



***KHA's Capitol Comments***  
**November 25, 2025**

**The Special Committee on State Budget Meets on Human Services**

Today, the Special Committee on State Budget met, chaired by Senator Rick Billinger (R-Goodland) to discuss social services budgets.

The committee first heard an update on caseload estimates from the Kansas Department of Legislative Research staff. The starting point for November 2025 did not include the adoption of the last Spring estimates from the Consensus Group, since last session had no omnibus. The estimate for fiscal year 2026 is an increase of \$431.0 million, or 7.4 percent, for all funding sources, including a State General Fund decrease of \$68.9 million, or 3.7 percent. The estimate for FY 2027 is an increase of \$246.2 million, or 3.9 percent from all funding sources, including an SGF increase of \$26.8 million, or 1.5 percent, above the FY 2026 revised estimate. A caseload overview can be found [here](#).

Next, the committee heard from staff regarding the budget for the Kansas Department for Aging and Disability Services, including state hospitals. Highlights include:

- Carry over of funds for reappropriation of \$175.1 million in unspent SGF funds from FY 2025 and FY 2026, which includes \$70.1 million SGF. These are regional alternatives to state mental health hospitals. This fund was reappropriated into the construction spending of a new South Central Regional Mental Health Hospital in Sedgwick County. The agency noted it anticipates the majority to be spent in FY 2026 and spent in FY 2027.
- Agency made the following enhancement requests:
  - Home and Community Based Services Community Support Waiver of \$9.0 million
  - HCBS Technology-Assisted Waiver of \$7.6 million
  - HCBS Brain Injury Waiver of \$17.3 million
  - HCBS Frail Elderly Waiver of \$82.9 million
  - Rehabilitation and repair projects for capital plans at state hospitals of \$2.9 million
  - Osawatomie State Hospital Cottonwood Building remodel of \$2.0 million
  - Osawatomie State Hospital Special Services/MiCo House Remodel of \$926,000
  - Adair Acute Care Building Remodel of \$3.5 million
  - Certified Community Behavioral Health Clinics Planning Grants of \$4.0 million

- Mental Health Grants deletion of \$8.2 million
- Title XVII Funding deletion of \$1.8 million
- Other adjustments of \$584,417
- South Central Regional Mental Health Hospital, 104-bed facility, is anticipated to be completed around May of 2027.
  - First year operations of \$30.9 million for first year operations with the agency on track to admit patients beginning January 2027. Request includes the following:
    - \$21.3 million to reduce the shrinkage rate to allow filling the full staffing plan of 336 full-time employee positions
    - \$7.5 million for contractual services such as communications, utilities, computer and telephone equipment
    - \$2.2 million for medications and pharmacy supplies, patient clothing, lab supplies and vehicles for transportation

Through questioning, Vice-Chairman Troy Waymaster (R-Bunker Hill) indicated that while discussion has occurred about moving patients from Larned to South Central, simply moving patients won't be possible with the anticipation that beds will be full almost immediately and patient populations are different. Committee members asked about the staffing plans and increased contract staffing needs.

- Kansas Neurologic Institute
  - Wage adjustments in FY 2026
  - \$1.2 million for certified medication aide positions in FY 2026 and also in FY 2027
  - \$893,739 for cooks in FY 2027
  - Other adjustments of \$4.6 million for filling vacant positions and overtime pay in FY 2026 and \$4.5 million in FY 2027
- Larned State Hospital
  - \$7.8 million for pay plan adjustments in FY 2026
  - Reappropriation of \$14,754 and \$304,303 for unspent funds in programs in FY 2026
  - \$32.6 million for agency contract nursing in FY 2027
  - \$1.2 million to reopen SSP Competency Unit in FY 2027
  - Other adjustments include adding \$2.0 million in FY 2027

Rep. Waymaster questioned the opening of a new competency unit with that much in contract nursing staff.

- Osawatomie State Hospital
  - Increases for pay plan adjustments
  - \$7.0 million for contract agency direct care staff and \$5.0 million in FY 2026
  - Title XIX Fund decrease of \$823,603 in FY 2026
  - Other adjustments include an increase of \$10,375 in FY 2026 and \$1.1 million in FY 2027
  - A request of \$207,837 for two activity therapists in FY 2027

Sen. Pat Pettey (D-Kansas City) emphasized the need to help nurses get access to scholarships and loans.

The committee also heard from KLRD staff about the Kansas Department of Health and Environment-Health budget requests and updates. Highlights include:

### **Division of Public Health**

- The reappropriations of funds related to the following programs: HCBS Federal Medical Assistance Percentage Program, Public Health Operation Account, breast cancer screening, Medicaid Assistance, and low utilization of following programs: Kansas Special Health Care Needs Program for child diagnosed with phenylketonuria, Youth Risk Behavior Survey, Child Abuse Review and Evaluation Program, Stan Clark Pregnancy Maintenance Initiative, statewide trauma system delays, state loan repayment program, aid to local health departments for maternal and child health programs, reduction of National Institutes of Health grants for Lyme Disease testing, reduction in local health departments immunization programs and reduced operating costs
- \$1.5 million for the Data Center as a service charge for FY 2026 and \$1.35 million for in FY 2027
- \$580,000 for increased rent and moving costs for the relocation of the Office of Vital Statistics in FY 2026 and \$615,000 in FY 2027
- Expenditure Authority for the following: Federal funds expenditure authority of \$2.5 billion in federal funds for FY 2026, special revenue funds, transfer to women's wellness account as an aid to local expenditure.

The agency did not include the following expenditures in its budget:

- Adult Inpatient Behavioral Health Add-on Payment of \$10 million
- Rural, Family Medicine Resident Sites \$1.0 million
- Healthcare Upskills and Training Program \$1.0 million
- Project Access, Health Access and Wy/Jo Care program \$550,000
- Cerebral Palsy Research Foundation of Kansas \$263,000

The agency included the following requests for enhancements:

- \$1.0 million for the Disease Intervention Specialists program
- \$4.0 million to increase the costs of the state's External Quality Review Organization
- \$6.3 million to implement a Centers for Medicare & Medicaid Services Final Rule to modernize electronic pharmacy transactions
- \$285,000 for three additional laboratory scientists
- \$3.4 million to meet CMS's interoperability requirements for Medicaid data related to prior authorization data
- \$17,000 to continue Cardiac Arrest Registry for Enhanced Survival
- \$26.0 million for Children's Health Insurance Program caseloads in FY 2027
- \$278,349 for health insurance rate change in FY 2027
- Kansas Public Employees Retirement System rate change in FY 2027
- \$802,775 for the Bureau of Community Health Systems\*
- \$3,124 for the Bureau of Disease Control and Prevention\*
- \$4.8 million for the Bureau of Facilities and licensing for FY 2027\*
- Increase of \$126,574 for the Bureau of Oral Health
- Increase of \$85,117 for the Bureau of Epidemiology and Public Health Informatics\*
- Increase of \$13,068 for the Bureau of Health and Environmental Laboratories\*
- Increase of \$1.1 million for Division of Health Care Finance to oversee the managed care organizations, CHIP and MediKan programs\*

Items \* are related to federal and special revenue fund reductions

The committee heard an overview of the Rural Health Transformation Program related to HR 1, passed earlier in the year at the federal level. They also received an overview from the Kansas Rural Health Innovation Alliance that began meeting in October. The review of the steps leading up to the proposed initiatives that are in review with CMS including the following:

**Initiative 1:** Expand Primary and Secondary Prevention Programs-estimated \$204 million for prevention and management of chronic diseases, consumer-facing technology, advancements in information technology, assisting communities to right-size their health care delivery system, and/or supporting access to opioid use disorder treatment services, other substance use disorder treatment services and mental health services. With metrics in the following areas:

- Reductions in the percentage of adults with fair or poor self-perceived health status
- Reductions in the percentage of adults reporting poor mental health
- Improvements in children's performance on the Presidential Fitness Test
- Reductions in the percentage of residents reporting low health literacy
- Reductions in the incidence of diabetes, COPD, hypertension, heart failure and dementia
- Reductions in the rate of avoidable hospitalizations for diabetes, COPD and heart failure

**Initiative 2:** Secure Local Access to Primary Care-estimated \$251 million by investing in provider payments, assisting rural communities to right-size their health care delivery system, capital expenditures and infrastructure and fostering collaboration among stakeholders. With metrics in the following areas:

- Improvements on key measures of revenue cycle efficiency
- Secure commercial-payer rates sufficient to cover the costs of providing care in communities
- The use of data to evaluate and pursue opportunities for regional collaboration in delivery of clinical services and/or business operations
- Have resources available to support the transition to rural emergency hospital status, if such transition is determined appropriate for the community served
- Work collaboratively with public health agencies to integrate public health with primary care

**Initiative 3:** Build a Sustainable Rural Health Workforce-estimated \$133 million by investing in recruiting and retaining clinical workforce talent to rural areas. With metrics in the following areas:

- Increases in the number of rural middle and high school students participating in Health Science Career and Technical Education pathways or other health care career exploration activities
- Establish robust rural physician residency programs in primary care, general surgery, obstetric, psychiatry and orthopedics
- Reduce vacancy rates and turnover rates for nurses and allied health professionals

**Initiative 4:** Enable Value-Based Care-estimated \$305 million by investing in prevention and management of chronic diseases, provider payments, innovative care models and alternative payment models and fostering collaboration among stakeholders. With metrics in the following areas:

- Rural provider improvements on specified pay-for-performance measures identified as foundational to clinical integration
- Rural providers actively participate in clinically integrated networks' continuums of care
- Rural hospital and primary care providers will participate in the Medicare Shared Savings Program
- The Kansas Medicaid program will include provider incentives for value-based care
- Dual eligible beneficiaries will participate in integrated care plans or, if remaining in traditional Medicare, receive tailored care management services

**Initiative 5:** Harness Data and Technology-estimated \$110 million by investing in consumer-facing technology to prevent and manage chronic diseases, training and technical assistance, as well as advancements in IT. With metrics in the following areas:

- Remote patient monitoring for acute and post-acute care and chronic disease management available for rural Kansans
- Access to specialist services via telehealth availability for rural Kansans
- Rural providers demonstrate adherence to the Trusted Exchange Framework and Common Agreement, obstacles to rural residents' exercising control over their own data and rural providers securely accessing patient data will be eliminated
- Rural providers will have implemented well-vetted and secure artificial intelligence agents and application to improve clinical care and enhance operational efficiency

Rep. Waymaster expressed an interest in the North Carolina bill to ensure legislative oversight of these funds.

The committee will continue reviewing agency budgets as it prepares a state budget proposal early in the 2026 legislative session.