



***KHA's Capitol Comments***  
***January 12, 2023***

**Senate Public Health and Welfare Receives Legislative Research Briefing**

Today, the Senate Public Health and Welfare Committee, chaired by Renee Erickson (R-Wichita), received a briefing update from legislative research staff. Staff shared the [2023 Briefing Book](#) with the committee members and highlighted the following topics:

- COVID-19 mandates
- Fentanyl testing strips
- KanCare waivers and managed care organization contracts
- Mental health beds for adults and youth
- Monkeypox

The committee will meet again on Tuesday, Jan. 17, for a presentation regarding 988.

**Legislative Budget Committees Meet to Hear about Economic Forecasts and the Governor's Budget**

Today, the Senate Ways and Means and House Appropriations Committees, chaired by Representative Troy Waymaster (R-Bunker Hill), met jointly and received updates, including Governor Laura Kelly's budget.

Megan Leopold, from Kansas legislative research, presented the human services caseload estimates. She highlighted that for the fiscal year 2023, the revised estimate for all human service consensus caseloads is \$4.8 billion, from all funding sources, including \$1.3 billion in state general funds. This is an all-funds increase of \$295.5 million, including a decrease of \$198.2 million SGF from the budget approved by the 2022 legislature.

The committee heard the FY 2023 estimates for KanCare medical include \$4.4 billion from all funding sources, including \$1.1 billion SGF. This increase of \$253.7 million from all funding sources, including a decrease of \$199.5 million SGF, from the amount approved by the 2022 legislature. The committee heard the KanCare medical all-funds increase is largely due to changes in the Health Care Access Improvement Program approved by the Centers for Medicare & Medicaid Services that is anticipated to bring an additional \$240.1 million federal dollars into the state in FY 2023.

The committee heard more about the fiscal impact of the federal Families First Coronavirus Response Act, which provided states a temporary 6.2 percentage-point increase to the federal medical assistance percentage. The future expected decrease to the state share of Medicaid expenditures is approximately \$182.5 million in FY 2023. In 2024, estimates show KanCare medical is \$4.4 billion from all funding sources, including \$1.2 billion SGF. This estimate shows no change in the all funds amount from the FY 2023 revised estimate but is an SGF increase of \$154.0 million due to the reduction of federal funds. The committee heard about the re-determination process and the expectation that between 100,000-125,000 beneficiaries are anticipated to be removed from Medicaid by the end of FY 2024.

The committee heard the enhanced FMAP funds are estimated to decrease by the following each quarter:

- First quarter 6.2 percent
- Second quarter 5 percent
- Third quarter 2.5 percent

J.G. Scott, director of Kansas legislative research also presented consensus revenue estimates to the state. The staff highlighted that in 2023, estimates increased \$794 million or an 8.9 percent increase. For 2024, it is anticipated they will be 4.3 percent above April Consensus Revenue Estimates. The staff emphasized a cautious approach to the new estimates and highlighted inflation-related uncertainty.

Staff discussed with the committee that currently, we have one unemployed Kansan for every 2.5 job openings and underscored the historically low unemployment rates. They stressed key economic sectors including:

- Age-related economic stresses
- Oil and gas production
- Increased interest rates

The staff reviewed the state fiscal profile for FY 2022 actuals, estimates for FY 2023, and estimates for FY 2024. The profile with updated estimates includes ending balances for the state in FY 2022 of \$1.8 billion, in FY 2023 of \$2.3 billion, and in FY 2024 of \$3.2 billion. The profiles did not include Governor Kelly's budget items.

The committee then heard from Adam Proffitt, director of the budget. Proffitt highlighted a few key accomplishments including:

- Closed the bank of the Kansas Department of Transportation
- Fully funded schools
- Retired hundreds of millions of dollars of state debt
- Repaid skipped payments to the Kansas Public Employees Retirement System
- Eliminated the Pooled Money Investment Board bridge loan ahead of schedule

- Beefed up the rainy day fund
- Fully funded the state water plan
- Added multiple layers of tax relief
- Instituted consistent structural balance

The budget proposal for FY 2023 from Governor Kelly's budget includes:

- Tax Relief
  - Speeds up food sales tax including diapers and feminine hygiene products to April 1, 2023
  - Adds four days back to school sales tax holiday
  - Increases the exemption on social security income tax
- One-time expenditures
  - Housing Revolving Loan Fund
  - State Employee Comprehensive Workforce Study
  - Child Care Facility Pilot Project
  - Behavioral Health Emergency Department Bed Capacity Enhancement
- Adds \$500 million to the Budget Stabilization Fund
- Adds \$220 million to Infrastructure Leveraging Fund to buy down local match requirements
- Debt Buydown and Avoidance
- Human Services
  - Medicaid expansion for an additional \$370 million - \$450 million in additional federal funding over eight years.
  - Enhancements to KanCare of \$1.5 million for target case management for the intellectual/developmental disability waiver
  - \$7.1 million to help with reimbursement rates for brain injury, physical disability and autism, and technology-assisted waivers to match the rates for the frail elderly waiver
  - \$3.7 million of SGF to increase rates for brain injury facilities
  - \$5.1 million for increasing support to foster care
  - Increases to veterans' and soldiers' Homes
- Education and Workforce Development
  - Fully fund K-12
  - Expands the Mental Health Intervention Team Pilot Program
  - Adds funding for schools for the deaf and blind
  - Capital improvement aid transfer changes
  - Increases funding for special education
  - Increases by \$107.9 million SGF for the post-secondary system
  - \$65.9 million for base increases
  - \$42.0 million for one-time infrastructure, information technology and deferred maintenance
  - \$4 million for the micro-internship program to connect college students with internships

- \$500,000 investment in the office of registered apprenticeship
- \$1.0 million for early childhood education to Kansas communities
- \$2.5 million for childcare facility pilot project
- \$20.0 million to housing revolving loan program
- Cybersecurity and IT infrastructure upgrades
  - \$500,000 in FY 2024 for Kansas State Board of Nursing upgrades
  - Kansas Department for Aging and Disability Services, for IT support and client assessment, referral and evaluation program/preadmission screening and resident review fully-automated system

While the budget presentation typically follows the State-of-the-State Address, that has now been moved to Jan. 24.

### **House Education Budget Committee Hears State of Higher Education in Kansas**

Today, the House Education Budget Committee, chaired by Representative Steven Howe (R-Salina), received an update on the state of higher education in Kansas. The committee heard from many regent leaders from across Kansas, in addition to the Kansas Community College Association, regarding programs and services to students.

Blake Flanders from the Kansas Board of Regents presented regarding the budgeting process that occurs through the board. He highlighted the strategic plan adopted in 2020. He spent time discussing that higher education leads to better health outcomes. Flanders also shared with the committee the Kansas nursing initiative, established in 2006, has had the following outcomes:

- 3,875 additional nursing students have been admitted
- 393 additional full-time faculty members have been hired
- 430 additional part-time faculty members have been hired
- 293 nurse education service scholarships have been awarded
- 27 new human patient simulators were purchased
- 3,063 additional nursing students graduated

### **Introduction of Bills**

#### [Senate Bill 5](#) – By Senator Steffen

Prohibiting the prescribing of drugs intended to cause an abortion using telemedicine and restricting the governor's power during a state of emergency to alter such prohibitions

#### [Senate Bill 6](#) – By Senator Steffen

Restricting the authority of the secretary of the Kansas Department of Health and Environment and local health officers to prevent the introduction and spread of infectious or contagious diseases; repealing the authority of the secretary to quarantine individuals and impose associated penalties

#### [Senate Bill 7](#) – By Senator Steffen

Reducing income tax rates for resident individuals domiciled in a rural equity decline county

[Senate Bill 9](#) – By Senator Steffen

Adding tianeptine to Schedule I of the Uniform Controlled Substances Act

[Senate Bill 12](#) – By Senators Thompson and Steffen

Enacting the Kansas Child Mutilation Prevention Act to criminalize performing gender reassignment surgery or prescription of hormone replacement therapy on certain persons and providing grounds for unprofessional conduct for the Kansas State Board of Healing Arts licensees

[Senate Bill 16](#) – By Committee on Financial Institutions and Insurance

Discontinuing certain exemptions from the Pharmacy Benefits Manager Act

[Senate Bill 20](#) – By Senators Steffen and Thompson

Requiring childcare facilities, elementary, secondary and postsecondary educational institutions, and employers to grant exemptions from vaccine requirements without inquiring into the sincerity of the request and repealing the meningitis vaccine requirement to live in student housing

[Senate Bill 26](#) – By Committee on Financial Institutions and Insurance

Specifying certain requirements necessary to demonstrate fiscal soundness for health maintenance organizations and Medicare provider organizations applying for certificates of authority

[Senate Bill 28](#) – By Committee on Financial Institutions and Insurance

Discontinuing payments to certain group-funded insurance pools, refunding existing balances thereof and abolishing such funds and establishing the group-funded pools refund fund

[House Bill 2007](#) – By Representatives Fairchild, Barth, Hill, Murphy, Proctor and Rhiley

Prohibiting the secretary of the Kansas Department of Health and Environment from requiring a COVID-19 vaccination for care at a child care facility or attendance at a school

[House Bill 2015](#) – By Committee on Judiciary

Authorizing the designee of an employing agency or entity to petition the court for an order requiring infectious disease testing

[House Bill 2018](#) – By Committee on Judiciary

Permitting a will or a copy of a will filed within six months after the death of the testator to be admitted to probate at any time.

[House Bill 2023](#) – By Representatives Concannon and Hawkins

Creating the crime of interference with the conduct of a hospital, providing criminal penalties for violation thereof and increasing the criminal penalties for the battery of a health care provider who is employed by a hospital