

February 23, 2022

The Honorable Richard Hilderbrand, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 142-S
Topeka, Kansas 66612

Dear Senator Hilderbrand:

SUBJECT: Fiscal Note for SB 500 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 500 is respectfully submitted to your committee.

SB 500 would authorize the Kansas Department for Aging and Disability Services (KDADS) to create a long-term care psychiatric residential treatment facility for individuals not able to be admitted to an existing inpatient or residential facility in Kansas. The facility would provide comprehensive inpatient mental health treatment or substance abuse services for individuals who:

1. Have severe emotional disturbances, substance use disorder or mental illness;
2. Are not less than six years of age and not more than 22 years of age and do not meet the criteria for admission to a state psychiatric hospital because of the acuity of the individual's condition or are otherwise not eligible for admission to a psychiatric residential treatment facility; and
3. Meet state and federal participation requirements on a long-term basis.

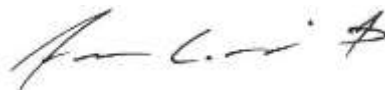
Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$50,000,000	\$50,000,000
FTE Pos.	--	--	--	--

SB 500 would require KDADS to establish and operate a new facility that does not currently exist. The ability for such facility to be compliant with Medicaid participation could be limited due to the size of the facility and content of services provided. KDADS estimates that such facility may require up to 24 beds to operate efficiently. The agency estimates that startup costs, in the first year, could be up to \$50.0 million from the State General Fund. These startup costs assume that the agency may not be able to take over and convert an existing private facility. Actual start-up costs could be impacted by multiple factors including the location and size of the facility.

The agency estimates that annual ongoing operational costs could be up to \$13.0 million from the State General Fund. These estimates were based on the facility having up to 24 beds at a potential cost of \$1,500 per bed per day. The agency estimates these costs based upon other levels of care experienced by the agency with adjustments to account for the additional needs of the applicable patient population. This estimate could be impacted by factors including content of services required for the population, staff costs, and location of the facility. The number of FTE positions the agency would need to oversee and operate this facility is unknown at this time.

The bill would require the Kansas Department of Health and Environment (KDHE) to submit to the Centers for Medicare and Medicaid Services any approval request necessary to implement the bill. There would be no fiscal impact to KDHE in the completion of that requirement as necessary. Any fiscal effect associated with SB 500 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Leigh Keck, Aging & Disability Services
Dan Thimmesch, Health & Environment