

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

| | Actual FY 2020 | Agency Est. FY 2021 | Gov. Rec. FY 2021 | Agency Req. FY 2022 | Gov. Rec. FY 2022 |
|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Operating Expenditures: | | | | | |
| State General Fund | \$ 630,250,985 | \$ 852,580,034 | \$ 727,039,641 | \$ 846,260,462 | \$ 841,712,184 |
| Other Funds | 2,322,054,338 | 2,723,752,475 | 2,799,920,114 | 2,663,018,236 | 3,218,165,782 |
| <i>Subtotal</i> | <u>\$ 2,952,305,323</u> | <u>\$ 3,576,332,509</u> | <u>\$ 3,526,959,755</u> | <u>\$ 3,509,278,698</u> | <u>\$ 4,059,877,966</u> |
| Capital Improvements: | | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| <i>Subtotal</i> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| TOTAL | <u>\$ 2,952,305,323</u> | <u>\$ 3,576,332,509</u> | <u>\$ 3,526,959,755</u> | <u>\$ 3,509,278,698</u> | <u>\$ 4,059,877,966</u> |
| Percentage Change: | | | | | |
| Operating Expenditures | | | | | |
| State General Fund | (18.1) % | 35.3 % | 15.4 % | (0.7) % | 15.8 % |
| All Funds | 5.0 | 21.1 | 19.5 | (1.9) | 15.1 |
| FTE Positions | 1,500.1 | 1,598.7 | 1,598.7 | 1,598.7 | 1,598.7 |

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

AGENCY OVERVIEW

The Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to protect and improve the the health and environment of all Kansans. This is accomplished through public health programs and services and through the preservation, protection, and remediation of natural resources in the environment.

The agency is divided into three main divisions: the Division of Public Health, the Division of Health Care Finance, and the Division of Environment.

The **Division of Public Health** works with local health departments and other organizations to help assure the health of Kansans through public health services and regulatory programs. The Division includes the Office of the Director and six bureaus: Disease Control and Prevention, Health Promotion, Family Health, Community Health Systems, Oral Health, and Epidemiology and Public Health Informatics. The Administration program is also included in the Division of Public Health function.

The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda, which combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The powers, duties, and functions of the

Division are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and to coordinate with public health programs. The Division oversees the State's Medicaid and Children's Health Insurance programs.

The **Division of Environment** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes six bureaus: Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (includes the Office of the Director of the Division of Environment), and the Health and Environmental Laboratories.

MAJOR ISSUES FROM PRIOR YEARS

In **2011**, the Governor signed Executive Reorganization Order (ERO) No. 38, which transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance in fiscal year (FY) 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies and administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children's Health Insurance Program (Title XXI or CHIP).

The **2011 Legislature** added \$100,000, all from the State General Fund (SGF), to the Teen Pregnancy Prevention program, bringing total funding available to \$299,113 in FY 2011. For FY 2012, the Legislature added \$150,887, all SGF, to the program, bringing the total available for FY 2012 to \$350,000.

The **2011 Legislature** added \$100,000, all SGF, to the Senator Stan Clark Pregnancy Maintenance Initiative, bringing total funding available in FY 2011 to \$299,113.

The **2011 Legislature** deleted \$165,000 and 1.0 FTE position from the Office of the Director of Health for FY 2012.

The **2011 Legislature** deleted \$2,786, all from the Children's Initiatives Fund, due to projected shortfalls in tobacco funding for FY 2012.

The **2011 Legislature** deleted \$14,097,744, including \$6.0 million SGF, for FY 2012 for reduced regular medical Medicaid expenditures associated with savings achieved in the Prepaid Ambulatory Health Plan managed care contract for mental health services.

The **2011 Legislature** deleted funding totaling \$1,879,699, including \$800,000 SGF, to capture savings in the Medicaid prescription drug program for FY 2012. A number of antidepressants and atypical antipsychotic medications are or will soon be available in generic form and should result in prescription drug savings, according to the agency.

The **2011 Legislature** added \$750,000, all SGF, to partially restore the Local Environmental Protection Program for FY 2012.

The **2011 Legislature**, because of a shortfall in budgeted tobacco receipts, deleted funding of \$11,712, all from the Children's Initiatives Fund, from the newborn screening program, in addition to the other Children's Initiatives Fund reductions for the global reductions approved by the Legislature totaling \$23,750 for FY 2012.

The **2011 Legislature** deleted \$480,511, all SGF, to reduce the agency's SGF expenditures, excluding expenditures used to match federal funding or for federal maintenance of effort issues, by 15.0 percent for FY 2012.

The **2011 Legislature** passed the Kansas Health Information and Technology Act (HB 2182), which synchronizes Kansas health information laws with Health Insurance Portability Accountability Act (HIPAA) privacy and security rules. This bill will allow Kansas Health Information Exchange to move forward in developing the framework for electronic health records.

In **2011**, the agency started a major initiative to implement the Kansas Eligibility and Enforcement System (KEES) to update the technology and processes for determining eligibility for medical programs and to detect fraud. The project is estimated to cost \$137.9 million across five years to implement and \$50.0 million each year for ongoing costs to maintain and operate the system. Phase I of the project implements a public portal for online application capability with initial functionality for Medicaid and the CHIP in fall 2013.

In addition, the agency started a process to reform Medicaid, which included the implementation of Managed Care contracts for all medical programs. The contracts were awarded in fall 2012 and implemented in January 2013. The initiative also included agency realignment related to Medicaid responsibility.

The **2012 Legislature** acknowledged the enactment of ERO No. 41, which became effective on July 1, 2012, and transferred programs from KDHE to the Kansas Department for Aging and Disability Services (KDADS). The following areas of the Health Occupations Credentialing program at KDHE were transferred and are administered by the Secretary for Aging and Disability Services:

- Licensure of adult care home administrators;
- Licensure of dietitians;
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides; and
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility Licensure program was also transferred to KDADS. In addition, the ERO further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in KDHE.

The **2012 Legislature** passed SB 14, which established the Newborn Screening Fund and funding mechanism for the program. Specifically, the bill established the Kansas Newborn Screening Fund in KDHE and created a mechanism for depositing a portion of the privilege fees received by the State from health maintenance organizations (HMOs) into the new Fund. All expenditures from the Fund must be used for the program. The bill requires the Director of Accounts and Reports, Division of Accounts and Reports, Department of Administration, to determine, on a monthly basis, the amount of receipts from HMOs' privilege fee collections and to transfer the amount necessary to fund the Newborn Screening program for the preceding month as certified by the Secretary of Health and Environment or the Secretary's designee. The transfer cannot exceed the amount credited to the SGF pursuant to KSA 40-3213. KSA 2011 Supp. 40-3213 requires HMOs to pay, on an annual basis, a privilege fee in an amount equal to 1.0 percent per annum of the total of all premiums, subscription charges, or other similar charges made by the HMO to its enrollees. Under the prior law, the entire amount of the collected privilege fees was deposited into the SGF.

The **2012 Legislature** added \$407,000, all SGF, for the Early Detection Works program for FY 2012.

The **2012 Legislature** added \$634,584, all SGF, for the Primary Care–Safety Net Clinics program for a total program expenditure of \$7,877,649 for FY 2013. To offset this addition, the Legislature deleted \$134,584, all SGF, for operating expenditures of \$500,000, all SGF, for the Medicaid Reform Health Savings Account (HSA) program for FY 2013.

The **2012 Legislature** deleted \$1.0 million, including \$600,000 SGF, for statewide education prior to implementation of KanCare for FY 2013 and deleted \$2,427,116, including \$776,677 SGF, to update the Medicaid Management Information System for KanCare for FY 2013.

The **2012 Legislature** increased the Health Care Access Improvement Fund limit from \$33,354,454 to no limit to account for the increased revenues and expenditures as a result of 2012 HB 2416, which changed the base year for the assessment calculations for FY 2013.

The **2012 Legislature** added language for a new special revenue fund with a \$1.0 million limit for FY 2013 for the purpose of integrating the Medicaid Management Information System and data analysis to monitor data from contractors. The State Finance Council may release funds only upon receiving the Approved Medicaid Reform waiver approval by the Centers for Medicare and Medicaid Services (CMS).

The **2012 Legislature** added language for FY 2013 to delay the implementation of the Home and Community Based Services Waiver for individuals with developmental disabilities in a managed care system (KanCare), as well as to allow for an optional pilot program for those developmental disabilities service provider organizations for FY 2013.

The **2012 Legislature** added \$800,000 for the Local Environmental Protection Program, all from the State Water Plan Fund, for FY 2013. The funding was subsequently vetoed by the Governor.

The **2013 Legislature** added \$634,584, including \$317,292 SGF, to Primary Care–Safety Net Clinics for FY 2014 and \$317,292, all SGF, for FY 2015.

The **2014 Legislature** approved funding the Governor added for KanCare pilots of \$10.5 million, including \$4.5 million SGF. KDHE requested approval from the federal CMS to implement three pilot programs designed to support Kansans who might otherwise be enrolled in Medicaid. Two of the proposed pilots focus on increasing opportunities for Kansans with disabilities to work and the third pilot would offer an alternative to transitional Medicaid.

KDHE received \$10.8 million from CHIP in **FY 2014** in bonus funding for simplifying enrollment and successfully enrolling eligible children. The 2014 Legislature transferred \$7.1 million of this bonus funding to KDADS to provide additional services to individuals on the underserved waiting list for the Home and Community Based Services Waiver for individuals with developmental disabilities for FY 2015.

In addition, \$200,000 was added to Safety Net Clinics–Primary Care for FY 2015 from money received for the CHIP Bonus Award. The Legislature also added language directing the agency to spend an additional \$125,000 of the reappropriated SGF in the Aid to Local Programs on the Safety Net Clinics–Primary Care Program.

The **2014 Legislature** deleted \$4.7 million, including \$14.8 million SGF, for spring human services consensus caseload estimates in FY 2014 and added \$58.6 million from all funding sources and deleted \$8.5 million SGF for spring human services consensus caseload estimates for FY 2015.

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$1.0 million in FY 2015.

The **2015 Legislative Session** had several policy and organizational adjustments affecting KDHE—Divisions of Health and Health Care Finance.

The **Governor** issued ERO No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families (DCF) to KDHE, effective January 1, 2016. The Governor indicated this reorganization was anticipated to increase accuracy in Medicaid eligibility determination and partially reduce program expenditures through uniform implementation of policy and processing changes. The associated savings were to be split between KDHE and KDADS. In addition, ERO No. 43 transferred foster care licensing responsibilities from KDHE to DCF, effective July 1, 2015.

The **2015 Legislature** adjusted funding to implement the provisions of ERO No. 43. The Legislature deleted \$1.9 million, including \$920,000 SGF, and 23.0 FTE positions for FY 2016 and deleted \$2.0 million, including \$938,000 SGF, and 23.0 FTE positions for FY 2017 to implement the provision that transfers the foster care licensing program from KDHE—Division of Public Health to DCF. The Legislature added \$3.5 million, including \$869,000 SGF, and 138.0 FTE positions for FY 2016 and added \$6.9 million, including \$1.7 million SGF, and 138.0 FTE positions for FY 2017 to implement the portion of the ERO that transfers the Medicaid eligibility determination program from DCF to KDHE—Division of Health Care Finance.

House Sub. for SB 112 (2015) included language stating that no state agency shall expend any state moneys for FY 2015, FY 2016, and FY 2017 for the purpose of implementing KanCare Health Homes—Chronic Conditions unless the Legislature expressly consents to such program and expenditures. It also contained language requiring the agency to submit a report regarding ERO No. 43 implementation and the transition of the eligibility responsibilities and staff, effective January 2016, to determine whether the proposed changes were effective in decreasing the Medicaid Eligibility Payment Error Rate Measurement (PERM) rates for Kansas. The bill also requires an audit of the Health Care Access Improvement Fund and a report to the 2016 Legislature of a sustainability plan for the program using only assessment revenues.

The **2015 Legislature** passed Senate Sub. for HB 2281, which created the Medical Assistance Fee Fund and increased the annual privilege fees paid by every HMO for the reporting period beginning January 1, 2015, and ending December 31, 2017, from 1.00 percent per year to 3.31 percent per year of the total of all premiums, subscription charges, or any other term that may be used to describe the charges made by such organization to enrollees. The privilege fees collected or received by the Commissioner of Insurance from July 1, 2015, through June 30, 2018, from HMOs, including the three KanCare managed care organizations (MCOs) and Medicare provider organizations for fees specified in law are to be deposited in the Fund to be expended for Medicaid medical assistance payments only. On and after January 1, 2018, the privilege fee will be 2.00 percent. The Legislature deleted \$31.0 million, including \$119.8 million SGF, and added \$88.8 million from the Medical Assistance Fund for FY 2016 and deleted \$29.6 million, including \$123.7 million SGF, and added \$94.1 million for the Medical Assistance Fund for FY 2017 to adjust funding to implement the HMO privilege fee changes at 3.31 percent.

The **2015 Legislature** passed Senate Sub. for HB 2149, which required KDHE to reimburse medical care facilities in certain situations for donor human breast milk provided to a recipient of medical assistance under the Kansas Medical Assistance Program. The bill also amended the procedures regarding restrictions of patients' access to any new prescription-only drug under the Kansas Medicaid Program. Specifically, the bill allows prior authorization or other restrictions on medications used to treat mental illness to be imposed on Medicaid recipients for

medications subject to guidelines developed by the Medicaid Drug Utilization Review Board; established requirements for Board review of medications used to treat mental illness available for use before and after July 1, 2015; and created a Mental Health Medication Advisory Committee, which is required to provide the Board with recommendations for the development of guidelines.

The **2015 Legislature** added \$378,000, all SGF, to Primary Care–Safety Net Clinics for FY 2016 due to funds made available through a transfer from the Kansas Endowment for Youth to the SGF.

The **Governor’s November 2015 State General Fund allotment** reduced approved expenditures by \$15.8 million in FY 2016.

The **2016 Legislature** passed SB 248, which prescribes the priority for expenditures and grants for family planning services finances with federal Title X funds. The bill specifies KDHE–Division of Public Health shall make any expenditure or grant first to public entities, including state, county, and local health departments and health clinics, and, if funds remain, to non-public entities that are hospitals or federally qualified health centers (FQHCs) that provide comprehensive primary and preventative care in addition to family planning services. This codified in statute a proviso that has been included in the appropriation bills since 2011.

The **2016 Legislature** passed House Sub. for SB 402, which included provisions related to what is known as step therapy and removed the prohibition from requiring a Medicaid recipient to use or fail with a drug usage or drug therapy prior to allowing the recipient to receive the product or therapy recommended by the recipient’s physician (a practice commonly referred to as step therapy); provided for patient protections for individuals on a drug therapy commenced prior to the effective date of the bill, including a 30-day trial limit on drug usage or drug therapy used for the treatment of multiple sclerosis; provided for a 72-hour expedited appeal process on a physician request for an override; required KDHE to study, review, and report to the Legislature on the use of step therapy in Medicaid and the savings under the program; provided for a step therapy exemption; and requires any policy or rule and regulation related to the implementation of the program be reviewed and approved by the Medicaid Drug Utilization Review Board prior to implementation by KDHE with the additional requirement that any policy or rule and regulation regarding any medication used to treat mental illness also is reviewed and approved by the Mental Health Medication Advisory Committee.

The **2016 Legislature** passed HB 2615, which amended and created law regarding charitable health care providers, the Acupuncture Practice Act and the Physical Therapy Practice Act, the Behavioral Sciences Regulatory Board, the Interstate Medical Licensure Compact, and the Independent Practice of Midwifery Act (Midwifery Act). The bill allows charitable health care providers and dentists to fulfill one hour of continuing education credit for performance of two hours of gratuitous service to medically indigent persons if the provider signs an agreement with the Secretary of Health and Environment to provide gratuitous services. Health care providers are allowed to fulfill a maximum of 20 continuing education credits through gratuitous service per licensure period, and dentists are allowed to fulfill a maximum of 6 continuing education credits through gratuitous service per licensure period. The bill also created the Midwifery Act. Effective January 1, 2017, the Midwifery Act allows certified nurse-midwives to practice without a collaborative practice agreement with a person licensed to practice medicine and surgery within a limited scope practice as set forth in the bill. The bill also prohibits nurse-midwives engaged in the independent practice of midwifery from performing or inducing abortions or from prescribing drugs for an abortion.

The **2016 Legislature** added language directing no expenditures could be made during FY 2016 and FY 2017 to proceed with integration of the Medicaid Home and Community Based Services waivers if the proposed integration is planned to occur prior to FY 2019. In addition, reports were required to the Legislature during FY 2017.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$39.9 million in FY 2017.

The **2017 Legislature** passed HB 2079, which allows supplemental Medicaid reimbursement for certain providers of ground emergency medical transportation services, created an intergovernmental transfer program, increased the annual HMO privilege fee, changed the privilege fee payment structure, created a priority system for use of revenue from the assessment, changed accounting procedures for the Kansas Newborn Screening Fund, and established a limit on the amount to be transferred to the the Kansas Newborn Screening Fund. Included with the increase of the privilege fee was restoration of the 4.0 percent rate reduction to Medicaid providers that was part of the May 2016 SGF allotment and creation of the Community Mental Health Center Improvement Fund within KDADS.

The **2017 Legislature** passed HB 2026, which changed the Kansas Medical Assistance Program by amending and creating in law processes for MCOs providing Medicaid services.

The **2017 Legislature** transferred \$2.7 million, all from the Health Insurance Premium Reserve Fund to the On-site State Employee Health Clinic Fund created within the Department of Administration, to establish an on-site clinic for state employees for FY 2018.

The **2017 Legislature** added \$1.0 million, all SGF, for both FY 2018 and FY 2019 for safety net clinics and added language to specify the amount to be expended within the aid to local units—primary health projects appropriations line item for the Kansas Association for Medically Underserved and for the Community-based Primary Care Grants.

The **2017 Legislature** added language for both FY 2018 and FY 2019 that required the agency to contract for services to survey and certify dialysis treatment facilities and allows the agency to charge the cost of the survey to the facility if the survey has not been performed within one year of notification that the facility is operational. The language also required compliance with federal law.

The **2017 Legislature** added \$5.0 million, including \$2.2 million SGF, for both FY 2018 and FY 2019, which included language requiring the agency to set Medicaid reimbursement rates for children's hospitals contracting with a KanCare MCO at levels that restore calendar year 2015 reductions. There also was related language added for FY 2018 requiring the agency to complete a study on the statewide average cost recovery ratio for all Kansas hospitals contracting with MCOs.

The **2018 Legislature** added \$1.0 million, all SGF, for the tiny-k program both in FY 2018 and for FY 2019. The additional funding is subject to a federal maintenance of effort requirement. The Legislature added \$3.0 million, all SGF, for the Medicaid regular medical program for the teaching hospitals associated with the Wichita Center for Graduate Medical Education (WCGME) program in FY 2018 and added \$5.9 million, including \$4.3 million SGF, with \$3.0 million SGF being for the first half of the fiscal year for the teaching hospitals associated with the WCGME program, and the remaining \$1.3 million SGF is for the Medicaid regular medical program for increased Graduate Medical Education (GME) funding to hospitals currently receiving GME, resulting in a federal match of \$1.7 million for FY 2019. The Legislature added \$425,200, including \$152,600 SGF, to administratively implement a Medicaid

reinstatement policy for individuals being released from corrections facilities, state hospitals, or certain institutional placements for FY 2019.

The **2018 Legislature** added \$2.5 million, all SGF, to reinstate a program under the federal Medicaid Health Homes option and added language directing the agency to reinstate a program operated under the federal Medicaid Health Homes option for FY 2019. The program is required to be an opt-in program, allowing no more than a 10.0 percent administrative claiming rate by the MCOs, and is required to have a narrower scope of eligibility for adults than the previous program to ensure those who have a behavioral health diagnosis or chronic physical health condition are served.

In addition, the **2018 Legislature** approved funding the Governor added for a 4.0 percent Medicaid rate increase for hospitals totaling \$22.1 million, including \$1.0 million SGF, for FY 2019. The Legislature also approved \$235,000, all SGF, and 2.0 FTE positions for livestock waste management added by the Governor for FY 2019.

The **2018 Legislature** also passed several bills with policy changes affecting the agency, including:

- House Sub. for SB 179, which created and amended law to establish juvenile crisis intervention centers and procedures for admission of juveniles to such centers. The bill also made amendments to the Revised Kansas Code for Care of Children (CINC Code) and the Newborn Infant Protection Act within the CINC Code and included several requirements for MCOs that contract with KDHE. The Legislature added \$6.0 million, all from the Evidence Based Juvenile Programs Account of the SGF for FY 2019 in relation to this bill (and deleted the same amount from the Department of Corrections);
- Sub. for SB 423, which created a new pilot program for the Mental Health Intervention Team between school districts and community mental health centers. The bill requires the Director of the Division of Health Care Finance of KDHE to certify to the Director of the Budget and the Director of Legislative Research the aggregate amount of expenditures for FY 2019 for treatment provided to students under the pilot program, or provided based on a referral from such program. Funding for this program was added within the Department of Education budget;
- Senate Sub. for HB 2028, which established the Kansas Telemedicine Act. The bill provides for coverage of speech-language pathologist and audiologist services *via* telehealth under the Kansas Medical Assistance Program, if the Program covers such services when delivered in person;
- Senate Sub. for HB 2600, which amended the Nuclear Energy Development and Radiation Control Act, provides for the study and investigation of maternal deaths by the Secretary of Health and Environment, and creates the Palliative Care and Quality of Life Interdisciplinary Advisory Council (Council) and the State Palliative Care Consumer and Professional Information and Education Program (Program) within KDHE. The Council is responsible for developing recommendations and advising KDHE on matters related to the establishment, maintenance, operation, and outcomes evaluation of palliative care initiatives in the state, and effectiveness of the Program. The Program's purpose is to maximize the effectiveness of palliative care initiatives in the state by ensuring comprehensive

and accurate information and education about palliative care is available to the public, health care providers, and health care facilities. The Legislature added \$9,400, including \$6,900 SGF, in FY 2018 and \$115,000, including \$85,000 SGF, for FY 2019 for enacted Senate Sub. for HB 2600;

- HB 2639, which requires local and state law enforcement officers and agencies to assist the Secretary of Health and Environment in taking and processing fingerprints of persons residing, working, or regularly volunteering in a child care facility and to release all records of adult convictions and nonconvictions and adult convictions or adjudications of another state or country to KDHE. The Secretary of Health and Environment is required to adopt rules and regulations, by January 1, 2019, to fix a fee for fingerprinting such persons as required to reimburse KDHE for the cost of fingerprinting. The bill creates the Child Care Criminal Background and Fingerprinting Fund (Fund) in the State Treasury to be administered by the Secretary. All fingerprinting fees collected are to be deposited in the Fund for use in paying local and state law enforcement officers and agencies for the processing of fingerprints and criminal history background checks for KDHE. The Legislature added \$12,560 in FY 2018 and \$35,360 for FY 2019, all from federal funds, for HB 2639; and
- HB 2577, which requires all fees collected by the Right-to-Know Program (Program) within KDHE to be deposited into the State Treasury and credited to the Kansas Right-to-Know Fee Fund (Fund), which is created by the bill. Before this bill, these fees were deposited in the SGF. Expenditures from the Fund will be used for the administration of the Program, to provide and maintain the reporting system as necessary to comply with KSA 65-5704, and to provide training to the owners or operators of Kansas facilities, Kansas first responders, and Kansas emergency management officials on the existence, access, and use of the reporting system established pursuant to the Kansas Emergency Planning and Community Right-to-Know Act.

The **2018 Legislature** added language in FY 2018 and for FY 2019 to prohibit all agencies from altering state Medicaid managed care services in any manner substantially different than the program in place on January 1, 2018, including eligibility, without prior authorization from the Legislature. In addition, the language requires a request to the federal CMS for any waiver in effect on January 1, 2018, to be extended for three years and require contracts to be negotiated for a term of three years and the option for two one-year extensions. The language allows for certain policy changes within the current program to be made, including those addressing concerns with the federal Medicaid institutions for mental diseases (IMD) exclusion, behavioral health access, and telehealth options. The Legislature also added language in FY 2018 and for FY 2019 prohibiting the transfer of funds from the Health Care Access Improvement Fund until a process to fully disclose and reconcile the balance and use of the Fund has been implemented and the 4.0 percent Medicaid rate increase for hospitals is implemented. The language requires the agency to advise and consult with the Health Care Access Improvement Panel and the Kansas Hospital Association (KHA) to develop a process to disclose and reconcile the balance and use of the Health Care Access Improvement Fund. It also requires the agency to share information with a third party agreed to by the agency and the KHA, if certain conditions as detailed in the language are met.

The **2019 Legislature** added \$8.1 million, including \$2.2 million SGF, and 313.0 FTE positions in FY 2019 and \$18.1 million, including \$4.9 million SGF, and 313.0 FTE positions for FY 2020 for insourcing the KanCare Clearinghouse operations. Clearinghouse changes include updating training and quality programs and the hiring of 27 training and quality support staff and

13 Medicaid Home and Community Based Services staff, as well as 273 staff to move long-term care and elderly/disabled eligibility processes back in-house prior to the end of FY 2019.

The **2019 Legislature** added \$6.2 million, all from special revenue funds, in FY 2019 and \$23.1 million, including \$12.4 million SGF, for FY 2020 for CHIP for increases in estimated expenditures associated with rate and population increases, as well as an increase in the required state match from 7.44 percent to 14.82 percent for FY 2020.

The **2019 Legislature** added \$3.0 million, including \$1.3 million SGF, to increase Medicaid dental reimbursement rates.

The **2019 Legislature** added \$63.5 million from all funds in FY 2019 for increases in professional fees in Medicaid-related contracts and other assistance due to increased medical program expenditures in the KDHE–Division of Health Care Finance and increased commodities for drug and pharmaceuticals, as well as new federal funds, in the KDHE–Division of Public Health.

The **2019 Legislature** added \$1.0 million, all SGF, to meet federal maintenance of effort requirements for the Infant and Toddler (tiny-k) Program for FY 2020.

The **2019 Legislature** added \$34.4 million, including \$14.2 million SGF, for the Health Care Access Improvement Program for FY 2020. The Legislature also added language to authorize KDHE to make expenditures to maintain hospital and physician Medicaid rates at the FY 2019 level until the first calendar quarter following approval by CMS of the Health Care Access Improvement Program hospital provider assessment rate adjustment recommended by the 2019 Legislature in FY 2019 and FY 2020. The 2019 Legislature further added language specifying, if the hospital provider rate adjustment is not approved by the 2019 Legislature, the agency is authorized to maintain hospital and physician provider Medicaid rates at the FY 2019 level for the entirety of FY 2020. The Legislature also added language to require the agency to submit for approval to CMS a request to increase the hospital assessment rate to 3.0 percent; include hospital outpatient operating revenue in the hospital provider assessment; and use a base year of 2016 for the assessment. The agency would be required to publish the notice of CMS approval in the *Kansas Register*, and the changes would take effect on or after January 1 or July 1 immediately following publication and no additional moneys appropriated from the SGF would be allowed to be expended to support rate enhancements under the hospital provider assessment.

The **2019 Legislature** added \$2.0 million, all SGF, for primary health projects for FY 2020. In addition, the Legislature added language to the proviso associated with the Aid to Local Units–Primary Health Projects SGF account to include dental clinics, require a unique patient panel that represents the income-based disparities of the community, and clarify the amounts for community-based primary care grants provided by the Community Care Network of Kansas for FY 2020.

The **2019 Legislature** passed HB 2201, which transfers the powers, duties, and functions of the Tuberculosis Control Program from KDADS to KDHE by updating statutory references necessitated by 2012 ERO No. 41.

The **2019 Legislature** also added \$746,907, all from the State Water Plan Fund, for the Drinking Water Protection Program (\$350,000) and contamination remediation (\$396,907) in the KDHE–Division of Environment.

The **2020 Legislature** added \$2.0 million, all SGF, for primary health projects for community-based primary care grants for FY 2021. This amount is to be directed for community-based primary care grants provided by the Community Care Network of Kansas for FY 2021.

The **2020 Legislature** added \$3.0 million, including \$1.2 million SGF, to increase Medicaid dental reimbursement rates under KanCare for FY 2021.

The **2020 Legislature** added \$75,000, all SGF, to develop a brain injury registry to identify individuals who have experienced brain injuries, more effectively coordinate rehabilitation, and gather information about effective treatments for FY 2021.

The **2020 Legislature** added \$900,000, all SGF, to increase funds available to Local Health Departments using the statutory formula distribution contained in KSA 65-242, for FY 2021, and added language to raise the minimum provided to each of the 100 Local Health Departments under the statutory formula distribution contained in KSA 65-242 to \$12,000 for FY 2021.

The **2020 Legislature** added \$2.0 million, all SGF, for the Infant and Toddler Program for FY 2021. The Infant and Toddler Program (Part C) provides early intervention services for children under the age of 3 with developmental delays.

The **2020 Legislature** added \$140,000, all SGF, for KDHE to collaborate with state and local health officials to more effectively and efficiently recognize and test for Lyme disease in individuals across Kansas for FY 2021.

The **2020 Legislature** added language to require the Kansas Department of Health and Environment to implement a policy that suspends Medicaid and MediKan coverage provided under the Kansas Medical Assistance Program for incarcerated individuals, rather than terminate coverage until notice of their release for FY 2021.

The **2020 Legislature** added language to raise the limit of the amount transferred from the Medical Assistance Fee Fund to the Newborn Screening Fund to \$5.0 million for FY 2021.

The **2020 Legislature** added language prohibiting Medicaid expansion without the approval of the 2020 Legislature for FY 2021 and directed that \$17.5 million, all SGF, be transferred to the Coronavirus Prevention Fund of the State Finance Council if Medicaid expansion did not pass during the 2020 Legislative session.

The **2020 Legislature** added language in 2020 SB 66 directing KDHE to modify and continue their request to the federal Centers for Medicare and Medicaid Services (CMS) to implement changes to the Health Care Access Improvement Program (HCAIP) hospital provider assessment rate adjustment as recommended by the 2019 Legislature. These changes included increasing the hospital provider assessment rate to 3.0 percent, including hospital outpatient operating revenue, and adjusting the fiscal year on which the assessment would be based. The 2020 Legislature also added language in 2020 SB 66 directing KDHE to pay hospitals and physicians at the Medicaid rate established in FY 2020 until the first calendar quarter following approval by CMS of the HCAIP hospital provider assessment rate adjustment as recommended by the 2019 Legislature. In addition, the 2020 Legislature added language in 2020 SB 66 that the above provisions regarding HCAIP would lapse should any legislation that increases the hospital provider assessment to 3.0 percent and includes inpatient and outpatient operating revenue become law during the 2020 Legislative Session. (*Note: This language was lapsed with the passage of HB 2168*).

The **2020 Legislature** passed HB 2168, which amends law concerning the hospital provider assessment known as HCAIP. The bill requires the Kansas Department of Health and Environment to continue attempting to gain approval from CMS to: raise the existing hospital provider assessment to 3.0 percent; expand taxable revenue to include a hospital's outpatient and inpatient net operating revenue; and base such assessment on a hospital's fiscal year three fiscal years prior to the assessment year. The bill also requires that, should these changes be approved by CMS, all disbursements related to HCAIP be paid from moneys appropriated to the Healthcare Access Improvement Fund (Fund) and that no SGF appropriations be used to supplement the Fund. Subsequently, CMS reported the requested changes as outlined in 2020 HB 2168 would not be approved, so the proposed changes to HCAIP have not been implemented.

The **2020 Legislature** passed HB 2246, which subsequently amended the provider assessment language in HB 2168 by changing the provider assessment to an amount not less than 1.83 percent of each hospital's net inpatient operating revenue and not greater than 3.0 percent of each hospital's net inpatient and outpatient operating revenue.

The **2020 Legislature** did not adopt Governor's Budget Amendment (GBA) No. 1, Item 1, and deleted \$5.0 million all funds, including the addition of \$90.2 million SGF, in FY 2020 and added \$126.0 million, including the deletion of \$48.8 million SGF, for FY 2021 for the spring human services consensus caseloads estimates.

The **2020 Legislature** transferred \$148,682 to the Department of Administration to comply with ERO No. 45, which directed that oversight of the State Employee Health Plan and Workers Compensation Self-Insurance Fund be moved from KDHE to the Department of Administration.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$3.6 billion, including \$852.6 million from the State General Fund (SGF), for operating expenditures in FY 2021. This is an all funds decrease of \$469.9 million, or 11.6 percent, and an SGF increase of \$22.0 million, or 2.6 percent, from the amount approved by the 2020 Legislature. The request includes \$24.9 million for the Administration function, \$229.9 million for the Division of Public Health, \$3.2 billion for the Division of Health Care Finance, and \$93.9 million for the Division of Environment. The all funds decrease is primarily attributable to adjustments to the human services caseloads and decreased expenditures for contractual services in the division of Health Care Finance. This decrease was partially offset by \$98.0 million in federal grants for COVID-19 prevention and treatment in the divisions of Public Health and Environment. The SGF increase is largely due to the agency's supplemental requests, totaling \$22.0 million, partially offset by adjustments to SGF expenditures for human services caseloads.

The revised estimate includes 1,598.7 FTE positions, which is an increase of 98.6 FTE positions above the number approved by the 2020 Legislature. The increase is due to several positions being added to support the state's COVID-19 response. These include additional epidemiologic and information system surveillance staff in the Bureau of Epidemiology and Public Health Informatics, and laboratory staff in the Division of Environment. In addition, the Division of Health Care Finance added auditors and MCO analysts in the Managed Care Bureau, and additional researchers in the Medicaid Initiatives, Research, and Training Unit.

The **Governor** recommends expenditures of \$3.5 billion, including \$727.0 million SGF, in FY 2021. This is an all funds decrease of \$49.4 million, or 1.4 percent, and an SGF decrease of \$125.5 million, or 14.7 percent, below the agency's FY 2021 revised estimate. The Governor's recommendation includes fully funding the Fall 2020 Human Services Consensus Caseload estimates, which includes a decrease of \$111.0 million, including \$99.8 million SGF, and a lapse of \$3.6 million dollars in reappropriations from FY 2020. The Governor also recommends \$150,000 to fund half of the agency's supplemental request for the Kansas Trauma Program. The Governor's recommendation includes 1,598.7 FTE positions, which is the same number as the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$3.5 billion, including \$846.3 million SGF, for operating expenditures for FY 2022. This is an all funds decrease of \$67.1 million, or 1.9 percent, and an SGF decrease of \$6.3 million, or 0.7 percent, below the FY 2021 revised estimate. The request includes \$24.4 million for the Administration function, \$184.2 million for the Division of Public Health, \$3.2 billion for the Division of Health Care Finance, and \$72.0 million for the Division of Environment. The all funds decrease is primarily attributable to decreased federal funds for COVID-19 prevention and treatment, including a \$50.2 million reduction in federal aid within the division of Public Health, and a reduction of \$22.1 within the division of Environment. The decrease is partially offset by increased expenditures from the Health Care Access Improvement Fund. The SGF decrease is primarily due to decreased SGF expenditures for human services caseloads, partially offset by increased SGF expenditures for the Children's Health Insurance Program (CHIP). The agency request includes 10 enhancement requests totaling \$3.9 million, including \$33.0 million SGF.

The revised estimate includes 1,598.7 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$4.1 billion, including \$841.7 million SGF, for FY 2022. This is an all funds increase of \$550.6 million, or 15.7 percent, and an SGF decrease of \$4.5 million, or 0.5 percent, from the agency's FY 2022 request. The Governor recommends deleting \$12.6 million from all funds, including an SGF increase of \$10.8 million, to fully fund the Fall 2020 Human Services Caseload estimates and adding \$596.0 million from all funds, including \$19.0 million SGF, to fund Medicaid expansion. In addition, the Governor recommends deleting \$29.1 million, all from the Medical Programs Fee Fund, to remove the increased state share of the Children's Health Insurance Program (CHIP) from the agency's budget, and delete \$1.1 million SGF for the reduced resources budget. The Governor recommends funding half of the agency's enhancement request for the Kansas Trauma Program (\$150,000).

The Governor recommends 1,598.7 FTE positions, which is the same number the agency requested for FY 2021.

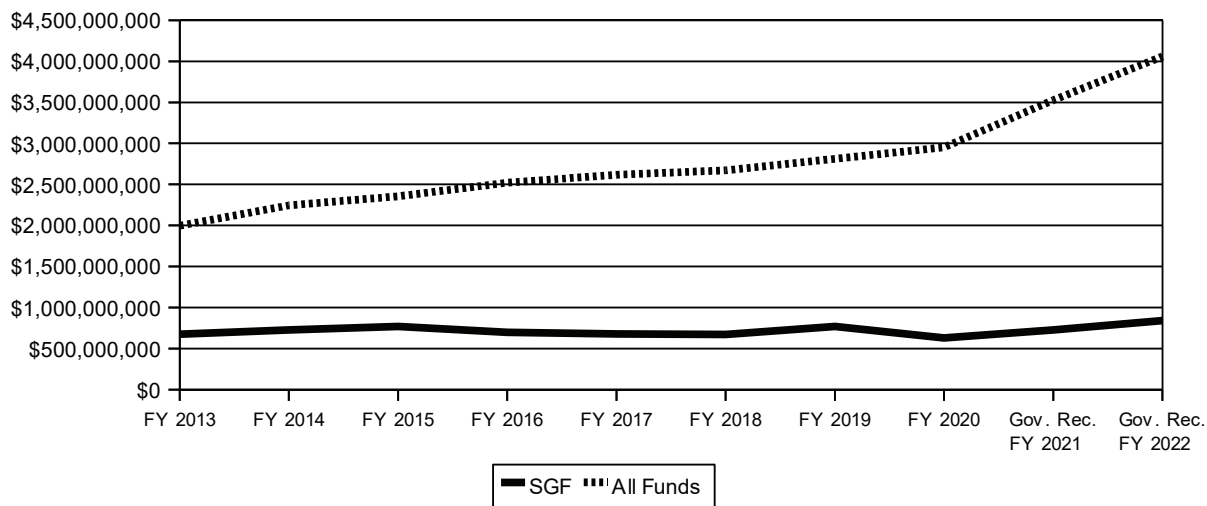
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

| PERFORMANCE MEASURES | | | | | | |
|---|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| Measure | Actual FY 2018 | Actual FY 2019 | Gov. Rec. FY 2020 | Actual FY 2020 | Gov. Rec. FY 2021 | Gov. Rec. FY 2022 |
| Division of Public Health | | | | | | |
| Percent of Children Less than 6 Years Old with 2 or More Immunizations | 82.8 % | 84.4 % | 85.0 % | 88.0 % | 85.0 % | 85.0 % |
| Percent of Women Served by MCH Agencies Receiving Prenatal Care | 75.1 % | 72.9 % | 78.5 % | 74.8 % | 78.0 % | 80.0 % |
| Percent of Child Care Facilities Complying with Regulations | 99.9 % | 99.9 % | 99.9 % | 98.2 % | 99.0 % | 99.0 % |
| Number of Clients Accessing State Funded Primary Health Care Clinics | 269,017 | 296,053 | 300,000 | 311,054 | 320,000 | 320,000 |
| Division of Health Care Finance | | | | | | |
| Average Monthly Kansas Medicaid Membership | 417,208 | 410,455 | 422,896 | 409,053 | 413,104 | 415,910 |
| Division of Environment | | | | | | |
| Percent of Counties in Compliance with National Ambient Air Quality Standards | 99.0 % | 99.0 % | 97.0 % | 100.0 % | 100.0 % | 100.0 % |
| Percent of Solid Waste Inspections with No Violations or Minor Violations | 96.7 % | 99.0 % | 96.0 % | 96.4 % | 96.0 % | 96.0 % |
| Percent of Water Systems in Total Compliance | 96.5 % | 92.7 % | 93.0 % | 91.1 % | 92.0 % | 92.0 % |
| Agency Expenditures | | | | | | |
| All Funds (Dollars in Millions) | \$ 2,671.0 | \$ 2,811.7 | \$ 3,001.0 | \$ 2,952.3 | \$ 3,527.0 | \$ 4,059.9 |
| FTE Positions | 1,207.6 | 1,202.0 | 1,543.1 | 1,500.1 | 1,598.7 | 1,598.7 |

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

| Fiscal Year | SGF | % Change | All Funds | % Change | FTE |
|------------------------------------|----------------|----------|------------------|----------|---------|
| 2013 | \$ 673,845,298 | 8.1 % | \$ 1,997,106,319 | 5.3 % | 1,158.0 |
| 2014 | 725,058,164 | 7.6 | 2,244,135,298 | 12.4 | 1,120.8 |
| 2015 | 767,428,847 | 5.8 | 2,354,956,619 | 4.9 | 1,099.3 |
| 2016 | 695,993,675 | (9.3) | 2,521,077,036 | 7.1 | 1,133.3 |
| 2017 | 679,226,051 | (2.4) | 2,617,815,196 | 3.8 | 1,133.3 |
| 2018 | 670,188,948 | (1.3) | 2,671,031,846 | 2.0 | 1,207.6 |
| 2019 | 769,438,913 | 14.8 | 2,811,657,189 | 5.3 | 1,245.0 |
| 2020 | 630,250,985 | (18.1) | 2,952,305,323 | 5.0 | 1,500.1 |
| 2021 Gov. Rec. | 727,039,641 | 15.4 | 3,526,959,755 | 19.5 | 1,598.7 |
| 2022 Gov. Rec. | 841,712,184 | 15.8 | 4,059,877,966 | 15.1 | 1,598.7 |
| Ten-Year Change Dollars/Percent | \$ 167,866,886 | 24.9 % | \$ 2,062,771,647 | 103.3 % | 440.7 |

Summary of Operating Budget FY 2020 - FY 2022

| | Agency Estimate | | | Governor's Recommendation | | | | | |
|--|-------------------------|-------------------------|-------------------------|--------------------------------|---------------------------------|-------------------------|-------------------------|--------------------------------|---------------------------------|
| | Actual FY 2020 | Estimate FY 2021 | Request FY 2022 | Dollar Change from FY 21 | Percent Change from FY 21 | Rec. FY 2021 | Rec. FY 2022 | Dollar Change from FY 21 | Percent Change from FY 21 |
| By Program: | | | | | | | | | |
| Administration | \$ 21,109,940 | \$ 24,865,184 | \$ 24,389,841 | \$ (475,343) | (1.9)% | \$ 24,442,292 | \$ 24,372,841 | \$ (69,451) | (0.3)% |
| Public Health | 163,329,428 | 229,939,003 | 184,227,510 | (45,711,493) | (19.9) | 315,947,542 | 180,774,450 | (135,173,092) | (42.8) |
| Health Care Finance | 2,688,260,721 | 3,227,650,399 | 3,228,687,476 | 1,037,077 | 0.0 | 3,093,259,666 | 3,783,051,804 | 689,792,138 | 22.3 |
| Environment | 79,605,234 | 93,877,923 | 71,973,871 | (21,904,052) | (23.3) | 93,310,255 | 71,678,871 | (21,631,384) | (23.2) |
| TOTAL | \$ 2,952,305,323 | \$ 3,576,332,509 | \$ 3,509,278,698 | \$ (67,053,811) | (1.9)% | \$ 3,526,959,755 | \$ 4,059,877,966 | \$ 532,918,211 | 15.1% |
| By Major Object of Expenditure: | | | | | | | | | |
| Salaries and Wages | \$ 84,421,570 | \$ 106,520,512 | \$ 107,859,508 | \$ 1,338,996 | 1.3% | \$ 106,520,512 | \$ 107,569,508 | \$ 1,048,996 | 1.0% |
| Contractual Services | 282,604,581 | 323,230,570 | 307,044,812 | (16,185,758) | (5.0) | 401,499,909 | 322,244,752 | (79,255,157) | (19.7) |
| Commodities | 10,242,812 | 39,449,895 | 20,368,495 | (19,081,400) | (48.4) | 39,378,320 | 20,368,495 | (19,009,825) | (48.3) |
| Capital Outlay | 3,284,941 | 9,344,955 | 2,850,475 | (6,494,480) | (69.5) | 10,080,557 | 2,555,475 | (7,525,082) | (74.6) |
| Debt Service | 0 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| <i>Subtotal - Operations</i> | <i>\$ 380,553,904</i> | <i>\$ 478,545,932</i> | <i>\$ 438,123,290</i> | <i>\$ (40,422,642)</i> | <i>(8.4)%</i> | <i>\$ 557,479,298</i> | <i>\$ 452,738,230</i> | <i>\$ (104,741,068)</i> | <i>(18.8)%</i> |
| Aid to Local Units | 54,572,754 | 61,568,404 | 57,915,112 | (3,653,292) | (5.9) | 61,568,404 | 55,335,112 | (6,233,292) | (10.1) |
| Other Assistance | 2,517,178,665 | 3,036,218,173 | 3,013,240,296 | (22,977,877) | (0.8) | 2,907,912,053 | 3,551,804,624 | 643,892,571 | 22.1 |
| TOTAL | \$ 2,952,305,323 | \$ 3,576,332,509 | \$ 3,509,278,698 | \$ (67,053,811) | (1.9)% | \$ 3,526,959,755 | \$ 4,059,877,966 | \$ 532,918,211 | 15.1% |
| Financing: | | | | | | | | | |
| State General Fund | \$ 630,250,985 | \$ 852,580,034 | \$ 846,260,462 | \$ (6,319,572) | (0.7)% | \$ 727,039,641 | \$ 841,712,184 | \$ 114,672,543 | 15.8% |
| State Water Plan Fund | 2,619,331 | 4,087,454 | 3,203,131 | (884,323) | (21.6) | 4,087,454 | 3,203,131 | (884,323) | (21.6) |
| Children's Initiatives Fund | 7,165,510 | 7,241,605 | 7,199,107 | (42,498) | (0.6) | 7,241,605 | 7,199,107 | (42,498) | (0.6) |
| Special Revenue Funds | 414,479,945 | 482,885,987 | 502,165,536 | 19,279,549 | 4.0 | 417,137,287 | 517,895,370 | 100,758,083 | 24.2 |
| Federal Funds | 1,862,904,611 | 2,202,036,724 | 2,123,224,195 | (78,812,529) | (3.6) | 2,343,953,063 | 2,662,631,921 | 318,678,858 | 13.6 |
| All Other Funds | 34,884,941 | 27,500,705 | 27,226,267 | (274,438) | (1.0) | 27,500,705 | 27,236,253 | (264,452) | (1.0) |
| TOTAL | \$ 2,952,305,323 | \$ 3,576,332,509 | \$ 3,509,278,698 | \$ (67,053,811) | (1.9)% | \$ 3,526,959,755 | \$ 4,059,877,966 | \$ 532,918,211 | 15.1% |

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$816,640,069 for the Kansas Department of Health and Environment in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$128,571,386, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$97,098,776 as the result of the Governor's July SGF allotment;
- An increase of \$13,096, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in a reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$17.5 million as the result of a proviso in 2020 SB 66 that transferred \$17.5 million budgeted for Medicaid expansion to the Coronavirus Prevention Fund of the State Finance Council if Medicaid Expansion did not pass during the 2020 Legislative Session.

These adjustments change the FY 2021 approved SGF amount to \$830,625,775. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

| | CHANGE FROM APPROVED BUDGET | | | | |
|--------------------|------------------------------------|-------------------------------|-----------------------------------|-------------------------------|-------------------------------------|
| | Legislative Approved FY 2021 | Agency Estimate FY 2021 | Agency Change from Approved | Governor Rec. FY 2021 | Governor Change from Approved |
| State General Fund | \$ 830,625,775 | \$ 852,580,034 | \$ 21,954,259 | \$ 727,039,641 | \$ (103,586,134) |
| All Other Funds | 3,215,610,913 | 2,723,752,475 | (491,858,438) | 2,799,920,114 | (415,690,799) |
| TOTAL | <u>\$4,046,236,688</u> | <u>\$3,576,332,509</u> | <u>\$ (469,904,179)</u> | <u>\$3,526,959,755</u> | <u>\$ (519,276,933)</u> |
| FTE Positions | 1,500.1 | 1,598.7 | 98.6 | 1,598.7 | 98.6 |

The **agency** requests a revised estimate of \$3.6 billion, including \$852.6 million SGF, for operating expenditures in FY 2021. This is an all funds decrease of \$469.9 million, or 11.6 percent, and an SGF increase of \$22.0 million, or 2.6 percent, from the amount approved by the 2020 Legislature. The all funds increase includes a Children's Initiatives Fund reappropriation of \$42,498.

The request includes \$24.9 million for the Administration function, \$229.9 million for the Division of Public Health, \$3.2 billion for the Division of Health Care Finance, and \$93.9 million for the Division of Environment. The all funds decrease is primarily attributable to decreased federal fund expenditures for human services caseloads, partially offset by federal funds to support COVID-19 prevention and treatment efforts in the Divisions of Public Health and Environment. The SGF increase is due to the agency's supplemental requests, partially offset by decreased SGF expenditures for human services caseloads. The agency's revised estimate includes seven supplemental requests totaling \$22.0 million, all SGF.

The revised estimate includes 1,598.7 FTE positions, which is an increase of 98.6 FTE positions above the number approved by the 2020 Legislature. The increase is due to several positions being added to support the state's COVID-19 pandemic response. These include additional epidemiologic and information system surveillance staff in the Bureau of Epidemiology and Public Health Informatics, and laboratory staff in the Division of Environment. In addition, the Division of Health Care Finance added auditors and managed care organization analysts in the Managed Care Bureau and additional researchers in the Medicaid Initiatives, Research, and Training Unit.

The agency's FY 2021 revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$106.5 million, including \$17.4 million SGF in FY 2021. This is an all funds increase of \$988,409, or 0.9 percent, and an SGF decrease of \$1.5 million, or 7.7 percent, from the approved FY 2021 amount. The SGF decrease is due to funds reappropriated from FY 2020 that went unused due to lower than anticipated expenditures for salaries and wages in the divisions of Health Care Finance and Public Health, partially offset by increased expenditures for salaries and wages for newly added staff;
- **Contractual Services.** The agency requests a revised estimate of \$323.2 million, including \$17.7 million SGF in FY 2021. This is an all funds decrease of \$11.8 million, or 3.5 percent, and an SGF increase of \$2.0 million, or 12.9 percent, from the FY 2021 approved amount. The all funds decrease is primarily due to decreased expenditures for professional services for Medicaid Program Administration, offset by an increase in federal funds to support the prevention and treatment of COVID-19. The SGF increase can be attributed to the agency's supplemental requests for the Trauma Program (\$300,000), mosquito surveillance (\$137,619), Lyme disease research (\$140,000), and School-Based Oral Health Preventative Services (\$150,000) in the division of Public Health, and the supplemental request for website redesign (\$99,000) in the Department of Administration, as well as expenditures for building repairs in the agency laboratory;
- **Commodities.** The agency requests a revised estimate of \$39.4 million, including \$1.3 million SGF in FY 2021. This is an all funds increase of \$35.1 million, or 806.9 percent, and an SGF increase of \$5,661, or 0.4 percent, above the FY 2021 approved amount. The all funds increase is primarily due to federal funds for COVID-19 testing and laboratory supplies in the divisions of Public Health and the Environment. The SGF increase is due to increased expenditures for personal protective equipment (PPE);

- **Capital Outlay.** The agency requests a revised estimate of \$9.3 million, including \$945,346 SGF. This is an all funds increase of \$7.8 million, or 508.0 percent, and an SGF increase of \$479,982, or 103.1 percent, above the FY 2021 approved amount. The all funds increase is primarily due to increased federal funds for scientific equipment. The SGF increase is partially due the agency's laboratory equipment supplemental request;
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$61.6 million, including \$6.8 million SGF in FY 2021. This is an all funds increase of \$22.6 million, or 57.8 percent, and an SGF increase of \$2.4 million, or 55.3 percent, above the FY 2021 approved amount. The all funds increase is due to federal COVID-19 funds for aid to local units of government in the divisions of Public Health and Health Care Finance. The SGF increase is due to a re-categorization of expenditures for the Infants and Toddlers Program and Community-based Primary Care facilities from Other Assistance to Aid to Local Units of Government; and
- **Other Assistance.** The agency requests a revised estimate of \$3.0 billion, including \$808.4 million SGF in FY 2021. This is an all funds decrease of \$535.5 million, or 15.0 percent, and an SGF increase of \$7.5 million, or 0.9 percent, from the FY 2021 approved amount. The all funds decrease is due to adjustments to human services caseloads, partially offset by increased expenditures for the Children's Health Insurance Program (CHIP). The SGF increase is due to the agency's \$20.9 million supplemental request for CHIP expenditures, partially offset by decreased SGF expenditures for human services caseloads.

The **Governor** recommends expenditures of \$3.5 billion, including \$727.0 million SGF, in FY 2021. This is an all funds decrease of \$49.4 million, or 1.4 percent, including an SGF decrease of \$125.5 million, or 14.7 percent, below the agency's FY 2021 revised estimate. The Governor's recommendation includes the following:

- Delete \$111.0 million, including \$99.8 million SGF, which will fully fund the Fall 2020 Human Services Consensus Caseload estimates;
- Delete \$3.6 million of the funds that were reappropriated from FY 2020 into FY 2021;
- Add \$150,000 to fund half of the agency's supplemental request for the Kansas Trauma Program;
- Delete \$20.9 million, all from the Medical Programs Fee Fund, to remove the increase in the CHIP state share from the agency's base budget; and
- Add \$89.9 million, all from the federal Coronavirus Relief Fund, for COVID-19 relief projects, including testing and vaccine distribution.

The Governor did not recommend the agency's supplemental requests to fund the increase in the state share of CHIP from the SGF, Oral Health Preventative Services, Mosquito Surveillance, Lyme Disease Prevention and Research, or Website Redesign. The Governor recommends 1,598.7 FTE positions, which is the same number as the agency's FY 2021 revised estimate.

Supplemental Detail

| FY 2021 SUPPLEMENTALS | | | | | | |
|--|----------------------|---------------------|------------|---------------------------|-------------------------|------------|
| Supplementals | Agency Estimate | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Website Redesign | \$ 99,000 | \$ 99,000 | 0.0 | \$ 0 | \$ 0 | 0.0 |
| Mosquito Surveillance | 137,619 | 137,619 | 0.0 | 0 | 0 | 0.0 |
| Lyme Disease Prevention and Research | 140,000 | 140,000 | 0.0 | 0 | 0 | 0.0 |
| Kansas Trauma Program | 300,000 | 300,000 | 0.0 | 150,000 | 150,000 | 0.0 |
| School-Based Oral Health Preventative Services | 150,000 | 150,000 | 0.0 | 0 | 0 | 0.0 |
| CHIP Assistance | 20,890,736 | 0 | 0.0 | 0 | (20,890,736) | 0.0 |
| Replacement Laboratory Equipment | 250,000 | 250,000 | 0.0 | 0 | 0 | 0.0 |
| Fall Human Services Caseloads | 0 | 0 | 0.0 | (99,751,297) | (110,999,997) | 0.0 |
| Lapsed Reappropriations in KDHE Health | 0 | 0 | 0.0 | (3,620,323) | (3,620,323) | 0.0 |
| TOTAL | \$ 21,967,355 | \$ 1,076,619 | 0.0 | \$ (103,221,620) | \$ (135,361,056) | 0.0 |

The **agency** requests seven supplementals totaling \$21,967,355, all SGF, in FY 2021.

Website Redesign. The agency requests \$99,000, all SGF, for contractual services to create and maintain a custom-designed website that will allow KDHE to effectively communicate with its target audience and evolve as technology and policies change. The agency reports the current website is seeing an unprecedented amount of traffic due to the COVID-19 pandemic. The agency created a COVID-19 microsite to provide up-to-date resources and information. Outside of this microsite, however, the agency reports that the current website is outdated and poorly designed and maintained, making it difficult for individuals to access the most up-to-date information. KDHE issued a request for proposal (RFP) last year and has selected a Kansas-based company to award the contract to should funds be available.

Mosquito Surveillance. The agency requests \$137,619, all SGF, for mosquito surveillance within the Division of Public Health in FY 2021. The additional funding is requested to address federal budget reductions for mosquito surveillance targeting West Nile Virus and other mosquito-borne disease prevention. According to the agency, ongoing mosquito surveillance, involving the trapping and testing of mosquitoes, is a critical component of preventing West Nile Virus and other diseases. Since the emergence of West Nile Virus in the United States in 2001, mosquito surveillance has been funded solely by a federal grant. All federal funding was eliminated in Kansas in FY 2020. The FY 2021 supplemental request will support contract services to trap and test mosquitoes for West Nile, Saint Louis Encephalitis, and Western Equine Encephalitis viruses through the Kansas Biological Survey.

Lyme Disease Prevention and Research. The agency requests \$140,000, all SGF, for Lyme Disease Prevention and Research within the division of Public Health in FY 2021. The number of confirmed cases of Lyme disease in Kansas is increasing. KDHE tracks suspected, probable, and confirmed cases of the disease and publishes updated information on their website. The agency also works to educate medical personnel to test for the disease. Currently, The funding would support KDHE's work with the Kansas State Diagnostic Lab to incorporate tick-borne diseases into a surveillance system and develop a Kansas-specific tick guide.

Trauma Program. The agency requests \$300,000, all SGF, for the Kansas Trauma Program within the division of Public Health in FY 2021. The Kansas Trauma Program is a partnership between public and private organizations to address the treatment and survival of critical injuries throughout the state. The agency states there is insufficient funding to sustain the statutory requirements of the program due to the elimination of a \$240,000 SGF appropriation beginning in FY 2016; a downward trend in the number of seat belt fines, penalties, and forfeitures of which the program receives a percentage pursuant to KSA 74-7336; and a reduction in fee funds resulting from SB 89 passed by the 2017 Legislature to support the S.A.F.E. program while reducing fees to other programs. The program has implemented efficiencies; however, program expenditures have increased over time and the loss of funding has created annual deficits and caused the depletion of the Trauma Fee Fund balance. According to the agency, this request is based on current projections of program expenditures and revenues and will allow the Trauma Fee Fund to maintain a reasonable minimum balance to accommodate fluctuations in cash flow and ensure obligations are met throughout the year.

School-Based Oral Health Preventative Services. The agency requests \$150,000, all SGF, to support Oral Health Preventative Services in targeted schools in FY 2021. This supplemental request will supplement the federal Centers for Disease Control and Prevention (CDC)'s grant funding for School-Based Oral Preventative Services. These services include oral health screening, sealants, fluoride varnish, dental cleanings, education, and data collection in schools statewide as a key component of preventing oral disease among children at high risk of dental decay. This request will fund existing services while seeking to expand the school screening program with additional training support, education, promotion to school partners, analysis and dissemination of Behavioral Risk Factor Surveillance System survey questions annually.

Children's Health Insurance Program (CHIP) Assistance. The agency is requesting \$20,890,739 to appropriate the state match of CHIP assistance with SGF in FY 2021. The state match for CHIP has been funded through the Medical Programs Fee Fund since FY 2016, when the state appropriation for CHIP assistance ended due to state budget reductions. Also beginning in FY 2016, the federal match for CHIP increased, allowing the Medical Programs Fee Fund to fund the program's state match. The federal match rate for CHIP is decreasing in FY 2021 and 2022, making the state share amount larger, and the agency states the Fee Fund can no longer support the state match.

Replacement Laboratory Equipment. The agency requests \$250,000, all SGF, to replace laboratory equipment in FY 2021. The equipment includes two Total Organic Carbon instruments and two gas chromatographs used to detect pesticide and disinfectant byproducts and an automatic titration system for water quality analysis.

The **Governor** recommends a decrease of \$135.4 million from all funds, including a decrease of \$103.2 million SGF, in supplemental funding in FY 2021. The Governor's recommendation includes funding half of the agency's supplemental request for the Kansas Trauma Program (\$150,000). The Governor does not recommend the agency's supplemental requests for website redesign, mosquito surveillance, Lyme disease prevention and research, oral health preventative services, or replacement of laboratory equipment. The Governor does not recommend the agency's request to fund the increased state share of CHIP using SGF moneys, but recommends deleting \$20.9 million, all from the Medical Programs Fee Fund, to remove the increase in the CHIP state share from the agency's base budget. The Governor also recommends deleting \$110.0 million, including \$99.8 SGF, to fully fund the Fall 2020 Human Services Caseload Estimates and deleting \$3.6 million dollars in reappropriations from FY 2020.

Governor's Allotments

On June 29, 2020, the Governor announced State General Fund (SGF) allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERs) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$97,098,776. The allotments applied to this agency are detailed below:

| GOVERNOR'S ALLOTMENTS | | | |
|----------------------------------|-----------------------------|-----------------------------|-------------------|
| Allotment | SGF | All Funds | FTE |
| July Allotment | | | |
| Death and Disability | \$ 120,788 | \$ 120,788 | 0.0 |
| Coronavirus Relief Swap | 45,369 | 45,369 | 0.0 |
| Children's Health Insurance Plan | 3,330,000 | 3,330,000 | 0.0 |
| Mosquito Surveillance | 137,619 | 137,619 | 0.0 |
| Local Health Departments | 900,000 | 900,000 | 0.0 |
| Primary Health Projects | 2,000,000 | 2,000,000 | 0.0 |
| Brain Injury Registry | 75,000 | 75,000 | 0.0 |
| Lyme Disease Testing | 140,000 | 140,000 | 0.0 |
| Kansas Trauma Program | 150,000 | 150,000 | 0.0 |
| Medical Assistance | 90,200,000 | 90,200,000 | 0.0 |
| TOTAL | <u>\$ 97,098,776</u> | <u>\$ 97,098,776</u> | <u>0.0</u> |

B. FY 2022 – Budget Year

| FY 2022 OPERATING BUDGET SUMMARY | | | |
|---|------------------------|------------------------------|----------------|
| | Agency Request | Governor's Recommendation | Difference |
| Total Request/Recommendation | \$ 3,509,278,698 | \$ 4,059,877,966 | \$ 550,599,268 |
| FTE Positions | 1,598.7 | 1,598.7 | 0.0 |
| Change from FY 2021: | | | |
| <i>Dollar Change:</i> | | | |
| State General Fund | \$ (6,319,572) | \$ 114,672,543 | |
| All Other Funds | (60,734,239) | 418,245,668 | |
| TOTAL | \$ (67,053,811) | \$ 532,918,211 | |
| <i>Percent Change:</i> | | | |
| State General Fund | (0.7) % | 15.8 % | |
| All Other Funds | (2.2) | 14.9 | |
| TOTAL | (1.9) % | 15.1 % | |
| Change in FTE Positions | 0.0 | 0.0 | |

The **agency** requests \$3.5 billion, including \$846.3 million SGF, for operating expenditures for FY 2022. This is an all funds decrease of \$67.1 million, or 1.9 percent, and an SGF decrease of \$6.3 million, or 0.7 percent, below the FY 2021 revised estimate. The request includes \$24.4 million for the Administration function, \$184.2 million for the Division of Public Health, \$3.2 billion for the Division of Health Care Finance, and \$72.0 million for the Division of Environment. The all funds decrease is primarily due to a decrease in federal funds for COVID-19 prevention and treatment. The SGF decrease is primarily due to decreased SGF expenditures for human services caseloads, partially offset by the agency's enhancement requests for Aid to Local Health Departments and increased use of SGF moneys to fund CHIP. The agency request includes ten enhancement requests totaling \$3.9 million, including \$33.0 million SGF.

The request includes 1,598.7 FTE positions, which is the same number as the FY 2021 revised estimate.

The agency's FY 2022 request is detailed below by category of expenditure:

- Salaries and Wages.** The agency requests \$107.9 million, including \$17.9 million SGF. This is an all funds increase of \$1.3 million, or 1.3 percent, and an SGF increase of \$462,991, or 2.7 percent, above the FY 2021 revised estimate. The SGF increase is primarily due to increased expenditures on salaries and wages for the agency's enhancement requests for Disease Intervention - Primary and Congenital Syphilis Transmission (\$210,000), and Harm Reduction Advisory Board (\$80,000). The all funds increase is due to increased employer contributions on group health insurance and retirement benefits across the agency;

- **Contractual Services.** The agency requests \$307.0 million, including \$17.1 million SGF. This is an all funds decrease of \$16.2 million, or 5.0 percent, and an SGF decrease of \$562,209, or 3.2 percent, below the FY 2021 revised estimate. The all funds decrease is attributable to a decrease of federal funds to support COVID-19 relief efforts in several areas, including hospital preparedness and laboratory support in the Divisions of Public Health and Environment, as well as decreased expenditures on nonsource point and harmful algae bloom programs and decreased expenditures on low-interest loan programs for drinking water and wastewater infrastructure in the Division of the Environment;
- **Commodities.** The agency requests \$20.4 million, including \$1.0 million SGF. This is an all funds decrease of \$19.1 million, or 48.4 percent, and an SGF decrease of \$301,396, or 23.1 percent, below the FY 2021 revised estimate. The all funds decrease is due to decreases in federal funds to support COVID-19 relief efforts, including funds for scientific supplies for testing;
- **Capital Outlay.** The agency requests \$2.9 million, including \$886,087 SGF. This is an all funds decrease of \$6.5 million, or 69.5 percent, and an SGF decrease of \$59,259, or 6.3 percent, below the FY 2021 revised estimate. The all funds decrease is primarily due to decreased expenditures on COVID-19 relief funds and other federal funds for laboratory equipment. The SGF decrease is partially due to decreased expenditures on vehicles;
- **Aid to Local Units of Government.** The agency requests \$57.9 million, including \$9.3 million SGF. This is an all funds decrease of \$3.7 million, or 5.9 percent, below the FY 2021 revised estimate, and an SGF increase of \$2.6 million, or 37.7 percent, above the FY 2021 revised estimate. The all funds decrease is primarily due to a decrease in federal grants for COVID-19 relief, and the SGF increase is largely due to the agency's Local Health Department enhancement request within the division of Public Health; and
- **Other Assistance.** The agency requests \$3.0 billion, including \$800.0 million SGF. This is an all funds decrease of \$23.0 million, or 0.8 percent, and an SGF decrease of \$8.4 million, or 1.0 percent, below the FY 2021 revised estimate. The all funds decrease is primarily due to a decrease in federal funds to support COVID-19 prevention and treatment and decreased expenditures for human services caseloads. The SGF decrease is attributable to decreased expenditures for human services caseloads, partially offset by the agency's enhancement request to fund CHIP from the SGF.

The **Governor** recommends expenditures of \$4.1 billion, including \$841.7 million SGF, for FY 2022. This is an all funds increase of \$550.6 million, or 15.7 percent, and an SGF decrease of \$4.5 million, or 0.5 percent, from the agency's FY 2021 request. The Governor's recommendation includes the following:

- Add \$150,000 to fund half of the agency's supplemental request for the Kansas Trauma Program;
- Delete \$12.6 million from all funds, including the addition of \$10.8 million SGF, which will fully fund the Fall 2020 Human Services Caseload Estimates;

- Add \$596.0 million from all funds, including \$19.0 million SGF, to fund Medicaid expansion;
- Delete \$29.1 million, all from the Medical Programs Fee Fund, to remove the increased state share of CHIP from the agency's base budget; and
- Delete \$1.1 million SGF from the Administration Program and offset this reduction with \$524,936 from the Sponsored Project Overhead Fund and \$566,716 from the Civil Registration/Health Statistics Fee Fund.

The Governor recommends 1,598.7 FTE positions, which is the same number the agency requested for FY 2021.

Enhancement Detail

| Enhancements | FY 2022 ENHANCEMENTS | | | | | |
|---|----------------------|---------------------|------------|---------------------------|-----------------------|------------|
| | Agency Estimate | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Website Redesign | \$ 17,000 | \$ 17,000 | 0.0 | \$ 0 | \$ 0 | 0.0 |
| Mosquito Surveillance | 141,060 | 141,060 | 0.0 | 0 | 0 | 0.0 |
| Lyme Disease Prevention and Research | 140,000 | 140,000 | 0.0 | 0 | 0 | 0.0 |
| Kansas Trauma Program | 300,000 | 300,000 | 0.0 | 150,000 | 150,000 | 0.0 |
| School-Based Oral Health Prevention Services | 150,000 | 150,000 | 0.0 | 0 | 0 | 0.0 |
| Disease Intervention - Primary and Congenital Syphilis Transmission | 210,000 | 210,000 | 3.0 | 0 | 0 | 0.0 |
| Harm Reduction Advisory Council | 82,000 | 82,000 | 0.0 | 0 | 0 | 0.0 |
| Aid to Local Units - Local Health Departments | 2,580,000 | 2,580,000 | 0.0 | 0 | 0 | 0.0 |
| CHIP Assistance | 29,054,086 | 0 | 0.0 | 0 | (29,054,086) | 0.0 |
| Fall Human Services Caseloads | 0 | 0 | 0.0 | 10,800,000 | (12,581,586) | 0.0 |
| Medicaid Expansion | 0 | 0 | 0.0 | 19,000,000 | 596,000,000 | 0.0 |
| Replacement Laboratory Equipment | 295,000 | 295,000 | 0.0 | 0 | 0 | 0.0 |
| TOTAL | \$ 32,969,146 | \$ 3,915,060 | 3.0 | \$ 29,950,000 | \$ 554,514,328 | 0.0 |

The **agency** requests ten enhancements totaling \$3.9 million, including \$33.0 million SGF, for FY 2022.

Website Redesign. The agency requests \$17,000, all SGF, for ongoing website maintenance and support for FY 2022. KDHE issued an RFP and selected a Kansas-based company to create and maintain a custom-designed website that will allow KDHE to effectively communicate with its target audience and evolve as technology and policies change. This request is to fund ongoing annual maintenance once the new website is complete.

Mosquito Surveillance. The agency requests \$141,060, all SGF, for mosquito surveillance within the division of Public Health for FY 2022. The additional funding is requested

to address federal budget reductions for mosquito surveillance targeting West Nile Virus and other mosquito-borne disease prevention. According to the agency, ongoing mosquito surveillance, involving trapping and testing mosquitoes is a critical component of preventing West Nile Virus and other disease. Since the emergence of West Nile Virus in the United States in 2001, mosquito surveillance has been funded solely by a federal grant. All federal funding was eliminated in Kansas in FY 2020. The FY 2022 supplement will support contract services to trap and test mosquitoes for West Nile, Saint Louis Encephalitis, and Western Equine Encephalitis viruses through the Kansas Biological Survey. The FY 2022 request includes a 2.5 percent increase above the FY 2021 supplemental request for mosquito surveillance to reflect inflation.

Lyme Disease Prevention and Research. The agency requests \$140,000, all SGF, for Lyme Disease Prevention and Research for FY 2022. The number of confirmed cases of Lyme disease in Kansas is increasing. KDHE tracks suspected, probable, and confirmed cases of the disease and publishes updated information on their website. The agency also works to educate medical personnel to test for the disease. Currently, KDHE is working with the Kansas State Diagnostic Lab to incorporate tick-borne diseases into a surveillance system and develop a Kansas-specific tick guide.

Trauma Program. The agency requests \$300,000, all SGF, for the Kansas Trauma Program within the Division of Public Health for FY 2022. The Kansas Trauma Program is a partnership between public and private organizations to address the treatment and survival of critical injuries throughout the state. The agency states there is insufficient funding to sustain the statutory requirements of the program due to the elimination of a \$240,000 SGF appropriation beginning in FY 2016; a downward trend in the number of seat belt fines, penalties, and forfeitures (of which the program receives a percentage pursuant to KSA 74-7336); and a reduction in fee funds resulting from SB 89 (passed by the 2017 Legislature to support the S.A.F.E. program while reducing fees to other programs). The program has implemented efficiencies; however, program expenditures have increased over time and the loss of funding has created annual deficits and caused the depletion of the Trauma Fee Fund balance. According to the agency, this request is based on current projections of program expenditures and revenues and will allow the Trauma Fee Fund to maintain a reasonable minimum balance to accommodate fluctuations in cash flow and ensure obligations are met throughout the year.

School-Based Oral Health Preventative Services. The agency requests \$150,000, all SGF, to support Oral Health Preventative Services in targeted schools for FY 2022. This enhancement will supplement the CDC's grant funding for School-Based Oral Preventative Services. These services include oral health screening, sealants, fluoride varnish, dental cleanings, education, and data collection in schools statewide as a key component of preventing oral disease among children at high risk of dental decay. This request funds existing services while seeking to expand the school screening program with additional training support, education, promotion to school partners, analysis and dissemination of Behavioral Risk Factor Surveillance System survey questions annually.

Disease Intervention - Primary and Congenital Syphilis Transmission. The agency is requesting \$210,000 to slow and stop the spread of primary and congenital syphilis. This funding will be used to add three additional staff members to the Disease Intervention Specialist workforce, geographically dispersed throughout the state. Recent increases in primary syphilis and congenital syphilis are impacting the ability of the current workforce to stop the transmission of syphilis and respond to other diseases. The agency reports that the increasing rate of syphilis cases is impacting the health and mortality of infants and women of childbearing years after a decade of having been virtually eliminated. The three positions would restore the workforce to a level of prior years when the disease transmission was successfully being interrupted.

Harm Reduction Advisory Council. The division of Public Health is requesting \$82,000, all SGF, to create a harm advisory council. The council would develop recommendations and advise KDHE on the establishment and maintenance of programs designed to reduce harm to individuals, including the reduction and occurrence of infectious disease. The council would also evaluate initiatives and ensure that accurate information is available to the public, health care workers, and health care facilities in the state. The enhancement would fund one new position to support and facilitate the council and disseminate information. Advisory council members would be non-compensated but reimbursed for actual expenditures. Existing staff would provide support for programming and logistics related to council meetings and administration.

Aid to Local Units of Government - Local Health Departments. The division of Public Health is requesting \$2,580,000, all SGF, for ongoing aid to local health departments for FY 2022. These funds would be used to enhance the aid provided to local health departments in Kansas through the statutory formula distribution contained in KSA 65-242. Health Departments use these funds to fulfill their statutory requirements, which include disease investigation and control, school inspections, and immunizations. The current formula allocation was established in 1992 and has remained at \$2.22 million since that time. The agency adjusted the 1992 amount for inflation and population changes and reached a total Aid to Local Units of Government value of \$4.8 million. The requested amount of \$2.6 million will result in a total aid amount of \$4.8 million when added to the existing aid appropriation of \$2.22 million.

Children's Health Insurance Program (CHIP) Assistance. The agency requests \$29,054,086 SGF to fund the state match of CHIP assistance with SGF moneys for FY 2022. The state match for CHIP has been funded through the Medical Programs Fee Fund since FY 2016, when the state appropriation for CHIP assistance ended due to state budget reductions. Also beginning in FY 2016, the federal match for CHIP increased, allowing the Medical Programs Fee Fund to fund the state match. The federal match rate for CHIP is decreasing in FY 2021 and 2022, making the state share amount larger, and the agency states the Medical Programs Fee Fund can no longer support the state match.

Replacement Laboratory Equipment. The agency requests \$295,000, all SGF, to replace laboratory equipment for FY 2022. The equipment includes an Inductively Coupled Plasma Atomic Emission Spectrometer (ICP-OES) for metals testing, a discrete analyzer system for various nutrient analysis in water, a liquid scintillation counter (LSC) to replace two LSCs in order to support the drinking water tests for Kansas water systems as well as internal and statewide monitoring, and a mercury digester/analyzer for detecting mercury in environmental samples. The agency states these instruments have also been repaired multiple times and their average age is 15 years old.

The **Governor** recommends enhancement funding of \$554.5 million from all funds, including \$30.0 million SGF. This recommendation includes \$150,000 to fund half of the agency's enhancement request for the Kansas Trauma Program and \$596.0 million from all funds, including \$19.0 million SGF, to fund Medicaid expansion. The Governor also recommends deleting \$12.6 million from all funds, including the addition of \$10.8 million SGF to fully fund the Fall Human Services Caseload Estimates and deleting \$29.1 million, all from the Medical Programs Fee Fund, to remove the increased state share of CHIP from the agency's base budget.

The **Governor** does not recommend the agency's enhancement requests for website redesign, mosquito surveillance, local health departments, Lyme disease prevention and research, primary and congenital syphilis intervention, oral health preventative services, harm reduction advisory council, SGF resources for CHIP, and replacement laboratory equipment.

FY 2022 Reduced Resources

| Item | FY 2022 REDUCED RESOURCES | | | | | |
|---------------------------------------|---------------------------|------------------------|------------|---------------------------|-------------|------------|
| | Agency Recommendation | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Administration | \$ (524,936) | \$ 0 | 0.0 | \$ (1,091,652) | \$ 0 | 0.0 |
| Contractual Services | | | | | | |
| Palliative Care Program | (7,000) | (7,000) | 0.0 | 0 | 0 | 0.0 |
| Primary Care Grants | (2,478,780) | (2,478,780) | 0.0 | 0 | 0 | 0.0 |
| Children's Health | (2,238,866) | (7,976,010) | 0.0 | 0 | 0 | 0.0 |
| Insurance Program - optional services | | | | | | |
| KanCare - optional services | (3,322,070) | (8,239,262) | 0.0 | 0 | 0 | 0.0 |
| Environmental Field Services | (132,805) | (127,424) | 2.0 | 0 | 0 | 0.0 |
| KDHE Laboratory | (104,613) | (104,613) | | 0 | 0 | 0.0 |
| Environmental Remediation | (156,796) | 0 | 0.0 | 0 | 0 | 0.0 |
| Bureau of Water | (43,266) | 0 | 0.0 | 0 | 0 | 0.0 |
| TOTAL | \$ (9,009,132) | \$ (18,933,089) | 2.0 | \$ (1,091,652) | \$ 0 | 0.0 |

The **Governor** requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The **agency** submits nine reduced resources totaling \$18.9 million, including \$9.0 million SGF, for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

Administration Contractual Services. The agency submits \$524,936, all SGF, for a reduction in contractual services. Reductions will be made by supplanting SGF with special revenue funds or through expense reductions, though the agency reports there are no readily identified expense reduction opportunities at this time.

Palliative Care Program. The agency submits a reduction of \$7,000, all SGF, for the State Palliative Care Program. This reduction is anticipated to offset cost savings related to reduced travel and conference attendance by KDHE staff due to the COVID-19 pandemic.

Primary Care Grants. The agency submits a \$2.5 million, all SGF, reduction in grants for Community-Based Primary Care Clinics and the Community Care Network of Kansas. The current SGF allocation to Primary Care Clinics is the largest non-matching use of Public Health SGF dollars, and this reduction would represent a 23.0 percent reduction in primary care funding for FY 2022.

Children's Health Insurance Program - Optional Services. The agency submits a \$2.2 million SGF reduction, which would result in a reduction of \$8.0 million all funds. The agency reports that, due to federal requirements to keep eligibility levels in place, the reduction would result in a reduction of the optional services covered by CHIP, a step that could be implemented only with approval from the federal Centers for Medicare and Medicaid Services (CMS).

KanCare Optional Services. The agency submits a reduction of \$3.3 million SGF, which would be a reduction of \$8.2 million all funds, for KanCare optional services. This reduction would be implemented through rate reductions and the elimination of coverage for

certain optional services, rather than those that are required under federal law. Optional services that may be impacted include prescription drugs, physical and occupational therapy, eye glasses, dentures, dental, hospice, and other services.

Environmental Field Services. The agency submits a reduction of \$132,805 SGF, which would be a reduction of \$159,062 all funds. The agency states the SGF reduction would result in elimination of funds for contractual services and elimination of two positions in the Livestock Waste Management program. The agency notes permit fees for the livestock program have not changed since 1996, and the reduction in both federal and SGF moneys is increasingly detrimental to the program. The agency would review its permit fee structures and may propose legislative changes to increase fees if the reduced resources package is utilized. This reduced resources package would cause a reduction of \$31,638 in federal funds, as one of the suggested positions to be eliminated is partially funded with federal funds.

KDHE Laboratory. The agency submits a reduction of \$104,613 SGF, which would result in the elimination of funds for supplies utilized to perform various health and environmental services for the State. The agency notes many tests performed by the state laboratories are considered essential business services that are not paid for by any other entity. The result could be that certain tests would either be limited or eliminated altogether, leaving some citizens and programs without adequate testing support. There is limited capability of the laboratories to increase any fees or billing to cover a shortfall in SGF, and most options would require legislative action to increase billing options to local entities.

Environmental Remediation. The agency submits a reduction of \$156,796 SGF, which would result in a need to use state fees to meet federal match requirements. The agency states several of the fee funds are already significantly reduced due to COVID-19-related economic impacts. The lack of SGF moneys would put additional pressure on the state fee funds. The agency notes focus would be placed on allocating enough SGF and fee funding for state match requirements on federal grants to ensure Kansas can continue to leverage millions of dollars used to enact the federal programs to protect human health and the environment. The agency would review its fee structure and may need to propose legislative or regulatory changes to increase fees if the reduced resource package is enacted.

Bureau of Water. The agency submits a reduction of \$43,266 SGF, which would result in a need to use other state fees to meet federal match requirements, putting increased pressure on those fee funds. The agency states increased diversion of other permit or service fees to make up for those reductions redirects the Bureau of Water programs' long-term ability to support water quality and drinking water protection. Salary support would be shifted from the SGF to other state fee funds to maintain program functionality and provide adequate match to leverage federal grant moneys. The Bureau would review its permit fee structures and may propose legislative or regulatory changes to increase fees to compensate, in part, for the reduced resources package.

The **Governor** recommends a reduction of \$1.1 million SGF in the Administration Program, to be replaced with agency fee funds. This reduction will be offset with \$524,936 from the Sponsored Project Overhead Fund and \$566,716 from the Civil Registration/Health Statistics Fee Fund. The Governor does not recommend any of the agency's other reduced resources.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$102,556, including \$16,799 SGF, and FY 2022 longevity payments total \$105,239, including \$16,258 SGF.**

Kansas Public Employees Retirement System (KPERs). The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERs Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

| Funding Source | Agency Req. Percent of Total FY 2022 | Gov. Rec. Percent of Total FY 2022 |
|-----------------------------|--|--|
| State General Fund | 24.1 % | 20.7 % |
| State Water Plan Fund | 0.1 | 0.1 |
| Children's Initiatives Fund | 0.2 | 0.2 |
| Special Revenue Funds | 14.3 | 12.8 |
| Federal Funds | 60.5 | 65.6 |
| All Other Funds | 0.8 | 0.7 |
| TOTAL | 100.0 % | 100.0 % |

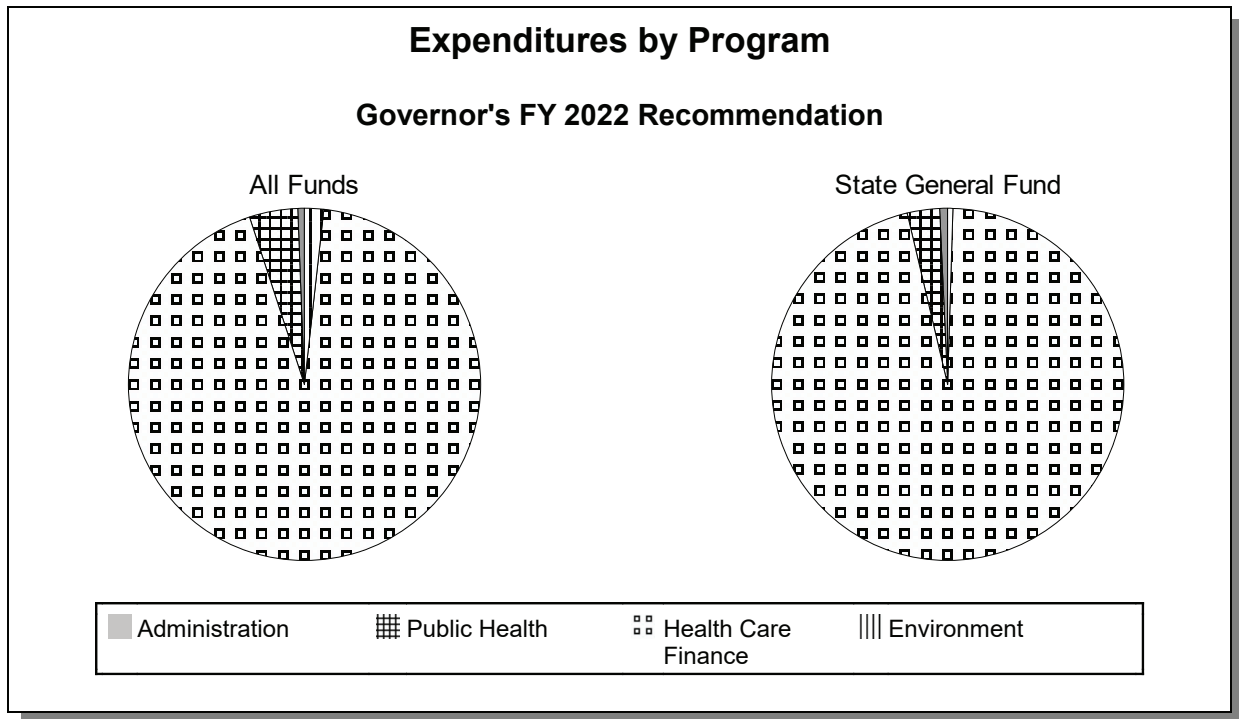
(Note: Totals may not add due to rounding.)

Fee Fund Analysis

The Medical Program Fee Fund was established by KSA 39-710. The largest revenue sources for the fund are national and state sidebar drug rebate agreements and estate recoveries. The Division of Health Care Finance collects two types of drug rebates: those required by federal law and supplemental rebates related to the Preferred Drug List (PDL). This special revenue fee fund has an appropriation limit set by the Kansas Legislature. The appropriation limit set by the 2020 Legislative Session is \$100,362,668 in FY 2021 and \$100,362,668 for FY 2022. The fee fund is used primarily for funding Medicaid caseloads.

| Resource Estimate | Actual FY 2020 | Agency Estimate FY 2021 | Gov. Rec. FY 2021 | Agency Request FY 2022 | Gov. Rec. FY 2022 |
|---|-------------------------|-------------------------------|-------------------------|------------------------------|-------------------------|
| Beginning Balance | \$ 84,211,401 | \$ 94,326,957 | \$ 94,326,957 | \$ 82,338,600 | \$ 76,719,609 |
| Revenue | 85,891,278 | 78,483,575 | 78,483,575 | 78,443,576 | 80,643,576 |
| Transfers in | 0 | 0 | 0 | 0 | 0 |
| Funds Available | \$ 170,102,679 | \$ 172,810,532 | \$ 172,810,532 | \$ 160,782,176 | \$ 157,363,185 |
| Less: | | | | | |
| Expenditures | \$ 75,775,722 | \$ 90,471,932 | \$ 96,090,923 | \$ 71,308,582 | \$ 143,519,270 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 |
| Off-Budget Expenditures | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | \$ 94,326,957 | \$ 82,338,600 | \$ 76,719,609 | \$ 89,473,594 | \$ 13,843,915 |
| Ending Balance as Percent of Expenditures | 124.5% | 91.0% | 79.8% | 125.5% | 9.6% |
| Month Highest Ending Balance | May \$ 94,809,229 | May \$ 106,197,807 | May \$ 106,197,807 | May \$ 92,700,740 | May \$ 86,374,611 |
| Month Lowest Ending Balance | August \$ 62,850,430 | August \$ 70,400,860 | August \$ 70,400,086 | August \$ 89,473,594 | August \$ 57,258,998 |

PROGRAM DETAIL



| Program | Gov. Rec. All Funds FY 2022 | Percent of Total | Gov. Rec. SGF FY 2022 | Percent of Total |
|---------------------|-----------------------------------|-----------------------|------------------------------|-----------------------|
| Administration | \$ 24,372,841 | 0.6 % | \$ 6,157,961 | 0.7 % |
| Public Health | 180,774,450 | 4.5 | 25,024,082 | 3.0 |
| Health Care Finance | 3,783,051,804 | 93.2 | 806,592,826 | 95.8 |
| Environment | 71,678,871 | 1.8 | 3,937,315 | 0.5 |
| TOTAL | <u>\$ 4,059,877,966</u> | <u>100.0 %</u> | <u>\$ 841,712,184</u> | <u>100.0 %</u> |

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

| Program | Actual FY 2020 | Agency Est. FY 2021 | Gov. Rec. FY 2021 | Agency Req. FY 2022 | Gov. Rec. FY 2022 |
|---------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Administration | 108.0 | 112.0 | 112.0 | 112.0 | 112.0 |
| Public Health | 358.5 | 396.8 | 396.8 | 396.8 | 396.8 |
| Health Care Finance | 592.0 | 630.0 | 630.0 | 630.0 | 630.0 |
| Environment | 441.6 | 459.9 | 459.9 | 459.9 | 459.9 |
| TOTAL | <u>1,500.1</u> | <u>1,598.7</u> | <u>1,598.7</u> | <u>1,598.7</u> | <u>1,598.7</u> |

(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)

| AGENCY REQUEST BY BUREAU DETAIL | | | | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| By Division | All Funds FY 2021 | SGF FY 2021 | All Funds FY 2022 | SGF FY 2022 |
| Administration | \$ 24,865,184 | \$ 8,140,303 | \$ 24,389,841 | \$ 7,266,613 |
| Public Health | | | | |
| Health Administration | \$ 287,574 | \$ 285,024 | \$ 84,550 | \$ 82,000 |
| Bureau of Disease Control and Prevention | 14,507,480 | 1,592,135 | 14,149,267 | 1,468,075 |
| Bureau of Health Promotion | 14,489,843 | 466,212 | 14,389,746 | 418,018 |
| Bureau of Family Health | 89,267,748 | 8,487,567 | 88,480,621 | 8,400,369 |
| Bureau of Community Health Systems | 30,813,662 | 14,972,770 | 32,602,129 | 17,444,919 |
| Bureau of Oral Health | 767,904 | 324,809 | 771,606 | 325,799 |
| Bureau of Epidemiology and Public Health Informatics | 11,429,797 | 429,543 | 11,365,542 | 337,962 |
| COVID-19 Transactions | 68,374,995 | 0 | 22,384,049 | 0 |
| <i>Subtotal - Public Health</i> | <i>\$ 229,939,003</i> | <i>\$ 26,558,060</i> | <i>\$ 184,227,510</i> | <i>\$ 28,477,142</i> |
| Health Care Finance* | | | | |
| Medicaid/KanCare Administration | \$ 291,125,355 | \$ 19,123,964 | \$ 284,421,543 | \$ 20,204,164 |
| Medicaid/KanCare Assistance | 2,936,525,044 | 793,815,906 | 2,944,265,933 | 785,642,748 |
| <i>Subtotal - Health Care Finance</i> | <i>\$ 3,227,650,399</i> | <i>\$ 812,939,870</i> | <i>\$ 3,228,687,476</i> | <i>\$ 805,846,912</i> |
| Environment | | | | |
| Bureau of Waste Management | \$ 5,420,908 | \$ 0 | \$ 5,325,874 | \$ 0 |
| Bureau of Air Quality | 8,117,779 | 86,354 | 8,421,510 | 87,060 |
| Bureau of Water | 10,500,977 | 154,319 | 9,023,165 | 149,869 |
| Bureau of Environmental Remediation | 27,469,199 | 541,661 | 27,513,357 | 538,811 |
| Bureau of Environmental Field Services | 11,564,041 | 1,884,320 | 11,305,017 | 1,637,213 |
| Bureau of Environmental Laboratories | 10,628,244 | 2,275,147 | 10,143,108 | 2,256,842 |
| COVID-19 Transactions | 20,176,775 | 0 | 241,840 | 0 |
| <i>Subtotal - Environment</i> | <i>\$ 93,877,923</i> | <i>\$ 4,941,801</i> | <i>\$ 71,973,871</i> | <i>\$ 4,669,795</i> |
| TOTAL | \$ 3,576,332,509 | \$ 852,580,034 | \$ 3,509,278,698 | \$ 846,260,462 |

A. Administration

The Administration program provides the central management and administrative support functions of KDHE. The program includes the Secretary’s Office, which sets agency policy and coordinates operations in order to carry out statutory mandates. The Office of Legal Services supports all program areas in the enforcement of health and environmental laws and regulations. Management and Budget provides financial and strategic planning support services to all programs in KDHE. Financial Services include budget development, grant management, maintenance of accounts and reports, central reporting, and execution of all financial transactions.

The Office of Communications supplies written, oral, and visual communications services to convey KDHE’s program objectives to internal and external audiences. The Office of Information Technology Services (OITS) is under the Kansas Executive Chief Information Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology from hardware and basic desktop applications to vendor produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget.

The agency also confers with the Office of Personnel Services staff from the Department of Administration on all KDHE personnel transactions, such as recruitment and selection, employment management, benefit administration, classification and workforce planning, examination and certification of qualified candidates, employee relations, and Equal Employment Opportunity and affirmative action program implementation.

| PERFORMANCE MEASURES | | | | | | |
|---|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| Measure | Actual FY 2018 | Actual FY 2019 | Gov. Rec. FY 2020 | Actual FY 2020 | Gov. Rec. FY 2021 | Gov. Rec. FY 2022 |
| There were no performance measures submitted for this program | | | | | | |
| Agency Expenditures | | | | | | |
| All Funds (Dollars in Millions) | \$ 20.0 | \$ 21.2 | \$ 23.6 | \$ 21.1 | \$ 24.4 | \$ 24.4 |
| FTE Positions | 116.6 | 107.8 | 108.0 | 108.0 | 112.0 | 112.0 |

| ADMINISTRATION | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| SUMMARY OF EXPENDITURES FY 2020 – FY 2022 | | | | | |
| Item | Actual FY 2020 | Agency Est. FY 2021 | Gov. Rec. FY 2021 | Agency Req. FY 2022 | Gov. Rec. FY 2022 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 7,202,816 | \$ 8,824,337 | \$ 8,824,337 | \$ 8,909,602 | \$ 8,909,602 |
| Contractual Services | 13,726,711 | 15,769,732 | 15,346,840 | 15,209,124 | 15,192,124 |
| Commodities | 51,249 | 36,357 | 36,357 | 36,357 | 36,357 |
| Capital Outlay | 129,164 | 234,758 | 234,758 | 234,758 | 234,758 |
| Debt Service | 0 | 0 | 0 | 0 | 0 |
| <i>Subtotal - Operations</i> | <u>\$ 21,109,940</u> | <u>\$ 24,865,184</u> | <u>\$ 24,442,292</u> | <u>\$ 24,389,841</u> | <u>\$ 24,372,841</u> |
| Aid to Local Units | 0 | 0 | 0 | 0 | 0 |
| Other Assistance | 0 | 0 | 0 | 0 | 0 |
| TOTAL | <u>\$ 21,109,940</u> | <u>\$ 24,865,184</u> | <u>\$ 24,442,292</u> | <u>\$ 24,389,841</u> | <u>\$ 24,372,841</u> |
| Financing: | | | | | |
| State General Fund | \$ 5,534,397 | \$ 8,140,303 | \$ 7,717,411 | \$ 7,266,613 | \$ 6,157,961 |
| All Other Funds | 15,575,543 | 16,724,881 | 16,724,881 | 17,123,228 | 18,214,880 |
| TOTAL | <u>\$ 21,109,940</u> | <u>\$ 24,865,184</u> | <u>\$ 24,442,292</u> | <u>\$ 24,389,841</u> | <u>\$ 24,372,841</u> |
| FTE Positions | 108.0 | 112.0 | 112.0 | 112.0 | 112.0 |

FY 2021

The **agency** requests a revised estimate for FY 2021 expenditures of \$24.9 million, including \$8.1 million SGF, for the Administration function. This is an all funds increase of \$277,509, or 1.1 percent, and an SGF increase of \$1.6 million, or 24.1 percent, above the FY 2021 approved amount, primarily attributable to an increase in the state buildings operating charge and the agency's supplemental request for website redesign.

The FY 2021 revised request for the Administration function includes 112.0 FTEs, which is an increase of 4.0 FTEs above the FY 2021 approved amount. The increase in FTE positions includes new positions in human resources, Internet and technology support, and legal services. The FY 2021 agency request for the Administration function is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests a revised estimate of \$8.8 million, including \$2.5 million SGF, in FY 2021. This is an all funds increase of \$6,067, or 0.1 percent, and an SGF decrease of \$199,336, or 7.3 percent, from the FY 2021 approved amount. The all funds increase is largely due to increased expenditures on salaries and wages for unclassified staff, partially offset by funds reappropriated from FY 2020;
- **Contractual Services.** The agency requests a revised estimate of \$15.8 million, including \$5.5 million SGF, in FY 2021. This is an all funds increase of \$312,328, or 2.0 percent, and an SGF increase of \$1.8 million, or 48.8 percent, above the FY 2021 approved amount. The SGF increase is largely due to an increase in the state buildings operating charge for repairs at the agency laboratory that include the replacement of a boiler and repairs to the elevator and roof, as well as the agency's supplemental request for website redesign;

- **Commodities.** The agency requests a revised estimate of \$36,357, including \$30,658 SGF, in FY 2021. This is an all funds decrease of \$29,124, or 44.5 percent, and an SGF decrease of \$15,881, or 34.1 percent, below the FY 2021 approved amount. The decrease is due to decreased expenditures for office supplies; and
- **Capital Outlay.** The agency requests a revised estimate of \$234,758, including \$93,651 SGF, in FY 2021. This is an all funds decrease of \$11,762, or 4.8 percent, and an SGF decrease of \$8,200, or 8.1 percent, below the FY 2021 approved amount. The decrease is largely due to decreased expenditures for computer software, partially offset by increased expenditures for computer equipment.

The **Governor** recommends expenditures of \$24.4 million, including \$7.7 million SGF, for the Administration program in FY 2021. This is a decrease of \$422,892, or 1.7 percent, all SGF, below the agency's request. The SGF decrease is due to the Governor not recommending the agency's enhancement request for website redesign (\$99,000) and deleting \$323,892 that had been reappropriated from FY 2020 into FY 2021.

FY 2022

The **agency** requests for FY 2022 expenditures of \$24.4 million, including \$7.3 million SGF, for the Administration function. This is an all funds decrease of \$475,343, or 1.9 percent, and an SGF decrease of \$475,343, or 1.9 percent, below the revised 2021 estimate. The decrease is primarily attributable to a decrease in the state buildings operating charge. The request includes 112.0 FTE positions, which is the same number as the FY 2021 revised estimate. The FY 2021 agency request for the Administration function is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$8.9 million, including \$2.5 million SGF for FY 2022. This is an all funds increase of \$85,265, or 1.0 percent, and an SGF increase of \$24,470, or 1.0 percent, above the FY 2021 revised estimate due to increased expenditures on group health insurance and retirement benefits;
- **Contractual Services.** The agency requests \$15.2 million, including \$4.6 million SGF for FY 2022. This is an all funds decrease of \$560,608, or 3.6 percent, and an SGF decrease of \$898,160, or 16.3 percent, below the FY 2021 revised estimate, primarily due to a decrease in the state buildings operating charge for repairs that are anticipated to be completed in FY 2021;
- **Commodities.** The agency requests \$36,357, including \$30,658 SGF for FY 2022. These are the same all funds and SGF amounts as the FY 2021 revised estimate; and
- **Capital Outlay.** The agency requests \$234,758, including \$93,651 SGF for FY 2022. This is the same amount as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$24.4 million, including \$6.2 million SGF, for the Administration program for FY 2022. This is an all funds decrease of \$17,000 or 0.1

percent, and an SGF decrease of \$1.1 million, or 15.3 percent, below the agency's request. The SGF decrease is due to the Governor not recommending the agency's enhancement request for website redesign and the reduced resources budget reduction of \$1.1 million SGF, replaced with an increase of \$1.1 million, all from special revenue funds.

B. Public Health

The Division of Public Health seeks to promote and protect health and prevent disease and injury among the people of Kansas. Three core functions are employed to further this mission. The assessment function is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. The policy development function utilizes scientific knowledge in making important health policy decisions. Finally, the assurances function makes certain that services are provided to meet the State's health goals. This may be done directly through state or local programs, indirectly through encouraging other public or private entities to act, or by regulatory activity.

While the bulk of its staff and programs are located in Topeka, the Division of Public Health provides direct services throughout the state, with staff stationed in several of KDHE's district offices. In addition, the Division works closely with 100 local health departments serving all 105 Kansas counties. The Division includes a Health Administration subprogram, and six bureaus administer the Division of Public Health programs.

The **Bureau of Disease Control and Prevention** concentrates on identifying, preventing, and controlling communicable diseases of crucial public health concern. The Bureau conducts focused programming through two sections: the STI/HIV (Sexually Transmitted Infections/Human Immunodeficiency Virus) Section and the TB (Tuberculosis)/Immunization Section.

The **Bureau of Health Promotion** facilitates the development of state and local health objectives that offer a prevention framework for health promotion and evidence-based decision-making to promote improvements in population health status. The Bureau pursues funding resources and collaborative partnerships to respond to the State's leading health problems in the areas of chronic disease, including heart disease, dental disease, arthritis, cancer, injury and disability, obesity, stroke, and diabetes. The Bureau also implements population level strategies to reduce the primary risk factors associated with the leading causes of death and disability, including tobacco use prevention, promotion of physical activity, nutritional education, and safety practices to prevent injury.

The **Bureau of Family Health** supports a statewide system of public health services for maternal and child populations, including women of reproductive age, pregnant women, infants, children, and adolescents up to 22 years old. The Early Care and Youth Programs section (Child Care Licensing) is responsible for licensing and regulating more than 5,000 child care facilities and agencies serving children under the age of 16. The Children and Families section includes the Maternal and Child Health and Reproductive Health Programs, supporting services for women (preconception/family planning), pregnant women, infants, children, adolescents, and men with a focus on communities and schools. The Special Health Services section activities include newborn hearing and metabolic screening, infant-toddler services (early intervention/Part C), birth defects surveillance, and special health care needs with priority to coordinating medical specialty services and systems for children and youth. The Nutrition and WIC Services section supports nutrition education and supplemental foods for low-income (pregnant, breastfeeding, and postpartum) mothers and their young children, *i.e.* infants to 5 years old (WIC refers to the the Special Supplemental Nutrition Program for Women, Infants,

and Children). The Healthy Homes and Lead Hazard Prevention Program manages licensure and certification of individuals and industry, accreditation of training providers for all licensed lead activity disciplines, and education outreach for high-risk industry and the general public.

The **Bureau of Community Health Systems** provides leadership for the agency in the Public Health and Hospital Preparedness Program, which coordinates response to all public health and radiation emergency situations, whether caused by natural events or acts of terrorism. There is close collaboration with other federal, state, and local partners, including the Wolf Creek nuclear generating station. The Right-to-Know Program works closely with local emergency management and local emergency planning commissions to assist them in emergency preparedness. The Health Facilities Program licenses or certifies about 850 hospitals, ambulatory surgical centers, home health agencies, and other medical care providers. The Radiation Program inspects mammography and X-ray equipment at health and medical facilities and licenses all users of radioactive materials in the state. The Kansas Radon Program provides education about the health risks of radon and certifies all professionals who perform radon measurement and mitigation in the state.

The Bureau of Community Health Systems also helps communities serve local health needs by providing technical assistance and other resources. Kansans who face financial, geographic, or other barriers to accessing health care services are served by programs in Primary Care, Rural Health, and Special Populations Health. The Kansas Trauma Program is advisory to the Secretary on trauma-related matters, supports the Kansas Trauma Registry, and provides oversight of trauma center designation processes. Statewide minority health and health equity initiatives are also coordinated within this Bureau. Liaison efforts with local health departments and critical access hospitals across the state are coordinated in the Bureau, working toward an effective, “seamless” system for public health efforts in Kansas. The Local Public Health Program coordinates activities between the agency, local health departments, and other public health community partners.

The **Bureau of Oral Health** works to increase awareness and improve the oral health of all Kansans through oral health data collection, surveillance, and dissemination; statewide oral health education, promotion, and collaboration; development of science-based oral health policy; and programming dedicated to dental disease prevention.

The **Bureau of Epidemiology and Public Health Informatics**, under the supervision of the State Epidemiologist, serves as a data and information support group for the agency as well as other state agencies. The primary responsibilities of the Bureau are vital records acquisition, management, and issuance; data and information acquisition; and analysis, distribution, and publication for the public, policymakers, and program managers. The Bureau also manages the State’s reportable disease surveillance system, responds to outbreaks of disease related to infectious and environmental agents, provides professional staffing to a 24-hour disease response hotline, and conducts a number of special projects and studies related to the control of infectious diseases in Kansas. The Bureau is the administrative home of the State’s Health Information Technology Coordinator Program.

| PERFORMANCE MEASURES | | | | | | |
|--|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| Measure | Actual FY 2018 | Actual FY 2019 | Gov. Rec. FY 2020 | Actual FY 2020 | Gov. Rec. FY 2021 | Gov. Rec. FY 2022 |
| Percent of Children Less than 6 Years Old with 2 or More Immunizations | 82.8 % | 84.4 % | 85.0 % | 88.0% | 85.0 % | 85.0 % |
| Percent of Women Served by MCH Agencies Receiving Prenatal Care | 75.1 % | 72.9 % | 78.5 % | 74.8% | 78.0 % | 80.0 % |
| Percent of Child Care Facilities Complying with Regulations | 99.9 % | 99.9 % | 99.9 % | 98.2% | 99.0 % | 99.0 % |
| Number of Clients Accessing State Funded Primary Health Care Clinics | 269,017 | 296,053 | 300,000 | 311,054 | 320,000 | 320,000 |
| Percent of Children Less than 6 Years Old with 2 or More Immunizations | 82.8 % | 84.4 % | 85.0 % | 88.0 % | 85.0 % | 85.0 % |
| Agency Expenditures | | | | | | |
| All Funds (Dollars in Millions) | \$ 155.3 | \$ 156.0 | \$ 152.3 | \$ 163.3 | \$ 315.9 | \$ 180.8 |
| FTE Positions | 340.5 | 348.5 | 358.5 | 358.5 | 396.8 | 396.8 |

| PUBLIC HEALTH SUMMARY OF EXPENDITURES FY 2020 – FY 2022 | | | | | |
|--|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| Item | Actual FY 2020 | Agency Est. FY 2021 | Gov. Rec. FY 2021 | Agency Req. FY 2022 | Gov. Rec. FY 2022 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 21,685,651 | \$ 26,695,797 | \$ 26,695,797 | \$ 27,248,888 | \$ 26,958,888 |
| Contractual Services | 37,245,635 | 41,829,038 | 123,271,112 | 35,633,834 | 35,050,774 |
| Commodities | 1,651,005 | 21,880,992 | 21,880,992 | 17,067,424 | 17,067,424 |
| Capital Outlay | 689,279 | 1,575,698 | 2,561,300 | 919,400 | 919,400 |
| Debt Service | 0 | 0 | 0 | 0 | 0 |
| <i>Subtotal - Operations</i> | <i>\$ 61,271,570</i> | <i>\$ 91,981,525</i> | <i>\$174,409,201</i> | <i>\$ 80,869,546</i> | <i>\$ 79,996,486</i> |
| Aid to Local Units | 38,972,778 | 43,793,025 | 43,793,025 | 39,868,533 | 37,288,533 |
| Other Assistance | 63,085,080 | 94,164,453 | 97,745,316 | 63,489,431 | 63,489,431 |
| TOTAL | \$ 163,329,428 | \$ 229,939,003 | \$ 315,947,542 | \$ 184,227,510 | \$ 180,774,450 |
| Financing: | | | | | |
| State General Fund | \$ 21,242,669 | \$ 26,558,060 | \$ 25,184,010 | \$ 28,477,142 | \$ 25,024,082 |
| All Other Funds | 142,086,759 | 203,380,943 | 290,763,532 | 155,750,368 | 155,750,368 |
| TOTAL | \$ 163,329,428 | \$ 229,939,003 | \$ 315,947,542 | \$ 184,227,510 | \$ 180,774,450 |
| FTE Positions | 358.5 | 396.8 | 396.8 | 396.8 | 396.8 |

FY 2021

The **agency** requests a revised estimate for FY 2021 expenditures of \$229.9 million, including \$26.6 million SGF, for the Division of Public Health. This is an all funds increase of \$76.2 million, or 49.6 percent, and an SGF increase of \$218,100, or 0.8 percent, above the FY 2021 approved amount. The all funds increase is attributable to \$75.6 million in federal grants for COVID-19 prevention and treatment. Federal funds for COVID-19 relief were spread across five bureaus, but the bureaus of Family Health, Community Health Systems, and Epidemiology and Public Health Informatics received the majority of the funds. The SGF increase is due to the agency's enhancement requests for the Trauma Program, Lyme Disease Prevention and Research, Mosquito Surveillance, and School-Based Oral Health Preventative Services, as well as increased expenditures for computer software and information dissemination.

Specifically, the FY 2021 agency request includes the following for each bureau within the Division of Public Health:

- \$287,574, including \$285,024 SGF, for Health Administration;
- \$14.5 million, including \$1.6 million SGF, for the Bureau of Disease Control and Prevention;
- \$14.5 million, including \$466,212 SGF, for the Bureau of Health Promotions;
- \$89.3 million, including \$8.5 million SGF, for the Bureau of Family Health;
- \$30.8 million, including \$15.0 million SGF, for the Bureau of Community Health Systems;
- \$767,904, including \$324,809 SGF, for the Bureau of Oral Health; and
- \$11.4 million, including \$429,543 SGF, for the Bureau of Epidemiology and Public Health Informatics.

The revised FY 2021 request includes 396.8 FTE positions, which is an increase of 38.3 positions above the FY 2021 approved amount. The increased staff positions are largely due to 21 new positions in the Bureau of Epidemiology and Health Informatics. These positions include additional epidemiologists, data and research analysts, trainers, and infection prevention professionals. Other positions include administrative positions in several bureaus, a grant coordinator in the Bureau of Family Health, an opioid program manager in the Bureau of Health Promotions, and an environmental specialist in the Radiation Control Program of the Bureau of Community Health Systems.

The FY 2021 revised agency request for the Division of Public Health is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests a revised estimate of \$26.7 million, including \$1.2 million SGF, in FY 2021. This is an all funds increase of \$1.3 million, or 5.1 percent, and an SGF decrease of \$1.2 million, or 50.2 percent, from the FY 2021 approved amount. The all funds increase is primarily due to increased expenditures for salaries and wages for newly added staff and increased employer contributions on group health insurance, partially offset by funds that were reappropriated from FY 2020;
- **Contractual Services.** The agency requests a revised estimate of \$41.8 million, including \$3.0 million SGF, in FY 2021. This is an all funds increase of \$14.1 million, or 50.9 percent, and an SGF increase of \$1.4 million, or 92.6 percent, above the FY 2021 approved amount. The all funds increase is largely due to an increase in federal funds to help with the prevention and treatment of COVID-19, including grants for increasing laboratory capacity and hospital preparedness. The SGF increase can be attributed to the agency's enhancement requests for the Trauma Program (\$300,000), mosquito surveillance (\$137,619), Lyme disease research (\$140,000) and School-Based Oral Health Preventative Services (\$150,000), as well as increased expenditures for computer software and information dissemination;
- **Commodities.** The agency requests a revised estimate of \$21.9 million, including \$988,529 SGF, in FY 2021. This is an all funds increase of \$20.0 million, or 1,079.1 percent, and an SGF increase of \$8,580, or 0.9 percent, above the FY 2021 approved number. The all funds increase is primarily due to federal

funds for COVID-19 testing and laboratory supplies, partially offset by decreased expenditures on travel and office supplies;

- **Capital Outlay.** The agency requests a revised estimate of \$1.6 million, including \$28,240 SGF, in FY 2021. This is an all funds increase of \$1.3 million, or 456.6 percent, and an SGF increase of \$23,440, or 488.3 percent, above the FY 2021 approved amount. The all funds increase is primarily attributable to an increase in federal COVID-19-related funds associated with the agency laboratory and hospital preparedness. The SGF increase is due to increased expenditures for equipment in the bureaus of Disease Control and Prevention and Community Health Systems, partially offset by a decrease in computer and software expenditures in the Bureau of Family Health;
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$43.8 million, including \$6.8 million SGF, in FY 2021. This is an all funds increase of \$10.4 million, or 31.1 percent, and an SGF increase of \$2.4 million, or 55.3 percent, above the FY 2021 approved amount. The all funds increase is due to federal COVID-19 funds for aid to local units of government. The SGF increase is due to a recategorization of expenditures for the Infants and Toddlers Program and community-based primary care facilities from Other Assistance to Aid to Local Units of Government; and
- **Other Assistance.** The agency requests a revised estimate of \$94.2 million, including \$14.6 million SGF, in FY 2021. This is an all funds increase of \$29.1 million, or 44.7 percent, and an SGF decrease of \$2.4 million, or 14.3 percent, from the FY 2021 approved amount. The all funds increase is due to \$30 million in federal funds to support COVID-19 prevention and treatment. The SGF decrease is due to a recategorization of expenditures for the Infants and Toddlers Program and community-based primary care facilities from Other Assistance to Aid to Local Units of Government.

The **Governor** recommends expenditures of \$315.9 million, including \$25.2 million SGF, for the Division of Public Health in FY 2021. This is an all funds increase of \$86.0 million, or 37.4 percent, and an SGF decrease of \$1.4 million, or 5.2 percent, from the agency's FY 2021 request. The SGF decrease is due to the Governor only recommending half of the agency's enhancement request for the Trauma Program, and not recommending the enhancement requests for the Harm Advisory Council, Primary and Congenital Syphilis Transmission, and School-Based Oral Health Preventive Services in FY 2021. The decrease is also attributable to lapsing SGF funds that had been reappropriated from FY 2020 into FY 2021.

FY 2022

The **agency** requests FY 2022 expenditures of \$184.2 million, including \$28.5 million SGF, for the Division of Public Health. This is an all funds decrease of \$45.7 million, or 19.9 percent, and an SGF increase of \$1.9 million, or 7.2 percent, from the FY 2021 revised estimate. The all funds decrease is primarily attributable to decreases in federal grants, including funds for hospital preparedness, COVID-19 laboratory supplies, and aid to Local Health Departments. The SGF increase is largely due to the agency's Local Health Department enhancement request, partially offset by decreased costs for drugs and pharmaceuticals in the Bureaus of Family Health and Disease Control and Prevention.

Specifically, the FY 2022 agency request includes the following for each bureau within the Division of Public Health:

- \$84,550, including \$82,000 SGF, for Health Administration;
- \$14.1 million, including \$1.5 million SGF, for the Bureau of Disease Control and Prevention;
- \$14.4 million, including \$418,018 SGF, for the Bureau of Health Promotions;
- \$88.5 million, including \$8.4 million SGF, for the Bureau of Family Health;
- \$32.6 million, including \$17.4 million SGF, for the Bureau of Community Health Systems;
- \$771,606 including \$325,799 SGF, for the Bureau of Oral Health; and
- \$11.4 million, including \$337,962 SGF, for the Bureau of Epidemiology and Public Health Informatics.

The request includes 396.8 FTE positions, which is the same number as the FY 2021 revised estimate.

The FY 2022 agency request for the Division of Public Health is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$27.2 million, including \$1.5 million SGF, for FY 2022. This is an all funds increase of \$553,091, or 2.1 percent, and an SGF increase of \$301,838, or 24.9 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for the Disease Intervention - Primary and Congenital Syphilis Transmission (\$210,000) and Harm Reduction Advisory Board (\$80,000), as well as increased employer contributions on group health insurance and retirement benefits across several bureaus;
- **Contractual Services.** The agency requests \$35.6 million, including \$2.6 million SGF, for FY 2022. This is an all funds decrease of \$6.2 million, or 14.8 percent, and an SGF decrease of \$368,724, or 12.4 percent, below the FY 2021 revised estimate. The all funds decrease is partially attributable to decreased federal funds to support COVID-19 relief efforts in several areas, including hospital preparedness and laboratory support. The SGF decrease can be attributed to a decrease in overall operating expenditures such as in-state travel, computer software, and printing;
- **Commodities.** The agency requests \$17.1 million, including \$686,700 SGF, for FY 2022. This is an all funds decrease of \$4.8 million, or 22.0 percent, and an SGF decrease of \$301,829, or 30.5 percent, below the FY 2021 revised estimate. The all funds decrease is primarily due to decreased federal funds for COVID-19 laboratory supplies. The SGF decrease is primarily due to decreased costs for drugs and pharmaceuticals in the Bureaus of Family Health and Disease Control and Prevention;
- **Capital Outlay.** The agency requests \$919,400, including \$2,587 SGF, for FY 2022. This is an all funds decrease of \$656,298, or 41.7 percent, and an SGF decrease of \$25,662, or 90.9 percent, below the FY 2021 revised estimate. The all funds decrease is due to a decrease in federal COVID funds associated with

the laboratory and hospital preparedness. The SGF decrease is primarily attributable to a decrease in expenditures for scientific equipment and vehicles in the Bureaus of Community Health Systems and Family Health;

- **Aid to Local Units of Government.** The agency requests \$39.9 million, including \$9.3 million SGF, for FY 2022. This is an all funds decrease of \$3.9 million, or 9.0 percent, and an SGF increase of \$2.6 million, or 37.7 percent, from the FY 2021 approved number. The all funds decrease is primarily due to a decrease in federal grants for COVID-19 relief, and the SGF increase is largely due to the agency's Local Health Department enhancement request; and
- **Other Assistance.** The agency requests \$63.5 million, including \$14.3 million SGF, for FY 2022. This is an all funds decrease of \$30.7 million, or 32.6 percent, and an SGF decrease of \$240,823, or 1.7 percent, below the FY 2021 revised estimate. The all funds decrease is primarily due to a decrease in federal funds from the Centers for Disease Control and Prevention (the CDC) to support laboratory operations associated with COVID-19 prevention and treatment, as well as the elimination of Coronavirus Relief Fund moneys directed toward child care providers and other essential workers. The SGF decrease is largely due to programs that had increased funds in FY 2021 due to reappropriations.

The **Governor** recommends expenditures of \$180.8 million, including \$25.0 million SGF, for the Division of Public Health for FY 2022. This is an all funds decrease of \$3.5 million, or 1.9 percent, all SGF, below the agency's FY 2022 request. The SGF decrease is due to the Governor only recommending half of the agency's enhancement request for the Trauma Program (\$150,000) and not recommending the enhancement requests for the Harm Reduction Advisory Council (\$82,000), Syphilis Disease Intervention (\$210,000), Aid to Local Health Departments (\$2.6 million), School-Based Oral Health Preventive Services (\$150,000), mosquito surveillance (\$141,060), or Lyme Disease Research (\$140,000) for FY 2022.

C. Health Care Finance

The Division of Health Care Finance is responsible for developing and maintaining a coordinated health policy agenda that combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The Division oversees the State's Medicaid program (Title XIX), and the Children's Health Insurance Program (CHIP) (Title XXI), and is responsible for interagency coordination and promoting integrated oversight. The Division includes two major program areas: Medicaid/KanCare administration and Medicaid/KanCare assistance.

Medicaid/KanCare

KanCare is the program through which the State administers Medicaid. The State contracts with three managed care organizations (MCOs) to coordinate health care for individuals enrolled in Medicaid. KDHE maintains financial management and contract oversight of the KanCare program while the Kansas Department for Aging and Disability Services (KDADS) administers Medicaid waiver programs for disability services, mental health, and substance abuse, as well as operates the state hospitals and institutions. All Medicaid/KanCare expenditures that are not considered assistance to individuals under the program are administration expenditures.

The Division of Health Care Finance develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan, and CHIP. Individuals served by these programs include low-income children and adults, individuals with disabilities, and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the Division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System (MMIS), and ensures compliance with relevant federal rules and regulations.

Medicaid is a federal/state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program, and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations and certain services. These eligibility groups and services are referred to as “mandatory.”

Mandatory benefits include:

- Acute Care Benefits, which includes:
 - Physician services;
 - Laboratory and X-ray services;
 - Inpatient hospital services;
 - Outpatient hospital services;
 - Early and periodic screening, diagnostic, and treatment services for individuals less than 21 years old;
 - Family planning and supplies;
 - Federally qualified health center (FQHC) services;
 - Rural health clinic services;
 - Nurse-midwife services;
 - Certified pediatric and family nurse practitioner services; and
- Long-Term Care Benefits, including:
 - Institutional Services: Nursing facility services for individuals 21 years old or older.

Nearly all health care services purchased by KDHE are financed through a combination of state and federal matching dollars through either Title XIX (Medicaid) or Title XXI (CHIP). Under Title XIX, the federal government provides approximately 60.0 percent of the cost of Medicaid services, with no upper limit on what the federal government will reimburse the State. The State provides the remaining 40.0 percent of the cost of Medicaid services. Under Title XXI, the federal government provides approximately 70.0 percent of the cost, up to a maximum allotment, and the State provides the remaining 30.0 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service (FFS) and managed care models as described below.

The federal authorization of the current KanCare program was approved by the federal Centers for Medicare and Medicaid Services (CMS) December 18, 2018, and is effective January 1, 2019, through December 31, 2023. The agency completed the request for proposal (RFP) process for the MCOs contracted for KanCare beginning January 1, 2019. The three MCOs are Aetna, Sunflower Health Plan, and United Healthcare of the Midwest. Aetna joined as a new MCO, while Sunflower Health Plan and United Healthcare of the Midwest continued in their roles. Amerigroup no longer provides services.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, CHIP, to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid. CHIP is a federal and state partnership similar to Medicaid. The program was designed to provide coverage to “targeted low-income children.” A “targeted low-income child” is one who resides in a family with income below 200.0 percent of the federal poverty level (FPL) or whose family has an income no more than 50.0 percent higher than the State’s Medicaid-eligibility threshold. The 2009 Legislature approved and funded an expansion of CHIP to children in families up to 250.0 percent of the 2008 FPL. Through CHIP, Kansas provides free or low-cost health insurance coverage to children who:

- Are under the age of 19;
- Do not qualify for Medicaid;
- Have family incomes under 250.0 percent of the federal poverty level (2008 FPL standard); and
- Are not covered by the State Employee Health Plan (SEHP) or other private health insurance.

In FY 2020, the agency spent more than \$2.0 billion purchasing health care for approximately 400,000 persons through Medicaid and CHIP. It is the third largest purchaser of health care services and the largest purchaser of children’s health care services in Kansas. Approximately 75.0 percent of the people served were low-income children and families, although spending for these populations composes only 33.0 percent of total spending on medical care. Services for people with disabilities and the aging population compose the majority of expenditures.

The Division of Health Care Finance is composed of the following programs: Medicaid Director, Medicaid Operations, Program Finance and Estimations, Policy, Research and Initiatives, Kansas Eligibility Enforcement System (KEES), and Medicaid/Kancare assistance.

The Medicaid Director

The Medicaid Director oversees the operations and administrative responsibilities of the Division and is responsible for ensuring the Division’s compliance with statutory obligations. The Office is responsible for coordinating all programs established to assist with the mission and vision of the Division, as well as the oversight of the daily operational issues for the three KanCare MCOs. This oversight spans across the full range of managed care Medicaid and CHIP populations. The realm of responsibilities includes issue resolution for members and providers, review of material for accuracy, clarity, compliance with program requirement and readability, and coordination with Division of Public Health programs. Other responsibilities of this section include overseeing MCO and FFS pharmacy operations, including managing the Drug Utilization Review and Preferred Drug List and drug rebate processes, as well as research, development, and training for new Medicaid initiatives.

Medicaid Operations

Medicaid Operations is composed of three groups: the Medicaid Program Compliance and Contracting group, the Kansas Enterprise Systems group, and the Medicaid Eligibility group. The **Compliance and Contracting group** is responsible for the procurement, management, and oversight of all contracts that include Medicaid and CHIP funding, and is responsible for program integrity and the management of third-party liability collections from

primary insurance carriers and Medicare. This group also provides collaborative oversight to the seven Home and Community Based Services (1915) waivers with the Kansas Department of Aging and Disability, and oversight of the fair hearings process.

The **Kansas Enterprise Systems group** manages the oversight of the Medicaid system operations, including management of the vendors responsible for system services, and project management. This group includes the KEES Operations Unit, the Kansas Modular Medicaid System (KMMS) Operations, and the Project Management Unit.

The **Medicaid Eligibility Unit** has five units that oversee all aspects of Medicaid eligibility: Eligibility Policy, Eligibility Systems, Eligibility Operations, Eligibility Training and Quality, and Eligibility Outreach and Presumptive Medical Disability Determination (PMDT) Unit. Responsibilities include overseeing all program, policy, and training activities related to beneficiaries and their enrollment into the program. This unit interprets federal and state laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience, and actively works with community partners to develop strategies for enrolling eligible beneficiaries. The Eligibility Unit monitors the functionality of KEES, monitors the timely processing of eligibility requests, and monitors eligibility contractor compliance.

Program Finance and Estimations

The Program Finance and Estimations group provides fiscal management, financial analysis, and estimates related to Medicaid and CHIP utilization to all division program areas. It is comprised of three units: The Federal Reporting Unit, the Budget/Fiscal Unit, and the Medicaid Eligibility Quality Control Unit (MEQC).

The **Federal Reporting Unit** is charged with the fiscal management and accurate financial reporting of the Division's medical programs. Key finance activities include accurate reporting and tracking of expenditures and revenues, submission of quarterly federal Medicaid and CHIP reports for all KanCare expenditures, submission of quarterly Medicaid and CHIP administration and assistance estimates to CMS, prudent management of cash balances, timely and accurate federal fund draws, cost allocation plan maintenance and updates, management of provider payments through Medicaid Management Information System, and fiscal management of division contracts.

The **Budget/Fiscal Unit** is responsible for financial reviews and oversight of the KanCare MCOs, development of the division budget, multi-agency combined medical caseload projections, risk management tracking, and fiscal monitoring of critical projects.

The **Medicaid Eligibility Quality Control (MEQC)** is a federally mandated unit that provides comprehensive audit analysis of state compliance with Medicaid and CHIP eligibility regulations and provides data to assist with corrective action planning for identified error deficiencies. MEQC performs audits on cases processed by the KanCare Clearinghouse, the KDHE Out-Stationed Unit, and any other assigned entities.

Policy, Research, and Initiatives

The **Medicaid Initiatives, Research, and Training Unit** is responsible for researching and developing new Medicaid policies and initiatives and serves as a liaison for KanCare with the Division of Public Health, KDADS, and the Kansas Legislature when Medicaid Initiatives overlap with these entities.

The **Data Analytics Unit** provides the agency and outside stakeholders with health care data information policy setting and continuous program and financial improvement. This is accomplished through collecting health care information from claims associated with the Kansas Medicaid population, including programmatic and administrative data.

The **Private Insurance Unit** administers the Kansas Health Insurance Information System (KHIIS), Health Professional Licensure, Medicare Historical Part A and B Dual eligibility, capitation, and the Hospital Inpatient Discharge data sets, which produce standard as well as *ad-hoc* reports.

KEES

KEES is the information system used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE has partnered with the Department for Children and Families to include eligibility for other human services programs, such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), child care assistance, Low Income Energy Assistance Program (LIEAP), and others.

| PERFORMANCE MEASURES | | | | | | |
|--|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| Measure | Actual FY 2018 | Actual FY 2019 | Gov. Rec. FY 2020 | Actual FY 2020 | Gov. Rec. FY 2021 | Gov. Rec. FY 2022 |
| Average Monthly Kansas Medicaid Membership | 417,208 | 410,455 | 422,896 | 409,053 | 413,104 | 415,910 |
| Agency Expenditures | | | | | | |
| All Funds (Dollars in Millions) | \$ 2428.2 | \$ 2568.2 | \$ 2,755.0 | \$ 2,688.3 | \$ 3,093.3 | \$ 3,783.1 |
| FTE Positions | 667.0 | 354.0 | 635.0 | 592.0 | 630.0 | 630.0 |

**HEALTH CARE FINANCE
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

| Item | Actual FY 2020 | Agency Est. FY 2021 | Gov. Rec. FY 2021 | Agency Req. FY 2022 | Gov. Rec. FY 2022 |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Expenditures: | | | | | |
| Salaries and Wages | \$ 26,440,757 | \$ 37,501,107 | \$ 37,501,107 | \$ 37,875,261 | \$ 37,875,261 |
| Contractual Services | 195,543,816 | 236,715,666 | 234,215,666 | 229,637,700 | 245,437,700 |
| Commodities | 2,843,900 | 62,339 | 62,339 | 62,338 | 62,338 |
| Capital Outlay | 1,240,056 | 915,842 | 915,842 | 915,843 | 915,843 |
| Debt Service | 0 | 0 | 0 | 0 | 0 |
| <i>Subtotal - Operations</i> | <i>\$ 226,068,529</i> | <i>\$ 275,194,954</i> | <i>\$ 272,694,954</i> | <i>\$ 268,491,142</i> | <i>\$ 284,291,142</i> |
| Aid to Local Units | 12,665,694 | 13,500,000 | 13,500,000 | 13,500,000 | 13,500,000 |
| Other Assistance | 2,449,526,498 | 2,938,955,445 | 2,807,064,712 | 2,946,696,334 | 3,485,260,662 |
| TOTAL | <u>\$ 2,688,260,721</u> | <u>\$ 3,227,650,399</u> | <u>\$ 3,093,259,666</u> | <u>\$ 3,228,687,476</u> | <u>\$ 3,783,051,804</u> |
| Financing: | | | | | |
| State General Fund | \$ 599,206,924 | \$ 812,939,870 | \$ 689,797,837 | \$ 805,846,912 | \$ 806,592,826 |
| All Other Funds | 2,089,053,797 | 2,414,710,529 | 2,403,461,829 | 2,422,840,564 | 2,976,458,978 |
| TOTAL | <u>\$ 2,688,260,721</u> | <u>\$ 3,227,650,399</u> | <u>\$ 3,093,259,666</u> | <u>\$ 3,228,687,476</u> | <u>\$ 3,783,051,804</u> |
| FTE Positions | 592.0 | 630.0 | 630.0 | 630.0 | 630.0 |

FY 2021

The **agency** requests FY 2021 expenditures of \$3.2 billion, including \$812.9 million SGF, for the Division of Health Care Finance. This is an all funds decrease of \$587.9 million, or 15.4 percent, and an SGF increase of \$2.4 million, or 0.3 percent, from the FY 2021 approved amount. The all funds decrease is due to adjustments to human services caseloads and decreased expenditures for contractual services associated with the State Employee Health Plan and the KEES for Medicaid Program Administration. The SGF increase is due to the agency's \$20.9 million enhancement request for CHIP expenditures, partially offset by decreased expenditures for human services caseloads.

The request includes 630.0 FTE positions, which is an increase of 38.0 FTE positions above the FY 2021 approved number. The increased FTE positions are due to positions created in the reorganization of the Division. New positions added include auditors and MCO analysts in the Managed Care Bureau and additional researchers added in the Medicaid Initiatives, Research, and Training Unit.

The FY 2021 revised agency request for the Division of Health Care Finance is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests a revised estimate of \$37.5 million, including \$10.1 million SGF, in FY 2021. This is an all funds decrease of \$637,685, or 1.7 percent, and an SGF increase of \$200,647, or 2.0 percent, from the FY 2021 approved amount. The SGF increase is largely due to an increase in salaries and wages for unclassified staff, partially offset by a decrease in costs for employee health benefits;

- **Contractual Services.** The agency requests a revised estimate of \$236.7 million, including \$8.7 million SGF, in FY 2021. This is an all funds decrease of \$30.1 million, or 11.3 percent, and an SGF decrease of \$1.5 million, or 14.6 percent, below the FY 2021 approved amount. The all funds decrease is primarily due to decreased expenditures for contracts associated with the State Employee Health Plan that were moved to the Department of Administration, and contractual expenditures for KEES that had previously been budgeted under KDHE but moved to another agency. These decreases were partially offset by increased expenditures for Gainwell Technologies, the agency's fiscal agent, for modernization work on the Medicaid Management Information System (MMIS);
- **Commodities.** The agency requests a revised estimate of \$62,339, including \$23,270 SGF, in FY 2021. This is an all funds increase of \$18,457, or 42.1 percent, and an SGF increase of \$8,163, or 54.0 percent, above the FY 2021 approved amount. The increase is largely due to increased expenses for office and data processing supplies;
- **Capital Outlay.** The agency requests a revised estimate of \$915,842, including \$296,968 SGF, in FY 2021. This is an all funds increase of \$504,634, or 122.7 percent, and an SGF increase of \$269,433, or 978.5 percent, above the FY 2021 approved amount. The increase is largely due to increased expenditures for office equipment, partially offset by decreased expenditures for software;
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$13.5 million, all federal funds, in FY 2021. This is an all funds increase of \$13.5 million above the FY 2021 approved amount for Medicaid-funded school-based services that were recategorized as Aid to Local Units of Government; and
- **Other Assistance.** The agency requests a revised estimate of \$2.9 billion, including \$793.8 million SGF, in FY 2021. This is an all funds decrease of \$564.7 million, or 16.1 percent, and an SGF increase of \$9.9 million, or 1.3 percent, from the FY 2021 approved amount. The all funds decrease is primarily due to federal funds for Medicaid Expansion that were included in the approved budget for FY 2021 but were not included in the agency's revised request, as well as changes to the Health Care Access Improvement Program (HCAIP) that were anticipated to begin in FY 2021 but have not been approved by CMS. The SGF increase is due to the agency's \$20.9 million enhancement request for CHIP expenditures, partially offset by decreased expenditures that resulted from the 6.2 percent Federal Medical Assistance Percentage (FMAP) increase that was in place for the first, second, and third quarters of FY 2021, beyond the amount deleted in the Governor's allotments.

The **Governor** recommends expenditures of \$3.1 billion, including \$689.8 million SGF, for the Division of Health Care Finance in FY 2021. This is an all funds decrease of \$134.4 million, or 4.2 percent, including an SGF decrease of \$123.1 million, or 15.1 percent, below the agency's FY 2021 revised request. The SGF decrease is primarily due to the Governor's recommendation to fully fund the Fall 2020 Human Services Caseload estimates (a lapse of \$99.8 million SGF), delete \$2.5 million in funds reappropriated from FY 2020 into FY 2021, and the Governor not recommending the agency's supplemental request to fund the state share increase for CHIP through the SGF (\$20.9 million).

FY 2022

The **agency** requests FY 2022 expenditures of \$3.2 billion, including \$805.8 million SGF, for the Division of Health Care Finance. This is an all funds increase of \$1.0 million, or less than 0.1 percent, and an SGF decrease of \$7.1 million, or 0.9 percent, from the FY 2021 revised request. The all funds increase is due to the agency's FY 2021 revised budget reflecting expenditures from the HCAIP fee fund that are compatible with an increased provider assessment. The provider assessment has not yet been approved by CMS. This all funds increase is partially offset by decreased expenditures for the agency's contract with their fiscal agent, Gainwell Technologies. The SGF decrease is attributable to decreased expenditures for human services caseloads, partially offset by the agency's enhancement request to use an increased amount of SGF for CHIP expenditures.

The request includes 630.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The FY 2022 agency request for the Division of Health Care Finance is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$37.9 million, including \$10.2 million SGF, for FY 2022. This is an all funds increase of \$374,154, or 1.0 percent, and an SGF increase of \$100,779, or 1.0 percent, above the FY 2021 revised estimate, due to increased expenditures on group health insurance and retirement benefits;
- **Contractual Services.** The agency requests \$229.6 million, including \$9.7 million SGF, for FY 2022. This is an all funds decrease of \$7.1 million, or 3.0 percent, and an SGF increase of \$979,420, or 11.3 percent, from the FY 2021 revised estimate. The all funds decrease is primarily due to a decrease in expenses for the agency's fiscal agent, Gainwell Technologies. The SGF increase is due to increased operational expenditures;
- **Commodities.** The agency requests \$62,338, including \$23,270 SGF, for FY 2022. This an all funds decrease of \$1 and the same SGF amount as the FY 2021 revised estimate;
- **Capital Outlay.** The agency requests \$915,843, including \$296,969 SGF, for FY 2022. This is an SGF increase of \$1 above the FY 2021 revised estimate;
- **Aid to Local Units of Government.** The agency requests \$13.5 million, all federal funds. This is the same amount as the FY 2021 revised request; and
- **Other Assistance.** The agency requests \$2.9 billion, including \$785.6 million SGF, for FY 2022. This is an all funds increase of \$7.7 million, or 0.3 percent, and an SGF decrease of \$8.2 million, or 1.0 percent, from the FY 2021 revised estimate. The all funds increase is due to increased expenditures from the HCAIP fee fund. The SGF decrease is attributable to decreased expenditures for human services caseloads, partially offset by increased SGF expenditures for CHIP included in the agency's enhancement request to use SGF for CHIP expenditures.

The **Governor** recommends expenditures of \$3.8 billion, including \$806.6 million SGF, for the Division of Health Care Finance for FY 2022. This is an all funds increase of \$554.4 million, or 17.2 percent, and an SGF increase of \$745,914, or 0.1 percent, above the agency's FY 2022 request. The all funds increase is due to the Governor's recommendation to fund Medicaid expansion, partially offset by an all funds lapse for human services consensus caseload estimates. The SGF increase is due to expenditures for Medicaid expansion and the human services consensus caseload estimates, partially offset by not recommending the agency's request to fund the state share increase for CHIP with SGF.

D. Environment

The Division of Environment protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the Bureaus of Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

The **Bureau of Waste Management** has primary responsibility for the solid waste, hazardous waste, and waste tire programs, which are entirely funded from state fees and federal grants. The Bureau works with the Bureau of Environmental Field Services for inspections and the Bureau of Environmental Remediation for closed city dump remediation and corrective action.

The **Bureau of Air** protects the public from the harmful effects of air pollution and conserves the natural resources of the state by preventing damage to the environment from the releases of air contaminants.

The **Bureau of Water** issues permits for wastewater treatment, control and disposal for municipalities, industries, and commercial and livestock entities, and is heavily influenced by federal law and regulation. The Bureau also regulates and permits the construction and operation of public water supplies. The Bureau provides training to system operators; administers two low-interest loan programs for water works and wastewater treatment works; administers programs to address non-point sources of pollution; and regulates the storage of natural gas and liquefied petroleum in natural underground salt formations.

The **Bureau of Environmental Remediation** identifies, investigates, and takes appropriate remedial actions when pollution endangers the public health, natural resources, and environment of the state. Responsibilities include investigating pollution sources, designing and overseeing remedial activities at contaminated sites, and negotiating with parties responsible for effective cleanup. The Bureau also utilizes remediation funds to take corrective action at sites where a responsible party cannot be found or is recalcitrant. In addition, the Bureau is also responsible for administering the duties of the Department related to the regulation and clean up of alleged illegal drug manufacturing sites.

The **Bureau of Environmental Field Services**, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau also is responsible for the stream segment classification program. District and satellite offices provide direct services, inspections, and technical assistance to businesses and industries.

The **Health and Environment Laboratories** provide comprehensive chemical and biological analyses on a large volume of clinical specimens and environmental samples. The

Chemistry Laboratory conducts analyses to evaluate environmental water quality, defines radiological hazards, and monitors the use and disposal of chemicals. The Radiochemistry Laboratory performs radiological testing of public drinking water samples, ambient water samples, and samples related to the issuance of radioactive material licenses. The Microbiology, Virology, and Serology Laboratories conduct analyses to characterize and diagnose infectious diseases, food-borne epidemics, intestinal illnesses, and sexually transmitted diseases. The Neonatal Chemistry Laboratory tests for potential genetic defects in infants. Laboratory Improvement and Certification evaluates regulated clinical, environmental, and breath alcohol laboratories using established standards to ensure data quality.

| PERFORMANCE MEASURES | | | | | | |
|---|-------------------|-------------------|----------------------|-------------------|----------------------|----------------------|
| Measure | Actual FY 2018 | Actual FY 2019 | Gov. Rec. FY 2020 | Actual FY 2020 | Gov. Rec. FY 2021 | Gov. Rec. FY 2022 |
| Percent of Counties in Compliance with National Ambient Air Quality Standards | 99.0 % | 99.0 % | 97.0 % | 100.0 % | 100.0 % | 100.0 % |
| Percent of Solid Waste Inspections with No Violations or Minor Violations | 96.7 % | 99.0 % | 96.0 % | 96.4 % | 96.0 % | 96.0 % |
| Percent of Water Systems in Total Compliance | 96.5 % | 92.7 % | 93.0 % | 91.1 % | 92.0 % | 92.0 % |
| Agency Expenditures | | | | | | |
| All Funds (Dollars in Millions) | \$ 67.5 | \$ 66.3 | \$ 70.1 | \$ 79.6 | \$ 93.3 | \$ 71.7 |
| FTE Positions | 427.1 | 434.7 | 441.6 | 441.6 | 459.9 | 459.9 |

| ENVIRONMENT SUMMARY OF EXPENDITURES FY 2020 – FY 2022 | | | | | |
|--|----------------------|------------------------|----------------------|------------------------|----------------------|
| Item | Actual FY 2020 | Agency Est. FY 2021 | Gov. Rec. FY 2021 | Agency Req. FY 2022 | Gov. Rec. FY 2022 |
| Expenditures: | | | | | |
| Salaries and Wages | \$ 29,092,346 | \$ 33,499,271 | \$ 33,499,271 | \$ 33,825,757 | \$ 33,825,757 |
| Contractual Services | 36,088,419 | 28,916,134 | 28,666,291 | 26,564,154 | 26,564,154 |
| Commodities | 5,696,658 | 17,470,207 | 17,398,632 | 3,202,376 | 3,202,376 |
| Capital Outlay | 1,226,442 | 6,618,657 | 6,368,657 | 780,474 | 485,474 |
| Debt Service | 0 | 0 | 0 | 0 | 0 |
| <i>Subtotal - Operations</i> | <i>\$ 72,103,865</i> | <i>\$ 86,504,269</i> | <i>\$ 85,932,851</i> | <i>\$ 64,372,761</i> | <i>\$ 64,077,761</i> |
| Aid to Local Units | 2,934,282 | 4,275,379 | 4,275,379 | 4,546,579 | 4,546,579 |
| Other Assistance | 4,567,087 | 3,098,275 | 3,102,025 | 3,054,531 | 3,054,531 |
| TOTAL | \$ 79,605,234 | \$ 93,877,923 | \$ 93,310,255 | \$ 71,973,871 | \$ 71,678,871 |
| Financing: | | | | | |
| State General Fund | \$ 4,266,995 | \$ 4,941,801 | \$ 4,340,383 | \$ 4,669,795 | \$ 3,937,315 |
| All Other Funds | 75,338,239 | 88,936,122 | 88,969,872 | 67,304,076 | 67,741,556 |
| TOTAL | \$ 79,605,234 | \$ 93,877,923 | \$ 93,310,255 | \$ 71,973,871 | \$ 71,678,871 |
| FTE Positions | 441.6 | 459.9 | 459.9 | 459.9 | 459.9 |

The **agency** estimates revised FY 2021 expenditures of \$93.9 million, including \$4.9 million SGF for the Environment Division. This is an all funds increase of \$24.0 million, or 34.4 percent, and an SGF increase of \$243,319, or 5.2 percent, above the FY 2021 approved amount. The SGF increase is due to the agency's laboratory equipment supplemental request. The all funds increase is due to increased expenditures on contractual services, commodities,

and capital outlay, partially offset by a decrease in aid to local units of government. The revised estimate includes \$884,323 in State Water Plan reappropriations. The revised estimate includes 459.9 FTE positions, which is an increase of 18.4 positions above the FY 2021 approved number. This increase is primarily due to increased positions in the laboratory.

Specifically, the FY 2021 agency revised estimate request includes the following for each bureau within the Division of Environment:

- \$5.4 million, all from special revenue funds, for the Bureau of Waste Management;
- \$8.1 million, including \$86,354 SGF, for the Bureau of Air Quality;
- \$10.5 million, including \$154,319 SGF, for the Bureau of Water;
- \$27.5 million, including \$541,661 SGF, for the Bureau of Environmental Remediation;
- \$11.6 million, including \$1.9 million SGF, for the Bureau of Environmental Field Services; and
- \$10.6 million, including \$2.3 million SGF, for the Bureau of Environmental Laboratories.

Major expenditures in the revised FY 2021 estimate are detailed below:

- **Salaries and Wages.** The agency estimates revised salaries and wages expenditures of \$33.5 million, including \$3.6 million SGF, in FY 2021. This is an all funds increase of \$313,072, or 0.9 percent, and an SGF decrease of \$239,675, or 6.3 percent, from the FY 2021 approved amount. The all funds increase is primarily due to increased expenditures on salaries due to the addition of new positions;
- **Contractual Services.** The agency estimates revised contractual services expenditures of \$28.9 million, including \$558,211 SGF, in FY 2021. This is an all funds increase of \$3.9 million, or 15.5 percent, and an SGF increase of \$282,886, or 102.7 percent, above the FY 2021 approved amount. Both increases are due to increased expenditures on communication services and software. The all funds increase is due to increased expenditures on low-interest loan programs for drinking water and wastewater infrastructure. The all funds increase is due to increased expenditures on the Harmful Algae Bloom program and non-point source program due to State Water Plan Fund reappropriations. The all funds increase is also due to expenditures from coronavirus relief funds for temporary staffing in the laboratory;
- **Commodities.** The agency estimates revised commodities expenditures of \$17.5 million, including \$262,753 SGF, in FY 2021. This is an all funds increase of \$15.1 million, or 632.6 percent, and an SGF increase of \$4,799, or 1.9 percent, above the FY 2021 approved amount. The SGF increase is due to increased expenditures on personal protective equipment (PPE). The all funds increase is primarily due to increased coronavirus relief funds on testing supplies;
- **Capital Outlay.** The agency estimates revised capital outlay expenditures of \$6.6 million, including \$526,487 SGF, in FY 2021. This is an all funds increase of \$6.0 million, or 1,010.2 percent, and an SGF increase \$195,309, or 59.0 percent,

above the FY 2021 approved amount. The SGF increase is due the agency's laboratory equipment enhancement request. The all funds increase is primarily due to increased expenditures of coronavirus relief funds on scientific equipment; and

- **Aid to Local Units of Government.** The agency estimates revised aid to local units of government expenditures of \$4.3 million, all from special revenue funds, in FY 2021. This is a decrease of \$1.3 million, or 23.7 percent, below the FY 2021 revised estimate. The decrease is entirely due to decreased expenditures from the Volkswagen Environmental Mitigation Fund, which funds projects focused on diesel emission reduction.

The **Governor** recommends FY 2021 Environment Division expenditures of \$93.3 million, including \$4.3 million SGF. This is an all funds decrease of \$567,668, or 0.6 percent, including an SGF decrease of \$601,418, or 12.2 percent, below the agency's FY 2021 revised estimate. Both decreases are due to the Governor recommending lapsing \$351,418 in reappropriations from FY 2020 into FY 2021. The decreases are also due to the Governor not recommending the agency's supplemental request for laboratory equipment. These decreases are partially offset by an increase of \$33,750, all from the federal Coronavirus Relief Fund, for wastewater surveillance. These funds will be used to test wastewater for genetic markers of the coronavirus.

The agency requests FY 2022 expenditures of \$72.0 million, including \$4.7 million SGF for the Environment Division. This is an all funds decrease of \$21.9 million, or 23.3 percent, and an SGF decrease of \$272,006, or 5.5 percent, below the FY 2021 revised estimate. The SGF decrease is primarily due to decreased expenditures on contractual services. The all funds decrease is due to decreased expenditures on contractual services, commodities, and capital outlay. The request includes 459.9 FTE positions, which is the same as the FY 2021 revised number.

Specifically, the FY 2022 agency request includes the following for each bureau within the Division of Environment:

- \$5.3 million, all from special revenue funds, for the Bureau of Waste Management;
- \$8.4 million, including \$87,060 SGF, for the Bureau of Air Quality;
- \$9.0 million, including \$149,869 SGF, for the Bureau of Water;
- \$27.5 million, including \$538,811 SGF, for the Bureau of Environmental Remediation;
- \$11.3 million, including \$1.6 million SGF, for the Bureau of Environmental Field Services; and
- \$10.1 million, including \$2.3 million SGF, for the Bureau of Environmental Laboratories.

Major categories of expenditure for FY 2022 are detailed below:

- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$26.6 million, including \$283,466 SGF. This is an all funds decrease of \$2.4 million, or 8.1 percent, and an SGF decrease of \$274,745, or 49.2 percent, below the FY 2021 revised estimate. The SGF decrease is due to decreased expenditures on communication services. The all funds decrease is

due to decreased expenditures on non-source point and harmful algae bloom programs, which were higher in FY 2021 due to State Water Plan Fund reappropriations. The all funds decrease is also due to decreased expenditures on low-interest loan programs for drinking water and wastewater infrastructure. The all funds decrease is also due to a decrease in federal funds for temporary staffing at the agency laboratory. The decrease is also due to one-time expenditures for the creation of a database in the Waste Management program that occurred in FY 2021 and is not occurring in FY 2022;

- **Commodities.** The agency requests FY 2022 commodities expenditures of \$3.2 million, including \$263,186 SGF. This is an all funds decrease of \$14.3 million, or 81.7 percent, and an SGF increase of \$433, or 0.2 percent, from the FY 2021 revised estimate. The all funds decrease is due to decreased coronavirus relief funds for scientific supplies for testing; and
- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$780,474, including \$492,889 SGF. This is an all funds decrease of \$5.8 million, or 88.2 percent, and an SGF decrease of \$33,598, or 6.4 percent, below the FY 2021 revised estimate. The SGF decrease is due to decreased expenditures on laboratory equipment, partially offset by the agency's enhancement request. The all funds decrease is primarily due to decreased expenditures on coronavirus relief funds and other federal funds for laboratory equipment.

The **Governor** recommends FY 2022 Division of Environment expenditures of \$71.7 million, including \$3.9 million SGF. This is a decrease of \$295,000, or 0.4 percent, below the agency's FY 2022 request. This decrease is due to the Governor not recommending the agency's enhancement request for laboratory equipment.