.3 million SGF in additional funding for mental health services. This includes initiatives to reduce the burden on the state hospitals through expanded funding for mobile competency evaluations and expansion of regional hospital beds to provide inpatient mental health services.

- **SHIFT IN FUNDING FOR MENTAL HEALTH EXPENDITURES.** The Governor's recommendation includes shifting the source of approximately \$13.6 million in mental health related expenditures from special revenue funds to the SGF. These shifts move the expenditures from the State Highway Fund and the Children's Initiatives Fund.
- **DECREASES ASSOCIATED WITH ENHANCEMENTS.** The Governor's recommendation also includes a decrease of \$35.3 million, including \$17.7 million SGF, associated with the Governor not recommending adoption of several of the agency's enhancement requests. Staff Note: For more detail on the agency's enhancement requests please see the Supplemental and Enhancement Requests section of the Budget Analysis.

The **Governor's** recommendation also includes 330.5 FTE positions, which is a decrease of 11.0 FTE positions below the agency's FY 2023 request. This decrease is due to the transfer of the KanCare Ombudsman to the Department of Administration and the partial adoption of the agency's enhancement request for additional survey and credentialing staff.

### **House Budget Committee Recommendation**

The **Budget Committee** concurs with the Governor's recommendation for FY 2023 with the following adjustments:

1. Delete \$15.0 million SGF, to remove the Governor's recommendation for 50 additional regional beds for FY 2023. The committee notes and understands the need to grow the capacity for regional mental health beds, however, would like a report from KDADS during the 2023 Session outlining the current beds available and the strategic plan to staff these proposed beds prior to consideration of this item.
2. Add \$68.4 million, including \$27.4 million SGF, to provide a 14.0 percent reimbursement rate increase for providers of Home and Community Based Services Intellectual and Developmental Disability waiver services, for FY 2023.
3. Add \$65.2 million, including \$26.2 million SGF, to provide for a full rebase of the nursing facility daily Medicaid rate, for FY 2023. This amount is the difference between the amount to fully rebase the daily rate and the 3.0 percent increase already included in the Governor's recommendation for FY 2023. The full rebase amount is based on calendar year 2019, 2020, and 2021 cost data, however, the data for calendar year 2021 is an estimate.
4. Add \$12.5 million, including \$5.0 million SGF to provide a 4.0 percent reimbursement rate increase for providers Medicaid behavioral health services, for FY 2023.
5. Add \$11.8 million, including \$4.7 million SGF, to provide a 10.0 percent reimbursement rate increase for providers of Home and Community Based Services Frail Elderly waiver services, for FY 2023.
6. Add \$7.7 million, including \$3.1 million SGF, and add language to increase reimbursement for the T1000 Medicaid code for specialized nursing care from \$43.00 per hour to \$47.00 per hour, for FY 2023.
7. Add \$2.5 million, including \$1.5 million SGF, to increase the amount provided to

community developmental disability organizations to fulfill their role in assessing individuals for the HCBS I/DD waiver, for FY 2023.

8. Add \$500,000 all SGF, for FosterAdopt Connect to offer Behavioral Interventionist services for children with behavioral and emotional issues, for FY 2023.
9. Add language to direct KDADS to enter into agreements with community mental health centers to establish rates for conducting mobile competency evaluations, for FY 2023. The Governor's recommendation already includes the funding for mobile competency expansion in an effort to reduce wait times for the state hospitals.
10. Add language to allow the agency to establish guidelines for a nursing facility to request a waiver for staffing requirements compatible with CMS rules for FY 2023 and investigate similar guidelines for adult care homes for FY 2023.

### **House Committee Recommendation**

The **Committee** concurs with the Budget Committee's recommendation for FY 2023 with the following adjustments:

1. Review at Omnibus the deletion of \$15.0 million SGF, to remove the Governor's recommendation for 50 additional regional beds for FY 2023.
2. Add language to the Other Medical Assistance SGF account for FY 2023 to allow for any unencumbered balance at the end of FY 2022 to reappropriate into FY 2023.

### **House Committee of the Whole Recommendation (House Sub. for Sub. for SB 267)**

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2023.

### **Conference Committee Recommendation (House Sub. for Sub. for SB 267)**

The **Committee** concurs with the Governor's recommendation for FY 2023 with the following adjustments:

1. Add \$122.2 million, including \$48.9 million SGF, to provide a 25.0 percent reimbursement rate increase, excluding the T1000 Medicaid code for specialized nursing care, for providers of Home and Community Based Services Intellectual and Developmental Disability waiver services, and add language for the agency to provide a report to the joint Legislative Budget Committee regarding salaries and wages for the direct support workforce, for FY 2023.
2. Add \$65.2 million, including \$26.2 million SGF, to provide for a full rebase of the nursing facility daily Medicaid rate for FY 2023. This amount is the difference between the amount to fully rebase the daily rate and the 3.0 percent increase already included in the Governor's recommendation for FY 2023. The full rebase amount is based on calendar year 2019, 2020, and 2021 cost data, however, the data for calendar year 2021 is an estimate.
3. Add \$12.5 million, including \$5.0 million SGF, to provide a 4.0 percent reimbursement rate increase for providers of Medicaid behavioral health services for FY 2023.

4. Add \$11.8 million, including \$4.7 million SGF, to provide a 10.0 percent reimbursement rate increase for providers of HCBS Frail Elderly waiver services for FY 2023.
5. Add \$7.7 million, including \$3.1 million SGF, and add language to increase the reimbursement rate for the T1000 Medicaid code for specialized nursing care from \$43.00 per hour to \$47.00 per hour for FY 2023.
6. Add \$2.5 million, including \$1.5 million SGF, to increase the amount provided to community developmental disability organizations to fulfill their role in assessing individuals for the HCBS I/DD waiver for FY 2023.
7. Add \$2.0 million SGF to assist with staffing at Psychiatric Residential Treatment Facilities for FY 2023.
8. Add language to require KDADS to enter into agreements with community mental health centers to establish rates for conducting mobile competency evaluations for FY 2023. The Governor's recommendation already includes the funding for mobile competency expansion in an effort to reduce wait times for the state hospitals.
9. Add language to allow the agency to establish guidelines for a nursing facility to request a waiver for staffing requirements compatible with federal CMS rules for FY 2023 and investigate similar guidelines for adult care homes for FY 2023.
10. Add language to the Other Medical Assistance SGF account for FY 2023 to allow for any unencumbered balance at the end of FY 2022 to reappropriate into FY 2023.

#### **Omnibus Activity (HB 2510)**

1. Add \$500,000 SGF for Envision to make necessary renovations for the PRIDE program serving individuals with developmental disabilities who are also blind, for FY 2023.
2. Add \$10.0 million SGF to fund 988 hotline operations for FY 2023 and add language to lapse the SGF funding if House Sub. for SB 19 or a substantially similar bill regarding funding of the 988 Suicide Prevention hotline passes during the 2022 Session.
3. Study the impact of the HB 2703 tax credit for businesses that employ individuals with developmental disabilities for FY 2023.
4. Add language making the release of the \$15.0 million SGF for regional inpatient mental health bed expansion contingent on State Finance Council approval and language that an interim committee review the needs for regional bed expansion and provide a plan to State Finance Council prior to approval for FY 2023.
5. Appropriate the 988 Suicide Prevention and Mental Health Hotline Fund for FY 2023.
6. Adopt GBA No. 2, Item 1, to add \$110.7 million, including \$32.4 million SGF, to the Governor's recommendation to adopt the Spring Human Services Consensus estimate for FY 2023.
7. Adopt GBA No. 2, Item 6, to add \$500,000, including \$250,000 SGF, and 5.0 FTE

positions to increase staff for the Home and Community Based Services Waiver program for FY 2023.

8. Adopt GBA No. 2, Item 20, to add \$2.9 million SGF for a 5.0 percent salary increase among employees at state hospitals who did not receive a base pay increase as part of the 24/7 Pay Plan for FY 2023.
9. Lapse \$10.0 million SGF and add \$10.0 million, all from special revenue funds to fund the 988 hotline operations for FY 2023, with the passage of House Sub. for SB 19.

### **State Finance Council**

1. Add \$676,047, including \$320,888 SGF, for a 5.0 percent salary adjustment for most state employees for FY 2023. This adjustment excludes statewide elected officials, current beneficiaries of the 24/7 pay plan, with other specific limitations for employees who receive salary adjustments in other portions of the appropriations bill.

	Governor's Recommendation FY 2023	Legislative Action	Legislative Approved FY 2023	Governor's Vetoed FY 2023	Final Legislative Approved FY 2023
<b>All Funds</b>					
State Operations	\$ 136,564,952	\$ 11,176,047	\$ 147,740,999	\$ 0	\$ 147,740,999
Aid to Local Units	101,694,931	0	101,694,931	0	101,694,931
Other Assistance	2,225,034,828	223,991,882	2,449,026,710	0	2,449,026,710
<i>Subtotal - Operations</i>	<i>\$ 2,463,294,711</i>	<i>\$ 235,167,929</i>	<i>\$ 2,698,462,640</i>	<i>\$ 0</i>	<i>\$ 2,698,462,640</i>
Capital Improvements	13,790,142	0	13,790,142	0	13,790,142
<b>TOTAL</b>	<b>\$ 2,477,084,853</b>	<b>\$ 235,167,929</b>	<b>\$ 2,712,252,782</b>	<b>\$ 0</b>	<b>\$ 2,712,252,782</b>

**State General Fund**

State Operations	\$ 99,699,860	\$ 820,888	\$ 100,520,748	\$ 0	\$ 100,520,748
Aid to Local Units	72,323,580	0	72,323,580	0	72,323,580
Other Assistance	833,969,784	91,338,083	925,307,867	0	925,307,867
<i>Subtotal - Operating</i>	<i>\$ 1,005,993,224</i>	<i>\$ 92,158,971</i>	<i>\$ 1,098,152,195</i>	<i>\$ 0</i>	<i>\$ 1,098,152,195</i>
Capital Improvements	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 1,005,993,224</b>	<b>\$ 92,158,971</b>	<b>\$ 1,098,152,195</b>	<b>\$ 0</b>	<b>\$ 1,098,152,195</b>

FTE Positions	335.5	0.0	335.5	0.0	335.5
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\*The Governor's recommendation includes GBA No. 2 to add \$5.3 million, including \$1.8 million SGF, to provide additional funding for the Home and Community Based Services Brain Injury waiver in order to avoid the creation of a wait list for waiver services. The recommendation also include GBA No. 3, Item 1, to delete \$110.5 million, including \$47.2 million SGF, to adopt the Spring 2021 Human Services Consensus Caseload estimate for FY 2021. Changes are reflected in the table only.