

HOUSE BILL No. 2247

AN ACT concerning the Kansas business health partnership act; relating to the removal of the sunset provision and making other clarifications of the act; amending K.S.A. 40-4701, 40-4702, 40-4704, 40-4706 and 40-4707 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 40-4707 is hereby amended to read as follows: 40-4707. ~~(a)~~ K.S.A. 40-4701 through 40-4707 and amendments thereto shall be known as the Kansas business health partnership act.

~~(b) The provisions of the Kansas business health partnership act shall expire on July 1, 2002.~~

Sec. 2. K.S.A. 40-4701 is hereby amended to read as follows: 40-4701. As used in K.S.A. 40-4701 through 40-4707 and amendments thereto:

(a) “Carrier” means any insurance company, nonprofit medical and hospital service corporation, nonprofit optometric, dental, or pharmacy service corporation, municipal group-funded pool, fraternal benefit society or health maintenance organization, as these terms are defined by chapter 40 of the Kansas Statutes Annotated, and amendments thereto, that offers health benefit plans covering eligible employees of one or more small employers in the state.

(b) “Health committee” means the Kansas business health policy committee as specified in K.S.A. 40-4702, and amendments thereto.

(c) “Dependent” means the spouse or any child of an eligible employee.

(d) “Eligible employee” shall have the meaning ascribed to it in K.S.A. 40-2209d and amendments thereto.

(e) “Health benefit plan” means any hospital or medical expense policy, health, hospital or medical services corporation contract, and a plan provided by a municipal group-funded pool, or a health maintenance organization contract offered by any employer or any certificate issued under any such policy, contract or plan.

(f) “Kansas business health partnership” or “health partnership” means a nonrisk bearing nonprofit corporation that has responded to a request for a proposal by the health committee and has been selected by the health committee to provide health insurance through multiple unaffiliated participating carriers to small employers and their *eligible* employees.

(g) “Low wage or modest wage employee” means any *eligible* employee whose family income does not exceed 200% of the poverty level.

(h) “Small employer” shall have the meaning ascribed to it in K.S.A. 40-2209d and amendments thereto.

Sec. 3. K.S.A. 40-4702 is hereby amended to read as follows: 40-4702. (a) The governor of the state of Kansas shall appoint a cabinet level committee which shall be known as the Kansas business health policy committee.

(b) The Kansas business health policy committee, hereinafter referred to as the health committee, shall consist of:

(1) The secretary of the department of commerce and housing or the secretary’s designee;

(2) the secretary of the department of social and rehabilitation services or the secretary’s designee;

(3) the commissioner of insurance or the commissioner’s designee;

(4) one member appointed by the president of the senate;

(5) one member appointed by the speaker of the house of representatives;

(6) one member appointed by the minority leader of the senate;

(7) one member appointed by the minority leader of the house of representatives; and

(8) three members at large from the private sector appointed by the governor.

The secretary of each state agency represented on this committee shall provide such staff and other resources as the health committee may require.

(c) (1) The initial meeting of the health committee shall be convened within 60 days after the effective date of this act by the governor at a time and place designated by the governor.

(2) Meetings of the health committee subsequent to its initial meet-

ing shall be held and conducted in accordance with policies and procedures established by the health committee.

(3) Commencing at the time of the initial meeting of the health committee, the powers, authorities, duties and responsibilities conferred and imposed upon the health committee by this act shall be operative and effective.

(d) The health committee shall develop and approve a request for proposals for a qualified entity to serve as the Kansas business health partnership, hereinafter referred to as health partnership, which shall provide a mechanism to combine federal and state subsidies with contributions from *small* employers and *eligible* employees to purchase health insurance in accordance with guidelines developed by the health committee.

(e) The health committee shall evaluate responses to the request for proposals and select the qualified entity to serve as the health partnership.

(f) The health committee shall:

(1) Develop ~~and~~, approve *and revise* subsidy eligibility criteria provided that:

(A) Low wage and modest wage employees of small employers shall be eligible for subsidies if:

(1) The small employer has not previously offered health insurance coverage; or

(2) the small employer has previously offered health insurance coverage and a majority of such small employer's employees are low wage or modest wage employees as defined in K.S.A. 40-4701, *and amendments thereto*;

(B) any small employer's *eligible* employee with a child who is eligible for coverage under the state childrens' health insurance program established by K.S.A. 38-2001 *et seq.*, and amendments thereto, or in the state medical assistance program shall be eligible automatically for a subsidy and shall be included in the determination of eligibility for the small employer and its low-and-modest wage employees; and

(C) at least 70% of the small employer's *eligible* employees *without group health insurance coverage from another source* are insured through the partnership; and

(2) determine and arrange for eligibility determination for subsidies of low wage or modest wage employees; and

(3) develop subsidy schedules based upon *eligible* employee wage levels *and family income*.

(g) The health committee shall oversee and monitor the ongoing operation of any subsidy program and the financial accountability of all subsidy funds. *If, in the judgment of the health committee, the entity selected to serve as the health partnership fails to perform as intended, the health committee may terminate its selection and designation of that entity as the health partnership and may issue a new request for proposal and select a different qualified entity to serve as the health partnership.*

(h) The health committee is hereby authorized to accept funds from the federal government, or its agencies, or any other source whatsoever for research studies, investigation, planning and other purposes related to implementation of the objectives of this act. Any funds so received shall be deposited in the state treasury and shall be credited to a special revenue fund which is hereby created and shall be known as the health committee insurance fund and used in accordance with or direction of the contributing federal agencies. Expenditures from such fund may be made for any purpose in keeping with the responsibilities, functions and authority of the department. Warrants on such fund shall be drawn in the same manner as required of other state agencies upon vouchers signed by the secretary of the department of social and rehabilitation services upon receiving prior approval of the health committee.

(i) The health committee is authorized to develop policies *for the administration of the subsidy program* and for the use of additional federal or private funds to subsidize health insurance coverage for low-and-modest wage employees of predominantly low-wage small employers.

(j) The health committee is hereby authorized to organize, or cause to be organized, one or more advisory committees. No member of any advisory committee established under this subsection shall *have previously received or currently* receive any payment or other compensation from the health partnership. The membership of each advisory committee

established under this subsection shall contain at least one representative who is a small employer and one representative who is an eligible employee as defined in K.S.A. 40-4701, *and amendments thereto*, and one representative of the insurance industry.

Sec. 4. K.S.A. 40-4704 is hereby amended to read as follows: 40-4704. The health partnership shall develop and offer two or more health benefit plans to small employers. In any health benefit plan developed under this act, any carrier may contract for coverage within the scope of this act notwithstanding any mandated coverages otherwise required by state law. Except for preventative and health screening services, the provisions of K.S.A. 40-2,100 to 40-2,105, inclusive, 40-2114 and subsection (i) of 40-2209 and 40-2229 and 40-2230, and 40-2,163, 40-2,164, 40-2,165 and 40-2,166, and amendments thereto, shall not be mandatory with respect to any health benefit plan developed under this act. In performing these duties, the health partnership shall:

(a) Develop and offer two or more lower-cost benefit plans such that:

(1) Each health benefit plan is consistent with any criteria established by the health partnership;

(2) each health benefit plan shall be offered by all participating carriers except that no participating carrier shall be required to offer any health benefit plan, or portion thereof, which such participating carrier is not licensed or authorized to offer in this state;

(3) no participating carrier shall offer any health benefit plan developed under this act to any small employer unless such small employer is covered through the health partnership.

(b) Develop and make available one or more supplemental health benefit plans or one or more other benefit options so that the total package of health benefits available to all ~~children eligible children who receive health benefits through the health partnership~~ *for the state children's health insurance program established pursuant to K.S.A. 68-2001 et seq., and amendments thereto*, meets, at a minimum, standards established by the federal health insurance program.

(c) Offer coverage to any qualifying small employer.

(d) Offer *eligible* employees of participating small employers a choice of participating carriers *where feasible*.

(e) (1) Include centralized and consolidated enrollment, billing and customer service functions;

(2) use one standard enrollment form for all participating carriers; and

(3) submit one consolidated bill to the small employer.

(f) Issue or cause to be issued a request for proposals and contract with a qualified vendor for any administrative or other service not performed by the health committee or provided to the health committee under subsection (b) of K.S.A. 40-4702, *and amendments thereto*.

(g) Issue a request for proposals and selectively contract with carriers.

(h) Establish conditions of participation for small employers that conform with K.S.A. 40-2209b *et seq.*, and amendments thereto, and the health insurance portability and accountability act of 1996 (Public Law 104-191).

(i) Enroll small employers and their eligible employees and dependents in health benefit plans developed under this act.

(j) Bill and collect premiums from participating small employers including any share of the premium paid by such small employer's enrolled employees.

(k) Remit funds collected under subsection (h) to the appropriate contracted carriers.

(l) Provide that each ~~eligible~~ low-or-modest wage employee shall be permitted to enroll in such employee's choice of participating carrier *where available*.

(m) Develop premium rating policies for small employers.

(1) In consultation with the health committee, the health partnership shall ensure, to the maximum extent possible, that the combined effect of the premium rating and subsidy policies is that subsidized ~~workers~~ *eligible employees* and the dependents of such subsidized ~~workers~~ *eligible employees* can afford coverage.

(2) Any rating policy developed under this subsection may vary with

respect to subsidy status of ~~workers~~ *eligible employees* and the dependents of such ~~workers~~ *eligible employees*.

(n) Be authorized to contract for additional group vision, dental and life insurance plans, and other limited insurance products.

(o) Take whatever action is necessary to assure that any ~~adult or child~~ *eligible employee or dependent of such eligible employee* who receives health benefit coverage through the health ~~benefit~~ partnership and who is eligible for the state medical assistance program shall remain eligible to participate in the state health insurance premium payment program.

(p) Coordinate with the department of social and rehabilitation services to assure that any funds available for the coverage of infants and pregnant women under the state medical assistance program are also available for the benefit of eligible infants and pregnant women who receive health benefit coverage through the health partnership *as an eligible employee or dependent of such eligible employee*.

Sec. 5. K.S.A. 40-4706 is hereby amended to read as follows: 40-4706. The department of social and rehabilitation services shall investigate and pursue all possible policy options to bring into this partnership title XIX and the title XXI eligible families of any *eligible* employees employed by a small employer. Further, the department of social and rehabilitation services shall develop and seek federal approval of any appropriate variance or state plan amendment for the state children's health insurance program established by K.S.A. 38-2001 *et seq.*, and amendments thereto, and the state medical assistance program required to accomplish the purposes of this act.

Sec. 6. K.S.A. 40-4701, 40-4702, 40-4704, 40-4706 and 40-4707 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.