

**Proposal to Extend Funding for COVID-19 Testing Contracts through March 2022**

<p><b>New or existing program(s)?</b></p>	<p>Existing programs</p>
<p><b>Description</b></p>	<p>Rates of COVID testing tend to be tied to the number of COVID cases (case rate); when cases go up, people are more likely to be tested. This is what happened this summer: The Delta variant created an unpredictable surge in demand for testing. As the virus continues to mutate (e.g., Omicron), our approach to testing will need to continue to flex with the evolution of the virus. Below is the proposal to extend funding for two testing programs.</p> <p>Extension through Q1 of the <b>Kansas Department of Health and Environment (KDHE) employer testing program</b>, which offers free PCR tests for employers that are currently receiving testing services through contract labs. As of October 2021, ~300 businesses utilize the program to keep their employees safe.</p> <p>Extension through Q1 of the <b>KDHE Community Testing program</b>, which offers free PCR and antigen tests across Kansas. KDHE-funded PCR tests are offered at KHEL-operated mass testing sites and Local Health Departments (LHDs). KDHE has also built a network of over 100 Community Testing Partners (CTPs) offering free testing in 80 counties.</p>
<p><b>Budget requested</b></p>	<p><b>Total: Up to \$27.1M</b> (In addition to the ~\$14.9 CARES Act Coronavirus Relief Funds [CRF] allocated by SPARK in November 2021)</p> <ul style="list-style-type: none"> <li>• <b>KDHE employer testing program:</b> ~\$18M (In addition to the ~\$6M CARES funding allocated by SPARK) <ul style="list-style-type: none"> <li>○ Funding required to fund employer testing from January 2022 to March 2022 to aid companies and allow a smoother transition toward ramp down of the program. The program will set a monthly “do not exceed” cap for contract labs based on historic testing volumes for employers.</li> <li>○ Only employers currently seeking testing through the KDHE employer-based testing program would be eligible. No new employers would be able to sign up for the program.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ The program will be capped at ~\$6M dollars per month. Contract labs will be given monthly “do not exceed” cap for contract labs based on historic testing volumes for employers.</li> </ul> <p>Note: this program is not a substitute for newly announced OSHA requirements when they take effect January 4, 2022. OSHA requires that more employees be tested, and more frequently, than under KDHE’s current program.</p> <ul style="list-style-type: none"> <li>● <u>KDHE Community Testing program</u> \$9.1M – (In addition to the ~\$8.9M CARES funding allocated by SPARK) <ul style="list-style-type: none"> <li>○ Funding required to meet seasonal volumes for KDHE’s Community Testing Program, Volunteer Testing Program, KHEL-operated mass testing and LHD testing from January 2022 to March 2022.</li> <li>○ Assumes all community testing sites switch to antigen testing starting January 1, 2022.</li> <li>○ Assumes all mass testing and LHD PCR tests are processed by the Kansas Health and Environment Laboratories (KHEL) to reduce costs starting December 1, 2021.</li> <li>○ Note: Funding covers Q1 expected demand for diagnostic testing based on historic growth rates from previous waves. Capacity will be limited in the case of demand surges (e.g. vaccine/ testing mandates, variants) or supply chain constraints on antigen test supplies.</li> </ul> </li> </ul>
<b>Proposed funding source</b>	ARPA – State Fiscal Recovery Funds
<b>Rationale</b>	<p>KDHE allocated \$141M of federal grant funding to make COVID-19 testing accessible for all Kansans, including support for commercial and university labs to help expand processing and sampling capacity.</p> <p>The surge of infections due to the Delta variant significantly depleted this budget. From June to September, the monthly cost of Kansas state-funded testing grew from \$4M to \$16M. The surge left KDHE with a balance of \$15 million at the end of October, necessitating a change in approach. At the current weekly cost of \$3M per week, KDHE is expected to fully deplete funds by the end of 2021. Further, in the period since the contracts associated with the Unified Testing Strategy were enacted, lower cost models for testing and targeted federal support for some populations offer an</p>

	<p>opportunity to lower the unit cost of testing for the State, KDHE is also pursuing those changes in parallel.</p> <p>KDHE is also dealing with changes in federal requirements and guidelines for FEMA reimbursement of testing costs. This funding will allow KDHE to maintain continuity of these programs while waiting to hear on FEMA reimbursement on a portion of state testing costs and to get a clearer view of testing finances into 2022. KDHE is not expecting to receive confirmation of FEMA reimbursement until early 2022.</p> <p>An extension of the KDHE Employee Testing Program will give employers that are currently benefiting from state-funded testing through contract labs a longer ramp-down period to standup alternative testing programs as they prepare to meet OSHA regulations where required.</p> <p>An extension of the community testing program will ensure continued access to free PCR tests in LHD's and KHEL-operated mass testing sites and access to free antigen tests at Community Testing Partner and Volunteer Testing Partner sites through March 2022.</p>
<b>Allowability</b>	<p>Testing is explicitly identified as an allowable service to contain and mitigate the spread of COVID-19 under current U.S. Department of Treasury <a href="#">guidance</a></p>