

MEMORANDUM

TO: Governor Laura Kelly and Legislative Coordinating Council

FROM: Division of the Budget and Kansas Legislative Research Department

DATE: April 9, 2026

SUBJECT: Spring 2026 Human Services Consensus Caseload Estimates for FY 2026 and FY 2027

The Division of the Budget, Legislative Research Department, Department for Children and Families (DCF), Department of Health and Environment (KDHE), and the Department for Aging and Disability Services (KDADS) (Consensus Group) met on April 7, 2026, to revise the estimates for human services consensus caseload expenditures for FY 2026 and FY 2027. The caseload estimates include expenditures for Temporary Assistance for Needy Families, the Reintegration/Foster Care Contracts, KanCare Regular Medical Assistance, and KDADS Non-KanCare. A chart summarizing the estimates for FY 2026 and FY 2027 is included at the end of this memorandum.

The starting point for the April 2026 estimate was the budget approved by the 2026 Legislature, as represented in HB 2513, which included the adoption of Fall 2025 estimates from the Consensus Group. The revised estimate for FY 2026 is \$6.2 billion, including \$1.7 billion from the State General Fund (SGF). This is a decrease of \$79.1 million, or 1.3 percent, from all funding sources, including a SGF decrease of \$94.1 million, or 5.3 percent, compared to the FY 2026 approved amount. The estimate for FY 2027 is \$6.5 billion, including \$1.7 billion SGF, which is a decrease of \$71.0 million, or 1.1 percent, from all funding sources, including an SGF decrease of \$84.0 million, or 4.6 percent, below the FY 2027 approved amount.

KanCare is administered by KDHE through maintaining 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.

DCF Foster Care

For FY 2026, the revised estimate for the state's Foster Care program is \$340.0 million from all funding sources, including \$263.0 million SGF. This is an all-funds increase of \$935,851, or 0.3 percent, including an SGF decrease of \$64,149 below the budget approved by the 2026 Legislature. The estimated, monthly, average number of children in foster care is approximately 5,468.

The FY 2027 estimate for the state's Foster Care program is \$340.0 million from all funding sources, including \$263.0 million SGF. The FY 2027 estimate is a decrease of \$1.4 million from all funding sources, including an SGF decrease of \$3.2 million below the budget approved by the 2026 Legislature. The estimated, monthly, average number of children in foster care is approximately 5,290.

The state's Foster Care program includes the following cost drivers: Policy Adjustments, Legislative Adjustments, Case Management, Direct Placements, Child Placing Agency Administration, and Other Adjustments.

Policy Adjustments – There have been no policy adjustments made to Foster Care or TANF for FY 2026 or FY 2027.

Legislative Adjustments – For Foster Care, the 2026 Legislature partially approved the Governor's recommendation and added \$64,149 in FY 2026 and \$160,350 for FY 2027 from the SGF to help stabilize foster care in the Sedwick County area. This will provide funding for additional therapists for case management.

Case Management – This is calculated based on the average number of children in foster care per catchment area and provider using the March, April and May averages to determine the set, monthly payment amounts for the following year. Any unspent funds are returned to DCF in September of the following state fiscal year and recorded as an expenditure reduction. Inflationary increases are also calculated annually as well as penalties or incentives based on annual performance indicators.

For FY 2026, the revised estimate for case management costs is \$7,005 all funds, or less than 1.0 percent, below the approved amount, including a decrease of \$598,606 SGF. This is the result of the agency finalizing the claiming of federal funds and case management provider incentives based on outcome performance were lower than previously estimated.

For FY 2027, the revised estimate for case management costs is \$2.3 million all funds, or 2.2 percent, below the approved amount, including a decrease of \$2.7 million SGF. This change is based on estimates for three catchment areas seeing a decrease in the number of children estimated for contract purposes; this results in a lower payment tier for case management contracts. However, these estimates do not include the validated March- May averages to determine monthly payments as they were not available at the time of Consensus. Additionally, for FY 2027 estimate includes an estimated CPI increase of 3.0%; this number is subject to change as it is not finalized until June (after Consensus).

Direct Placements - This reflects cost paid to the foster family, or home, based on the child's placement. This cost is calculated based on the number of children in out-of-home placements multiplied by the daily placement rates and distribution of placement types. Rate adjustments occur every other year. For FY 2026 and FY 2027, direct placement costs increased due to an increase in children placed in family foster homes and congregate care, which are more expensive, and a decrease in placements with relatives, which are less costly. In FY 2027, the total expenditures show an increased need, although this includes an SGF surplus. The all-funds deficit continues to be driven by the same placement trends observed in FY 2026. However, the SGF surplus is due to three quarters of an increased Federal Medical Assistance Percentage (FMAP), allowing DCF to claim more Title IV-E funding and rely less on state funds.

Child Placing Agency (CPA) Administration – This reflects costs paid by the agency for the oversight, support and licensing associated with placement of a child. This cost is calculated based on the number of children in an out-of-home placement and in family foster homes multiplied by the daily contracted rates for CPA Administration based on level of care. CPA Administration costs increased by \$230,137 in all funds, including \$97,933 SGF for FY 2026; and \$277,263 all funds, including \$158,103 SGF for FY 2027. This is due to the higher number of children placed in family foster homes which increases expenditures in the cost category of CPA administrative costs.

Other Adjustments – This reflects costs for a variety of other related items including funding for the software system used to match children in foster care with appropriate placements (Care Match), funding for the CPA to conduct home studies, the assessments of Qualified Residential Treatment Programs, the failure-to-place/stand-by-bed network, family functional therapy, and support for therapeutic family foster homes. There are no changes between this revised Spring 2026 estimate and the approved amount.

TANF Cash Assistance (DCF)

The FY 2026 revised estimate for the Temporary Assistance for Needy Families (TANF) program is \$8.7 million, all from federal funds. This current projection is a decrease of \$600,000 or 6.5 percent below the amount approved by the 2026 Legislature.

The FY 2027 estimate for TANF is \$8.6 million, all from federal funds. The Consensus Group projects an average monthly caseload of 6,473 persons for FY 2026 and 6,399 for FY 2027.

KanCare (KDHE and KDADS)

The FY 2026 estimate for KanCare Medical is \$5.7 billion from all funding sources, including \$1.3 billion SGF. This is a decrease of \$74.9 million from all funding sources, including a decrease of \$92.2 million SGF, from the amount approved by the 2026 Legislature. The KanCare Medical estimate includes medical expenditures for KDHE and, primarily, mental health and long-term care expenditures for KDADS.

The FY 2027 estimate for KanCare Medical is \$6.0 billion from all funding sources, including \$1.4 billion SGF. This is a decrease of \$73.2 million, including \$83.9 million SGF, below the FY 2027 approved amount. The revised estimate for FY 2027 is \$295.9 million from all funding

sources, including \$52.4 million SGF, above the FY 2026 revised estimate. The FY 2027 estimate includes an increase in the (FMAP) from 60.97 in FY 2026 to 62.04 in FY 2027. The shift in FMAP decreased the required state share by approximately 1.07 percent between FY 2026 and FY 2027.

KanCare Medical includes the following cost drivers: Policy Adjustments, Legislative Adjustments, and MCO Expenditures. For expenses paid for by KDHE, this also includes non-MCO expenditures and other smaller adjustments. For expenses paid for by KDADS, this also includes rebasing of nursing facilities and Certified Community Behavioral Health Clinics (CCBHC) as well as other smaller adjustments. For both agencies, all funds expenditure changes include various adjustments to the amount of SGF required.

Policy Adjustments (KDHE and KDADS) – Similar to the memo presented in the Fall, the KanCare Medical estimate includes funding transitional services for individuals transitioning from a state institution to a HCBS service (Money Follows the Person) and a policy adjustment that is not yet in the capitation rates paid to the MCOs related to providing care to incarcerated youth. There is a federal requirement for states to provide certain screenings and diagnostic services to eligible Medicaid and CHIP, incarcerated youth who are post-adjudication. This includes \$789,555 all funds, including \$308,163 SGF, in FY 2026 and \$1.6 million, including \$599,430 SGF, for FY 2027 for youth re-entry. These services must be provided within 30 days prior to release or within one week, or as soon as practicable after release. States are also required to provide targeted case management services in the 30 days prior to release and for at least 30 days after release. Enforcement of the requirement began January 1, 2026, and the confirmation from CMS for the State Plan Amendment is still outstanding.

Additionally, FY 2027 includes \$12.1 million all funds including \$4.6 million SGF for FY 2027 to support specialty psychiatric residential treatment facilities designed for youth with complex behavioral or mental health needs. This adjustment was presented and adopted as part of adopting the Fall 2025 estimates.

Legislative Adjustments (KDHE and KDADS) – The KanCare Medical revised estimate includes adjustments adopted by the 2026 Legislature. For KDHE this includes an increase for Medicaid dental rates totaling \$5.3 million, including \$2.0 million SGF; an add-on payment for sedation dentistry totaling \$2.6 million, including \$1.0 million SGF; and a one-time 20.0 percent increase in the Medicaid reimbursement rate for complex rehabilitation technologies totaling \$100,494, including \$37,394 SGF. For KDADS the 2026 Legislature added \$49.8 million, including \$18.9 million SGF for Medicaid capacity payments and \$3.9 million, including \$1.5 million SGF for behavioral health add-on payments for FY 2027. The Legislature added language to HB 2513 that will require the Problem Gambling Fund to only be used for problem gambling for FY 2027, which will result in an increase of \$4.0 million SGF in caseload funding for KDADS.

MCO Expenditures (KDHE and KDADS) – MCOs are paid monthly based on the number of individuals enrolled in each eligibility category and the anticipated services they will require, including pharmaceuticals. Rates are evaluated every six months to

incorporate acuity and utilization trends, inflation, and legislative adds, such as provider rate increases. In addition, actuaries ensure the rates are high enough to attract a provider base that can meet contractual requirements for availability and accessibility of services. Federal regulations require rates to be developed in accordance with accepted actuarial practices and certified by qualified actuaries. For FY 2026 and FY 2027, the KanCare Medical decrease is primarily due to new estimates for MCO capitation payments and member estimates are below previous estimates.

Non-MCO Expenditures (KDHE) – KanCare Medical includes a variety of non-MCO expenditures paid by KDHE. Many of these expenditures are calculated by estimating the Per Member Per Month (PMPM) rate determined by actuaries multiplied by member estimates for each month. For FY 2026 and FY 2027, the increase in this area is primarily attributable to the Health Care Access Improvement Program (HCAIP). The 2025 Legislature increased the annual assessment rate to 6.0 percent and included critical access hospitals and licensed rural emergency hospitals that have revenues above an approved threshold. The program continues to adjust estimates as the changes are implemented. The changes to the HCAIP rate are SGF neutral. A transfer of \$8.9 million from the HCAIP fund to the SGF was included in HB 2513 in error for FY 2027. This will affect the HCAIP all-funds expenditures and likely increase the amount of SGF requested from KDHE in the future to correct the error.

Nursing Facility Rebase (KDADS) – KanCare Medical includes a rebase to account for inflation which is included in the capitation payments paid to MCOs for FY 2026. For FY 2027, a revised rebase and inflation adjustment of 2.7 percent is included, totaling \$9.6 million SGF.

CCBHC Rebase (KDADS) – KanCare Medical includes a rebase of estimated costs that are reflected in the FY 2026 capitation payments paid to the MCOs. Approved rate adjustments of 2.4 percent, in correlation with the Medicare Economic Index (MEI) are included in FY 2027.

Other Adjustments (KDHE and KDADS) – There were no other adjustments to KanCare Medical. Approved adjustments in the fall include expansion of the State Institutional Alternative (SIA), which provides reimbursement to healthcare providers, law enforcement, and other county entities for unpaid costs of patient observation and transportation for individuals waiting for admission into a state hospital or SIA. This also includes a rate increase for the SIA, and rate increases for PRTFs. These adjustments are now reflected in the FY 2026 capitation payments paid to the MCOs. Rate adjustments for SIA and PRTF are included for FY 2027.

SGF Offsets (KDHE and KDADS) – KanCare Medical expenditures from the State General Fund are offset by a variety of other state funding. For KDHE, this includes drug rebates, HMO privilege fees, and provider assessments paid for by the hospitals (HCAIP). The estimate for the HMO Privilege Fee was increased in both years, contributing to the decrease in State General Fund expenditures. The increase totaled \$30.4 million in FY 2026 and \$25.0 million in FY 2027. There was also a slight increase in the drug rebate estimates. While there was also a large increase seen in the revenue from the HCAIP rate increase, this was offset by expenditures as the program is required by law to be SGF

neutral. For KDADS this includes the nursing facility provider assessment and the Problem Gambling Fund for FY 2026 and only the nursing facility provider assessment in FY 2027.

KDADS (Non-KanCare)

KDADS Non-KanCare supports state hospitals, behavioral health, IDD, and aging programs. These payments keep essential safety-net and non-Medicaid services running alongside the managed care system.

For FY 2026, the revised estimate for KDADS Non-KanCare is \$145.9 million from all funding sources, including \$72.7 million SGF. This is an all funds decrease of \$4.6 million, or 3.0 percent, and an SGF decrease of \$1.8 million, or 2.4 percent, below the budget approved by the 2026 Legislature. The decrease is primarily attributable to recalculating the nursing facility fee for service payments along with a revised number of assessments.

The FY 2027 estimate for KDADS Non-KanCare is \$162.4 million from all funding sources, including \$79.3 million SGF. The FY 2027 estimate is an increase of \$4.3 million from all funding sources, including an SGF increase of \$3.2 million above the 2026 Legislative approved budget. The increase is primarily attributable to recalculating the state's average monthly payment rate for Program of All-inclusive Care for the Elderly (PACE).

Policy Adjustments – There have been no policy adjustments made to Non-KanCare for FY 2026 or FY 2027.

Legislative Adjustments – The 2026 Legislature added \$3.0 million SGF for nursing facilities for mental health add-on payments for FY 2027.

Fee for Service – Fee for Service estimates are calculated based on a 12-month trend. For FY 2027, Fee for Service includes a nursing facility rebase that is calculated based upon analysis of cost reports and trends or inflation factors for the three most recent years. For the FY 2027 estimate, this includes a 2.7 percent adjustment (\$418,985 SGF).

PACE – PACE expenditures are calculated using the estimated Per Member Per Month rate and analyzing a 12-month trend of member estimates. For FY 2026 and FY 2027, PACE includes a rebase to 90.0 percent of long-term care costs that would be otherwise paid in KanCare.

Assessments – Assessments within Non-KanCare include costs associated with Client Assessment, Referral, and Evaluation, Frail Elderly and Physical Disability waiver assessments, Brain Injury waiver assessments, Intellectual Development Disability waiver assessments, Autism assessments, Serious Emotional Disturbance assessments, Technology Assisted waiver assessments, and state hospital assessments. Assessments are calculated using the estimated number of individuals being assessed based on a 12-month trend. The estimate includes a steady rate of assessments for FY 2027.

Other Adjustments – There have been no other adjustments made to Non-KanCare for FY 2026 or FY 2027.

HUMAN SERVICES
April 7, 2026
Consensus Caseload Estimates

		FY 2026 Approved	April FY 2026	Difference from Approved	FY 2027 Approved	April FY 2027	Difference from Approved
DCF - Temporary Assistance to Families	SGF	--	--	--	--	--	--
	AF	9,300,000	8,700,000	(600,000)	9,300,000	8,600,000	(700,000)
DCF - Foster Care	SGF	263,064,149	263,000,000	(64,149)	266,160,350	263,000,000	(3,160,350)
	AF	339,064,149	340,000,000	935,851	341,360,350	340,000,000	(1,360,350)
KDHE - KanCare	SGF	780,780,000	714,590,000	(66,190,000)	778,037,394	725,000,000	(53,037,394)
	AF	3,865,580,000	3,860,000,000	(5,580,000)	3,973,003,550	3,996,570,000	23,566,450
KDADS - KanCare	SGF	659,000,000	633,000,000	(26,000,000)	705,902,835	675,000,000	(30,902,835)
	AF	1,910,000,000	1,840,700,000	(69,300,000)	2,096,800,000	2,000,000,000	(96,800,000)
KDADS - Non-KanCare	SGF	74,500,000	72,700,000	(1,800,000)	76,100,000	79,250,000	3,150,000
	AF	150,500,000	145,940,000	(4,560,000)	158,100,000	162,400,000	4,300,000
	SGF	\$ 1,777,344,149	\$ 1,683,290,000	\$ (94,054,149)	\$ 1,826,200,579	\$ 1,742,250,000	\$ (83,950,579)
TOTALS	AF	\$ 6,274,444,149	\$ 6,195,340,000	\$ (79,104,149)	\$ 6,578,563,900	\$ 6,507,570,000	\$ (70,993,900)

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

Spring 2026 Human Services Consensus Caseload Estimates

		FY 2026 Approved *	FY 2026 April Revised	Difference from Approved	FY 2027 Approved	FY 2027 April Revised	Difference from Approved
DCF Foster Care							
Policy Adjustments	SGF	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	AF	--	--	--	--	--	--
Legislative Adjustments	SGF	64,149	64,149	--	160,350	160,350	--
	AF	64,149	64,149	--	160,350	160,350	--
Case Management	SGF	118,381,716	117,783,110	(598,606)	122,857,003	120,182,869	(2,674,134)
	AF	150,333,561	150,326,556	(7,005)	155,012,410	152,679,785	(2,332,625)
Direct Placements	SGF	107,278,890	107,716,014	437,124	106,147,362	105,503,043	(644,319)
	AF	144,803,665	145,516,384	712,719	142,726,741	143,421,754	695,013
CPA Administration	SGF	28,285,863	28,383,196	97,333	28,033,301	28,191,404	158,103
	AF	33,914,548	34,144,685	230,137	33,611,728	33,888,990	277,262
Other Adjustments	SGF	9,053,531	9,053,531	--	8,962,334	8,962,334	--
	AF	9,948,226	9,948,226	--	9,849,121	9,849,121	--
Subtotal	SGF	\$ 263,064,149	\$ 263,000,000	\$ (64,149)	\$ 266,160,350	\$ 263,000,000	\$ (3,160,350)
	AF	\$ 339,064,149	\$ 340,000,000	\$ 935,851	\$ 341,360,350	\$ 340,000,000	\$ (1,360,350)
TANF Cash Assistance							
	SGF	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	AF	9,300,000	8,700,000	(600,000)	9,300,000	8,600,000	(700,000)
Subtotal	SGF	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	AF	\$ 9,300,000	\$ 8,700,000	\$ (600,000)	\$ 9,300,000	\$ 8,600,000	\$ (700,000)
KDHE KanCare							
Policy Adjustments	SGF	\$ 308,163	\$ 308,163	\$ --	\$ 599,430	\$ 599,430	\$ --
	AF	789,555	789,555	--	1,579,110	1,579,110	--
Legislative Adjustments	SGF	--	--	--	3,037,394	3,037,394	--
	AF	--	--	--	8,003,550	8,003,550	--
MCO Expenditures	SGF	906,644,573	870,416,155	(36,228,418)	913,110,750	883,971,807	(29,138,943)
	AF	2,322,943,403	2,227,429,372	(95,514,031)	2,418,946,300	2,271,975,681	(146,970,619)
Non-MCO Expenditures	SGF	661,577,094	699,862,053	38,284,959	647,042,620	714,487,538	67,444,918
	AF	1,541,847,042	1,631,781,073	89,934,031	1,544,474,590	1,715,011,659	170,537,069
Other Adjustments	SGF	--	--	--	--	--	--
	AF	--	--	--	--	--	--
SGF Offsets		(787,749,830)	(855,996,371)	(68,246,541)	(788,790,194)	(877,096,169)	(88,305,975)
Subtotal	SGF	\$ 780,780,000	\$ 714,590,000	\$ (66,190,000)	\$ 778,037,394	\$ 725,000,000	\$ (53,037,394)
	AF	\$ 3,865,580,000	\$ 3,860,000,000	\$ (5,580,000)	\$ 3,973,003,550	\$ 3,996,570,000	\$ 23,566,450
KDADS KanCare							
Policy Adjustments	SGF	\$ --	\$ --	\$ --	\$ 5,166,021	\$ 5,166,021	\$ --
	AF	--	--	--	14,256,151	14,256,151	--
Legislative Adjustments	SGF	1,500,000	1,500,000	--	6,249,575	18,902,835	12,653,260
	AF	1,500,000	1,500,000	--	(30,076,121)	49,800,000	79,876,121
MCO Expenditures	SGF	688,253,837	662,407,097	(25,846,740)	718,707,079	668,325,455	(50,381,624)
	AF	1,907,099,197	1,838,349,197	(68,750,000)	2,092,439,910	1,908,312,449	(184,127,461)
Nursing Facility Rebase	SGF	850,803	850,803	--	6,788,468	9,616,997	2,828,529
	AF	850,803	850,803	--	17,883,215	25,334,555	7,451,340
CCBHC Rebase	SGF	150,260	--	(150,260)	292,270	292,270	--
	AF	550,000	--	(550,000)	1,100,000	1,100,000	--
Other Adjustments	SGF	--	--	--	454,322	454,322	--
	AF	--	--	--	1,196,845	1,196,845	--
SGF Offsets		(31,754,900)	(31,757,900)	(3,000)	(31,754,900)	(27,757,900)	3,997,000
Subtotal	SGF	\$ 659,000,000	\$ 633,000,000	\$ (26,000,000)	\$ 705,902,835	\$ 675,000,000	\$ (30,902,835)
	AF	\$ 1,910,000,000	\$ 1,840,700,000	\$ (69,300,000)	\$ 2,096,800,000	\$ 2,000,000,000	\$ (96,800,000)
KDADS Non-KanCare							
Policy Adjustments	SGF	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	AF	--	--	--	--	--	--
Legislative Adjustments	SGF	--	--	--	--	3,817,772	3,817,772
	AF	--	--	--	--	5,156,701	5,156,701
Fee For Service	SGF	32,805,048	32,107,043	(698,005)	32,626,819	32,393,512	(233,307)
	AF	46,892,491	45,019,268	(1,873,223)	47,314,812	47,609,852	295,040
PACE	SGF	34,522,142	33,801,814	(720,328)	36,300,371	35,854,544	(445,827)
	AF	88,450,274	86,604,700	(1,845,574)	95,627,953	94,453,487	(1,174,466)
Assessments	SGF	7,172,810	6,791,143	(381,667)	7,172,810	7,184,172	11,362
	AF	15,157,235	14,316,032	(841,203)	15,157,235	15,179,960	22,725
Other Adjustments	SGF	--	--	--	--	--	--
	AF	--	--	--	--	--	--
SGF Offsets		--	--	--	--	--	--
Subtotal	SGF	\$ 74,500,000	\$ 72,700,000	\$ (1,800,000)	\$ 76,100,000	\$ 79,250,000	\$ 3,150,000
	AF	\$ 150,500,000	\$ 145,940,000	\$ (4,560,000)	\$ 158,100,000	\$ 162,400,000	\$ 4,300,000
TOTAL							
	SGF	\$ 1,777,344,149	\$ 1,683,290,000	\$ (94,054,149)	\$ 1,826,200,579	\$ 1,742,250,000	\$ (83,950,579)
	AF	\$ 6,274,444,149	\$ 6,195,340,000	\$ (79,104,149)	\$ 6,578,563,900	\$ 6,507,570,000	\$ (70,993,900)

* FY 2026 Approved as included in 2026 HB 2513.

HB 2513 adopted the Fall 2025 estimate for Human Services Caseloads, but did not adopt the Consensus Group's Spring 2026 estimate.