

MEMORANDUM

TO: Governor Laura Kelly and Legislative Coordinating Council

FROM: Division of the Budget and Kansas Legislative Research Department

DATE: April 17, 2025

SUBJECT: Spring 2025 Human Services Consensus Caseload Estimates for FY 2025 and FY 2026

The Division of the Budget, Department for Children and Families (DCF), Department of Health and Environment (KDHE), Department for Aging and Disability Services (KDADS), and the Kansas Legislative Research Department (Consensus Group) met on April 8, 2025, to revise the estimates on human services consensus caseload expenditures for FY 2025 and FY 2026. The caseload estimates include expenditures for Temporary Assistance for Needy Families cash assistance, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare. A chart summarizing the estimates for FY 2025 and FY 2026 is included at the end of this memorandum.

The starting point for the April 2025 estimates was the budget approved by the 2025 Legislature for FY 2025 and FY 2026, as represented in SB 125. The estimate for FY 2025 is a decrease of \$56.7 million from all funding sources, including a decrease of \$34.9 million from the State General Fund (SGF), as compared to the FY 2025 approved amount. The estimate for FY 2026 is a decrease of \$46.2 million from all funding sources, including a decrease of \$13.0 million from the SGF, as compared to the FY 2026 approved amount. **The combined estimate for FY 2025 and FY 2026 is a decrease of \$102.9 million, including a decrease of \$47.9 million from the SGF, from the amount approved by the 2025 Legislature.**

KanCare is administered by KDHE through financial management and contract oversight, including contracts for regular medical services. KDADS administers the Medicaid Home and Community-Based Services waiver programs, long-term care services, mental health and substance abuse services, and the state hospitals. In addition, the Department of Corrections (DOC) administers the part of KanCare related to youth in custody. The DOC KanCare expenditures have been included in the KDHE budget since FY 2018. Throughout this memorandum, KanCare Medical estimates include all Medical KanCare expenditures for all agencies.

## **FY 2025**

For FY 2025, the revised estimate for all human service consensus caseloads is \$5.5 billion from all funding sources, including \$1.7 billion from the SGF. This is an all funds decrease of \$56.7 million, including a reduction of \$34.9 million from the SGF, from the budget approved by the 2025 Legislature.

### ***Temporary Assistance for Needy Families***

The FY 2025 revised estimate for the Temporary Assistance for Needy Families program is \$9.5 million, all from federal funds. This current projection is a decrease of \$200,000 to reflect a reduction of 53 individuals below the amount approved by the 2025 Legislature. Current actuals, including eight months of the state fiscal year, show the average number of individuals receiving cash assistance is 7,213 per month.

### ***Foster Care***

The FY 2025 revised estimate for the Foster Care program is \$340.0 million, including \$255.3 million SGF. The estimate is a decrease of \$3.9 million from all funding sources, including an increase of \$10.0 million SGF, from the FY 2025 approved budget. The SGF increase is due to a decrease in projected SGF savings for the relative licensing policy combined with revised estimated costs for case management providers.

Beginning in FY 2025, the agency implemented a new foster care licensing policy that allowed more relatives and near-kin individuals to become licensed foster homes. Initial projections for FY 2025 and FY 2026 included SGF savings that were a result of being able to use more federal dollars to offset the cost of care in the newly licensed foster homes. However, fewer than anticipated families have embraced this policy, partially due to the fact that FY 2023 appropriations included additional funding to increase the monthly foster care rate paid to relatives and non-related kin placements to approximately 70.0 percent of the licensed foster home rates.

Additionally, one of the case management providers required a partial year amendment to their contract to provide foster care case management. This new provider underestimated salary and fringe benefits costs as well as the cost for security necessary for their building. The agency reports that this amended contract was still the lowest bidder for the catchment area.

### ***KanCare Medical, Aging, and Disability Services***

The FY 2025 estimate for KanCare Medical is \$5.0 billion from all funding sources, including \$1.3 billion from the SGF. This represents a decrease of \$52.6 million from all funding sources, including a decrease of \$44.9 million from the SGF, below the amount approved by the 2025 Legislature. The KanCare Medical estimate includes medical expenditures for KDHE and, primarily, mental health and long-term care expenditures for KDADS.

The KanCare Medical decrease from all funding sources is primarily due to new estimates for MCO capitation payments falling below estimates made in the fall, including payments for child deliveries. The population has remained steady over the fiscal year and increases have not been as high as originally anticipated in the fall. There are also slight decreases in estimates for

the disproportionate share hospital (DSH) funding for general and state hospitals and Medicare clawback payments. The SGF decrease is largely due to an increase in the HMO privilege fee revenue which is estimated to increase by \$26.4 million. The estimate includes payment of a 10.0 percent withholding related to terminating KanCare services with Aetna Better Health.

These decreases are partially offset by increases in fee for service estimates and the AIDS Drug Assistance Program estimate. There were also increases for policies not yet included in the capitation rates, including an increase in swing bed rates, the addition of physician codes that were inadvertently excluded from a previous Legislative increase to rates, and CMS mandated increases for social workers for rural health centers and federally qualified health centers.

### ***KDADS Non-KanCare***

The estimate for KDADS Non-KanCare is \$132.9 million, including \$65.8 million SGF. This estimate matches the amount approved by the 2025 Legislature.

### **FY 2026**

The FY 2026 revised estimate for all human service consensus caseloads is \$5.8 billion from all funding sources, including \$1.8 billion from the SGF. This is a decrease of \$46.2 million from all funding sources, including a decrease of \$13.0 million from the SGF, below the FY 2026 approved amount. The FY 2026 revised estimate is an increase of \$319.3 million from all funding sources, including \$124.6 million from the SGF, above the FY 2025 revised estimate.

### ***Temporary Assistance for Needy Families***

The FY 2026 revised estimate for the Temporary Assistance for Needy Families program is \$9.5 million, all from federal funds. This current projection is a decrease of \$200,000 to reflect a reduction of 53 individuals below the amount approved by the 2025 Legislature. This projection is the same as the final projection for FY 2025.

### ***Foster Care***

The FY 2026 estimate for the Foster Care program is \$325.0 million from all funding sources, including \$250.0 million SGF. This is a decrease of \$5.2 million from all funding sources, with an increase of \$16.8 million SGF, above the FY 2026 approved amount. The estimated, monthly, average number of kids in foster care is approximately 5,469 for FY 2026.

The increase in SGF is attributed to the following:

- Compliance with the Governor's Executive Order to allow SSA/SSI benefits to remain with the child in an ABLE account rather than being used to offset the cost of providing foster care (\$9.0 million);
- Removal of the expected SGF savings from the relative licensing policy that did not materialize (\$8.2 million);
- The amendment to a case management provider's contract previously described (\$5.6 million);

- An increase in case management provider encounter reimbursements which are 100.0 percent SGF funded (\$1.6 million);
- Impacts of decreased federal funding from TANF and Title IV-E (\$1.0 million); and
- A 3.0 percent increase to case management provider contracts based on the CPI as specified in the contracts (\$960,000).

The increased estimate for SGF is partially offset by an estimated recoupment of \$6.4 million from FY 2025 expenditures resulting from prospective case management provider contract payments.

Lastly, the overall decrease in funds needed is due to projecting lower caseloads for licensed family foster homes. This corresponds to a higher number of relative and kinship placements resulting in administrative savings for services provided by Child Placing Agencies and projected savings in maintenance costs. The savings are partially offset by the increased rates paid to non-licensed, placements with relatives and kin.

### ***KanCare Medical, Aging, and Disability Services***

The FY 2026 estimate for KanCare Medical is \$5.3 billion from all funding sources, including \$1.5 billion from the SGF. This is a decrease of \$45.6 million from all funding sources, including \$32.5 million from the SGF, below the FY 2026 approved amount.

The decrease for KanCare Medical is primarily due to decreases in the estimates for the capitation payments to the MCOs from those made in the fall, including payments for child deliveries. The overall population is not expected to increase as high as previously estimated. There is also a slight decrease in the estimate for the disproportionate share hospital (DSH) for general and state hospitals. Similar to FY 2025, the SGF decrease is largely due to an increase in HMO privilege fee revenue which is estimated to increase by \$16.2 million.

These decreases are partially offset by increases in fee for service estimates, the AIDS Drug Assistance Program estimate, and Medicare clawback payments. In addition to the increases for policies already discussed for FY 2025, there was an increase related to including coverage for tubeless diabetes devices for beneficiaries over the age of 21 in the Intellectual Developmental Disability population.

The FY 2026 estimate includes a decrease in the FMAP from 61.64 in FY 2025 to 60.97 in FY 2026. This change was accounted for in the fall estimates. The shift in FMAP increased the required state share by approximately 0.67 percent between FY 2025 and FY 2026.

### ***KDADS Non-KanCare***

The estimate for KDADS Non-KanCare is \$144.2 million from all funding sources, including \$72.7 million SGF. This is an increase of \$4.9 million from all funding sources, including \$2.7 million SGF, above the FY 2026 approved amount. The increase is primarily due to revised provider contract rates for Intellectual Developmental Disability, Physical Disability, Frail/Elderly, and Brain Injury assessments.

**HUMAN SERVICES**  
**April 8, 2025**  
**Consensus Caseload Estimates**

		<b>FY 2025 Approved</b>	<b>April Revised FY 2025</b>	<b>Difference from Approved</b>	<b>FY 2026 Approved</b>	<b>April Revised FY 2026</b>	<b>Difference from Approved</b>
<b>DCF - Temporary Assistance to Families</b>	SGF	--	--	--	--	--	--
	AF	9,700,000	9,500,000	(200,000)	9,700,000	9,500,000	(200,000)
<b>DCF - Foster Care</b>	SGF	245,319,000	255,319,000	10,000,000	233,200,000	250,000,000	16,800,000
	AF	343,944,000	340,000,000	(3,944,000)	330,200,000	325,000,000	(5,200,000)
<b>KDHE - KanCare</b>	SGF	765,000,000	720,100,000	(44,900,000)	828,487,702	810,000,000	(18,487,702)
	AF	3,276,600,000	3,224,000,000	(52,600,000)	3,404,601,588	3,400,000,000	(4,601,588)
<b>KDADS - KanCare</b>	SGF	625,000,000	625,000,000	--	684,082,993	670,100,000	(13,982,993)
	AF	1,770,000,000	1,770,000,000	--	1,958,007,483	1,917,000,000	(41,007,483)
<b>KDADS - Non-KanCare</b>	SGF	65,846,080	65,846,080	--	69,967,030	72,659,400	2,692,370
	AF	132,903,720	132,903,720	--	139,327,850	144,185,900	4,858,050
	<b>SGF</b>	<b>\$ 1,701,165,080</b>	<b>\$ 1,666,265,080</b>	<b>\$ (34,900,000)</b>	<b>\$ 1,815,737,725</b>	<b>\$ 1,802,759,400</b>	<b>\$ (12,978,325)</b>
<b>TOTALS</b>	<b>AF</b>	<b>\$ 5,533,147,720</b>	<b>\$ 5,476,403,720</b>	<b>\$ (56,744,000)</b>	<b>\$ 5,841,836,921</b>	<b>\$ 5,795,685,900</b>	<b>\$ (46,151,021)</b>

SGF - State General Fund  
AF - All Funds  
DCF - Department for Children and Families  
KDHE - Kansas Department of Health and Environment  
KDADS - Kansas Department for Aging and Disability Services