

Approved 1-16-84  
Date

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Bill Bunten at  
Chairperson

1:30 ~~xxx~~/p.m. on Wednesday, January 11, 1984 in room 514-S of the Capitol.

All members were present except:

Committee staff present:

Ed Ahrens -- Legislative Research	Jim Wilson - Office of Revisor
Lyn Entrikin Goering -- Legislative Research	Dave Hanzlick, Admn. Assistant
Gloria Timmer -- Legislative Research	Nadine Young, Committee Secretary
Sherry Brown -- Legislative Research	

Conferees appearing before the committee:

Dr. Mike Harter, Secretary of Administration  
Senator Paul Hess  
Senator Tom Rehorn  
JoAnn Klesath, Executive Director of KAPE

The meeting was called to order at 1:30 P.M. by Chairman Bunten.

Discussion was held on a Draft Bill concerning the State Health Care Benefits Program (see attached).

Jim Wilson, Staff Attorney, reviewed the Proposed Health Care Bill with the Committee and explained the proposed amendments to the Draft.

Dr. Mike Harter, Secretary of Administration, spoke in support of the Draft Bill. He stated he would endeavor to hold the line on further increases in premiums for State and its employees. He called the present state paid premium "astronomical". (see attached)

JoAnn Klesath, Director of Kansas Association of Public Employees spoke briefly in support of the Draft Bill. She indicated that State employees are concerned about the rising cost to themselves as well as to the State of Kansas.

Several members of the Committee asked for further clarification on the proposed amendments. Those questions were answered by Art Griggs, Chief Attorney for the Department of Administration.

Representative Ed Rolfs moved that Amendment #1 to the Draft Bill be adopted. Seconded by Representative Miller. Motion carried.

Representative Hamm moved that Amendment #2 be adopted. Seconded by Representative Chronister. Motion carried.

Representative Duncan recommended the Committee pass on Amendment #3. Chairman Bunten instructed Representatives Duncan and Luzzati to meet with Jim Wilson for further clarification and that a Floor Amendment be prepared.

Representative Mainey moved that Amendment #4 be adopted. Seconded by Representative Lowther. Motion carried.

Being no further discussion, Representative Chronister recommended this Draft Bill be reported favorable for passage. Seconded by Representative Solbach. The motion carried to introduce the Bill with changes in the Draft.

It is the Committee's recommendation that Speaker refer this Draft Bill to Committee as whole.

Meeting adjourned at 2:45 p.m.

1-11-84

GUESTS  
State Health Insurance

DATE 1-11-84  
Program  
REPRESENTING

NAME	ADDRESS	REPRESENTING
1. David Buhler	1401 Glass	Luzzati
2. Ivan Soren	Jamunna	Wesleyan Univ. Plus
3. Roy Schmidt	"	" " "
4. Art Griggs	Topeka	Dept. of Adm.
5. JoAnn Klesath	Topeka	KAPE
6. GARY STOTTS	TOPEKA	BUDGET
7. Gary Howland	TOPEKA	DOJA
8. Barbara Duncan	"	"
9. Nancy Zoyloman	"	Speaker of House
10. R. H. Harter	"	SRS
11. Beth Wilber	"	AAUP
12. Jerry Sloan	"	Judicial Administration
13. P. C. Hobbs	"	Bd of Agriculture
14. Diane Bottorff	"	KSNA
15. Iwan Welch	"	Purchasing
16. KETH R. LANDIS	"	CHRISTIAN SCIENCE COMMITTEE ON PUBLICATION FOR KANSAS
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## DRAFT BILL NO. \_\_\_\_\_

As Recommended by Special Committee  
on State Health Insurance

1 AN ACT establishing the state health care benefits program;  
2 providing for the administration thereof by the Kansas state  
3 employees health care commission; prescribing the  
4 composition and powers, duties and functions thereof;  
5 amending K.S.A. 20-358 and 40-223 and K.S.A. 1983 Supp.  
6 75-4101, 75-4105 and 75-4106 and repealing the existing  
7 sections; and also repealing K.S.A. 1983 Supp. 75-4108,  
8 75-4108a, 75-4110, 75-4113 and 75-4113a.

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

10 New Section 1. (a) Within the limits of appropriations made  
11 or available therefor and subject to the provisions of  
12 appropriation acts relating thereto, the Kansas state employees  
13 health care commission shall develop and provide for the  
14 implementation and administration of a state health care benefits  
15 program.

16 (b) The state health care benefits program may provide  
17 benefits for persons qualified to participate in the program for  
18 hospitalization, medical services, surgical services, nonmedical  
19 remedial care and treatment rendered in accordance with a  
20 religious method of healing and other health services. The  
21 program may include such provisions as are established by the  
22 Kansas state employees health care commission, including but not  
23 limited to qualifications for benefits, services covered,  
24 schedules and graduation of benefits, conversion privileges,  
25 deductible amounts, limitations on eligibility for benefits by  
26 reason of termination of employment or other change of status,  
27 leaves of absence, military service or other interruptions in  
28 service and other reasonable provisions as may be established by  
29 the commission.

30 (c) The Kansas state employees health care commission shall

1 designate by rules and regulations those persons who are  
2 qualified to participate in the state health care benefits  
3 program. In designating persons qualified to participate in the  
4 state health care benefits program, the commission may establish  
5 such conditions, restrictions, limitations and exclusions as the  
6 commission deems reasonable.

7 (d) The state health care benefits program established under  
8 this act shall be effective on and after August 1, 1984.

9 New Sec. 2. (a) There is hereby established the Kansas state  
10 employees health care commission which is composed of (1) the  
11 commissioner of insurance, (2) the secretary of administration,  
12 and (3) a representative of the general public appointed by the  
13 governor, subject to confirmation by the senate as provided in  
14 K.S.A. 1983 Supp. 75-4315b.

15 (b) The member appointed under this section by the governor  
16 shall serve at the pleasure of the governor. Not more than two  
17 members of the commission shall be members of the same political  
18 party.

19 (c) The chairperson of the commission shall be designated by  
20 the governor. The commission shall meet at least once each  
21 calendar quarter and at such other times as may be required on  
22 call of the chairperson or any two members thereof.

23 (d) A quorum of the Kansas state employees health care  
24 commission shall be two. All actions of the commission shall be  
25 taken by a majority of all of the members of the commission.

26 (e) Members of the Kansas state employees health care  
27 commission attending meetings of such commission, or attending a  
28 subcommittee meeting thereof authorized by such commission, shall  
29 be paid compensation, subsistence allowances, mileage and other  
30 expenses as provided in K.S.A. 75-3223 and amendments thereto.

31 New Sec. 3. (a) Except as otherwise provided by this act,  
32 all budgeting, purchasing and related management functions of the  
33 Kansas state employees health care commission shall be  
34 administered by the secretary of administration under the

1 direction and supervision of the chairperson of the commission.  
2 All vouchers for expenditures and all payrolls of the Kansas  
3 state employees health care commission shall be approved by the  
4 chairperson of the commission or by a person or persons  
5 designated by the chairperson.

6 (b) There is hereby created the position of technical  
7 administrator for the state health care benefit program. Under  
8 the direction and supervision of the Kansas state employees  
9 health care commission, the technical administrator shall provide  
10 primary staffing assistance to the commission and perform such  
11 other functions and duties as may be prescribed by the  
12 commission. The technical administrator shall be in the  
13 unclassified service under the Kansas civil service act and shall  
14 be appointed by the commission. Within the limits of available  
15 appropriations, the secretary of administration shall provide  
16 such additional assistance as may be requested by the commission.

17 New Sec. 4. (a) Subject to the provisions of appropriation  
18 acts relating thereto, in developing and providing for the  
19 implementation of a state health care benefits program the Kansas  
20 state employees health care commission may:

21 (1) Enter into one or more group insurance contracts to  
22 provide coverage for all or part of the state health care  
23 benefits program;

24 (2) establish a self-funded program on an actuarially sound  
25 basis to provide coverage for all or part of the state health  
26 care benefits program and administer the self-funded program or  
27 contract for all or part of the administration of the self-funded  
28 program;

29 (3) provide for the self-administration of all or part of  
30 the state health care benefits program;

31 (4) enter into contracts with one or more health care  
32 providers for the provision of health care services;

33 (5) enter into contracts in accordance with the provisions  
34 of section 5 with one or more health maintenance organizations  
35 for the provision of health care services; or



1 (6) any combination of the authority granted under this  
2 subsection (a).

3 (b) The Kansas state employees health care commission is  
4 hereby authorized to negotiate and enter into contracts with  
5 qualified insurers, health maintenance organizations and other  
6 contracting parties for the purpose of establishing the state  
7 health care benefits program, including the acquisition of  
8 consulting and other services necessary therefor. The commission  
9 shall advertise for proposals, shall negotiate with not less than  
10 three firms or other parties submitting proposals, and shall  
11 select from among those submitting proposals the firm or other  
12 contracting party to contract with for the purpose of entering  
13 into contracts for services related to the state health care  
14 benefits program.

15 (c) Contracts entered into pursuant to this section, section  
16 5 or section 10 shall not be subject to the provisions of K.S.A.  
17 75-3738 to 75-3740, inclusive, and amendments thereto. Such  
18 contracts may be for terms of not more than three years and may  
19 be renegotiated and renewed, except that no contract with a term  
20 of more than 12 months may be entered into before August 1, 1985.  
21 All such contracts shall be subject to the limits of  
22 appropriations made or available therefor and subject to the  
23 provisions of appropriations acts relating thereto.

24 New Sec. 5. The Kansas state employees health care  
25 commission, in accordance with the provisions of section 4, may  
26 contract to provide health care services of a health maintenance  
27 organization for persons qualified to participate in the state  
28 health care benefits program. The contract shall provide that  
29 coverage under the contract is applicable to those persons  
30 qualified to participate in the state health care benefits  
31 program as the commission determines feasible. This coverage may  
32 be available to such qualified persons as an alternative to other  
33 benefits under the state health care benefits program or may be  
34 part of the benefits provided to such persons under the program.  
35 The contract may include services for spouses and dependents of

1 members at rates established in accordance with such contract. A  
2 contract to provide health care services of a health maintenance  
3 organization under this section shall be construed to be part of  
4 the state health care benefits program.

5 New Sec. 6. (a) The participation of a person qualified to  
6 participate in the state health care benefits program shall be  
7 voluntary, and the cost of the state health care benefits program  
8 for such person shall be established by the Kansas state  
9 employees health care commission.

10 (b) Periodic deductions from state payrolls may be made in  
11 accordance with procedures prescribed by the secretary of  
12 administration to cover the costs of the state health care  
13 benefits program payable by persons who are on the state payroll  
14 when authorized by such persons. Any such periodic payroll  
15 deductions in effect on an implementation date for biweekly  
16 payroll periods shall be collected in the manner prescribed by  
17 the secretary of administration.

18 New Sec. 7. (a) There is hereby created in the state  
19 treasury the health care benefits program fund. The cost of the  
20 state health care benefits program, including the costs of  
21 administering the program, shall be paid from this fund. The  
22 Kansas state employees health care commission shall remit all  
23 moneys received by or for the commission pursuant to the state  
24 health care benefits program to the state treasurer. Upon  
25 receipt of such remittance the state treasurer shall deposit the  
26 entire amount thereof in the state treasury to the credit of the  
27 health care benefits program fund. All expenditures from the  
28 health care benefits program fund shall be made in accordance  
29 with appropriation acts upon warrants of the director of accounts  
30 and reports issued pursuant to vouchers approved by the  
31 chairperson of the Kansas state employees health care commission  
32 or by a person or persons designated by the chairperson. The  
33 director of accounts and reports shall issue warrants pursuant to  
34 vouchers approved under this section for payments from the health  
35 care benefits program fund notwithstanding the fact that claims

1 for such payments were not submitted or processed for payment  
2 from money appropriated for the fiscal year in which the fund  
3 first became liable to make such payments.

4 (b) The pooled money investment board may invest and  
5 reinvest moneys in the health care benefits program fund in  
6 obligations of the United States of America or obligations the  
7 principal and interest of which are guaranteed by the United  
8 States of America or in interest-bearing time deposits in any  
9 commercial bank or trust company located in Kansas, or, if the  
10 board determines that it is impossible to deposit such moneys in  
11 such time deposits, in repurchase agreements of less than 30  
12 days' duration with a Kansas bank for direct obligations of, or  
13 obligations that are insured as to principal and interest by, the  
14 United States government or any agency thereof. Any income or  
15 interest earned by such investments shall be credited to the  
16 health care benefits program fund.

17 New Sec. 8. (a) Each state agency which has on its payroll  
18 persons participating in the state health care benefits program  
19 shall pay from any moneys available to the agency for such  
20 purpose an amount specified by the Kansas state employees health  
21 care commission as the cost to the agency for the state's  
22 contribution for persons participating in the state health care  
23 benefits program, including an amount for the costs of  
24 administering the program.

25 (b) Payments from public funds for coverage under the state  
26 health care benefits program for persons participating in that  
27 program shall not be deemed a payment or supplement of wages of  
28 such person notwithstanding any other provision of law or rules  
29 and regulations relating to wages of any such person.

30 New Sec. 9. Commencing with the regular session of the  
31 legislature in 1985 and with each regular session of the  
32 legislature thereafter, the Kansas state employees health care  
33 commission shall submit to the president of the senate and to the  
34 speaker of the house of representatives, on the day the  
35 governor's budget report is submitted to the legislature,



1 recommendations with respect to the state health care benefits  
2 program together with estimates of the cost of the program  
3 proposed by the commission, including a five-year projection of  
4 the cost of the program. Together with the recommendations  
5 submitted, the commission shall include alternatives for cost  
6 containment and benefit coverage for qualified persons for both  
7 the proposed program and the five-year projected program. The  
8 commission shall also submit any recommendations for legislation  
9 with respect to the state health care benefits program.

10 New Sec. 10. (a) In exercising and performing the powers,  
11 duties and functions prescribed by sections 1 to 11, inclusive,  
12 the Kansas state employees health care commission may adopt rules  
13 and regulations and enter into such contracts as may be  
14 necessary.

15 (b) The Kansas state employees health care commission may  
16 establish an advisory committee to advise the commission on  
17 matters relating to health care benefits of state officers and  
18 employees and to assist the commission in the development of  
19 policy with respect to such benefits.

20 (c) The Kansas state employees health care commission shall  
21 maintain an ongoing study and review of the state health care  
22 benefits program in order to make necessary improvements therein  
23 and to make recommendations thereon under section 9.

24 New Sec. 11. The director of accounts and reports shall make  
25 periodic deductions from state retirement or other benefit  
26 payments to retired state officers and employees and other  
27 persons who are qualified to participate in the state health care  
28 benefits program for the costs of the state health care benefits  
29 program which are payable by such retired state officers and  
30 employees and other persons when authorized to make such  
31 deductions by the written, voluntary authorization of such  
32 retired state officers and employees and other persons. No such  
33 authorization shall be construed to be an assignment of any  
34 annuity, benefits, funds, property or rights of any person under  
35 K.S.A. 74-4923 and amendments thereto.

1       Sec. 12. On August 1, 1984, K.S.A. 20-358 is hereby amended  
2 to read as follows: 20-358. With regard to district court  
3 officers and employees whose total salary is payable by a county,  
4 such county shall either provide for insurance coverage for  
5 hospitalization, medical services, surgical services and other  
6 health services at least equal to insurance coverage provided to  
7 other state officers and employees ~~pursuant to K.S.A. 75-4108,~~  
8 ~~and any amendments thereto,~~ under the state health care benefits  
9 program or, if such district court officers and employees are  
10 designated by the Kansas state employees health care commission  
11 under subsection (c) of section 1 as qualified to participate in  
12 the state health care benefits program, shall pay the employer's  
13 costs for enrolling such employees under the ~~same insurance~~  
14 ~~coverage plan provided to other state officers and employees~~  
15 state health care benefits program. In the event a county elects  
16 the latter type of ~~insurance~~ coverage, counties shall remit the  
17 employer and employee premiums to the ~~director of accounts and~~  
18 ~~reports~~ Kansas state employees health care commission in  
19 accordance with the directions of ~~said director~~ the commission,  
20 and counties may adopt the same type payroll deduction plan for  
21 employee premiums as provided in ~~K.S.A. 75-4108a,~~ ~~and any~~  
22 ~~amendments thereto,~~ ~~for other state officers and employees,~~  
23 section 6. The provisions of ~~K.S.A. 75-4110 and 75-4113,~~ ~~and any~~  
24 ~~amendments thereto,~~ sections 1 to 11, inclusive, shall be  
25 applicable to such employees in the same manner as other state  
26 ~~officers and employees~~ persons eligible to participate in the  
27 state health care benefits program.

28       Sec. 13. On August 1, 1984, K.S.A. 40-223 is hereby amended  
29 to read as follows: 40-223. Any person ~~or persons who shall~~  
30 ~~make~~ who makes any examination under the provisions of this act,  
31 except as provided in K.S.A. 40-110 and 40-253 and amendments  
32 thereto, may receive, as full compensation for such person's  
33 services, on a per diem basis an amount fixed by the  
34 commissioner, which shall not exceed the amount recommended by  
35 the national association of insurance commissioners, for such

1 time necessarily and actually occupied in going to and returning  
2 from the place of such examination and for such time the examiner  
3 is necessarily and actually engaged in making such examination  
4 including any day within the regular workweek when the examiner  
5 would have been so engaged had the company or society been open  
6 for business, together with such necessary and actual expenses  
7 for traveling and subsistence as the examiner shall incur ~~and on~~  
8 ~~account~~ because of the performance of such services. For the  
9 purposes of this act, "necessary and actual expenses" shall be  
10 limited, whether for travel within the state or travel outside  
11 the state, to those limitations expressed in K.S.A. ~~1980-Supp-~~  
12 ~~75-3207~~ and amendments thereto which pertain to official travel  
13 outside the state. The daily charge shall be calculated by  
14 dividing the amount the examiner is authorized by the  
15 commissioner of insurance to charge per week by the number of  
16 days in the regular workweek of the company or society being  
17 examined.

18 All of ~~said~~ such compensation, expenses, the employer's share  
19 of the federal insurance contributions act taxes, the employer's  
20 contribution to the Kansas public employees retirement system as  
21 provided in K.S.A. 74-4920 and amendments thereto, the  
22 self-insurance assessment for the workmen's compensation act as  
23 provided in K.S.A. 44-576 and amendments thereto, the ~~single~~  
24 ~~member-premium-under-the-group-health-insurance-plan-as--provided~~  
25 ~~in--K.S.A.---1980--Supp---75-4110-and-75-4113-and-acts-amendatory~~  
26 ~~thereof-or-supplemental-thereto~~ employer's cost of the state  
27 health care benefits program under section 7, and a pro rata  
28 amount determined by the commissioner to provide annual leave for  
29 the examiner not to exceed the number of days allowed state  
30 officers and employees in the classified service pursuant to  
31 regulations promulgated in accordance with the Kansas civil  
32 service act, shall be paid to the commissioner of insurance by  
33 the insurance company or society so examined, on demand of the  
34 commissioner. Such demand shall be accompanied by the sworn  
35 statement of the person making such examination, setting forth in

1 separate items the number of days necessarily and actually  
2 occupied in going to and returning from the place of such  
3 examination, the number of days the examiners were necessarily  
4 and actually engaged in making such examination including those  
5 days within the regular workweek while the examination was in  
6 progress and the company or society had closed for business, and  
7 the necessary and actual expenses for traveling and subsistence,  
8 incurred in and on account of such services. A duplicate of every  
9 such sworn statement shall be kept on file in the office of the  
10 commissioner of insurance. All moneys so paid to the commissioner  
11 of insurance shall be remitted to the state treasurer and the  
12 state treasurer shall issue duplicate receipts therefor, one to  
13 be delivered to the commissioner of insurance and the other to be  
14 filed with the director of accounts and reports.

15 Sec. 14. On August 1, 1984, K.S.A. 1983 Supp. 75-4101 is  
16 hereby amended to read as follows: 75-4101. (a) There is hereby  
17 created a committee on surety bonds and insurance, which shall  
18 consist of the state treasurer, the attorney general, and the  
19 commissioner of insurance. The commissioner of insurance shall be  
20 the chairperson of the committee and the director of purchases  
21 shall be ex officio secretary. The committee shall meet on call  
22 of the chairperson and at such other times as the committee shall  
23 determine but at least once a month on the second Monday in each  
24 month. Meetings shall be held in the office of the commissioner  
25 of insurance. The members of the committee shall serve without  
26 compensation. The secretary shall be the custodian of all  
27 property, records, and proceedings of the committee. Except as  
28 provided in subsection (b) and in K.S.A. 74-4925 and 74-4927, and  
29 amendments thereto, and in sections 1 to 11, inclusive, no state  
30 agency shall purchase any insurance of any kind or nature, ~~any~~  
31 ~~health-care-services-of-a-health-maintenance-organization~~ or any  
32 surety bonds upon state officers or employees, except as provided  
33 in this act. Effective on August 1, 1984, and except as  
34 otherwise provided in this section, health care coverage and  
35 health care services of a health maintenance organization for

1 state officers and employees designated under subsection (c) of  
2 section 1 shall be provided in accordance with the provisions of  
3 sections 1 to 11, inclusive.

4 (b) The Kansas turnpike authority may purchase group life,  
5 health and accident insurance or health care services of a health  
6 maintenance organization for its employees or members of the  
7 highway patrol assigned, by contract or agreement entered  
8 pursuant to K.S.A. 68-2025, and amendments thereto, to police  
9 toll or turnpike facilities, independent of the committee on  
10 surety bonds and insurance and of the provisions of sections 1 to  
11 11, inclusive. Such authority may purchase liability insurance  
12 covering all or any part of its operations and may purchase  
13 liability and related insurance upon all vehicles owned or  
14 operated by the authority, and such insurance may be purchased  
15 without complying with K.S.A. 75-3738 to 75-3744, inclusive, and  
16 amendments thereto. Any board of county commissioners may  
17 purchase such insurance or health care services, independent of  
18 such committee, for district court officers and employees any  
19 part of whose total salary is payable by the county. Nothing in  
20 any other provision of the laws of this state shall be construed  
21 as prohibiting members of the highway patrol so assigned to  
22 police toll or turnpike facilities from receiving compensation in  
23 the form of insurance or health maintenance organization coverage  
24 as herein authorized.

25 Sec. 15. On August 1, 1984, K.S.A. 1983 Supp. 75-4105 is  
26 hereby amended to read as follows: 75-4105. All surety bonds,  
27 and insurance contracts ~~and contracts for health care services of~~  
28 ~~a health maintenance organization~~ purchased pursuant to this act  
29 shall be purchased by the committee in the manner prescribed for  
30 the purchase of supplies, materials, equipment or contractual  
31 services under K.S.A. 75-3738 to 75-3744, inclusive, and  
32 amendments thereto. The director of accounts and reports shall  
33 not pay any premium or rate on any surety bond, or insurance  
34 contract ~~or contract for health care services of a health~~  
35 ~~maintenance organization~~ until the purchase of such surety bond



1 or contract shall have been approved by the secretary of the  
2 committee. Surety bonds, or insurance contracts ~~or contracts for~~  
3 ~~health--care-services-of-a-health-maintenance-organization~~ having  
4 a premium or rate in excess of ~~fifty-dollars-(\$50)~~ \$50 purchased  
5 hereunder shall be purchased on sealed bids as provided by law  
6 for the purchase of other materials, equipment or contractual  
7 services. Where more than one ~~(1)~~ state agency is covered by  
8 any bond, or insurance contract ~~or--contract--for--health--care~~  
9 ~~services--of--a--health--maintenance--organization~~, the committee  
10 shall prorate the cost of premiums or rates on any and all such  
11 bonds or contracts, except as provided in K.S.A. 75-4114 and  
12 ~~K.S.A.--1982-Supp.--75-4108~~, and amendments thereto, purchased as  
13 charges upon the funds of the state agency wherein any covered  
14 state officers or employees are employed or covered property is  
15 located or controlled. Such prorated charges shall constitute a  
16 lawful charge by the committee upon the funds available to any  
17 such state agency and shall be paid by each such state agency to  
18 the committee, or to the surety, or insurance carrier ~~or--health~~  
19 ~~maintenance--organization~~ if the committee requires it, in the  
20 manner provided by law for the payment of other obligations of  
21 such state agency. ~~Nothing--in--this--act--shall--prohibit--the~~  
22 ~~committee,--in--its--discretion,--from--renewing--a--group--insurance--or~~  
23 ~~health--maintenance--organization--contract--or--contracts--which~~  
24 ~~provide--for--hospitalization,--medical--services,--surgical--services~~  
25 ~~or--other--health--services--or--any--combination--thereof,--and--all--such~~  
26 ~~contracts--shall--be--contracted--in--accordance--with--K.S.A.--75-3738~~  
27 ~~to--75-3744,--inclusive,--and--acts--amendatory--thereof.~~

28 Sec. 16. On August 1, 1984, K.S.A. 1983 Supp. 75-4106 is  
29 hereby amended to read as follows: 75-4106. All surety bonds,  
30 or insurance contracts ~~and contracts for health-care-services--of~~  
31 ~~a--health-maintenance-organization~~ purchased shall be kept in the  
32 office of the secretary of the committee or in the office of ~~his~~  
33 ~~or-her~~ the designated representative of the secretary. No bond or  
34 contract purchased hereunder may be canceled by the insurance or  
35 surety company, the health maintenance organization or the

1 committee during the term of such contract unless a substitute  
2 contract upon the same terms and conditions covering the affected  
3 officers, employees or property is in force, or the committee  
4 determines that the officers, employees or property or class of  
5 officers, employees or property affected no longer requires the  
6 coverage provided by the contract.

7 Sec. 17. On August 1, 1984, K.S.A. 20-358 and 40-223 and  
8 K.S.A. 1983 Supp. 75-4101, 75-4105, 75-4106, 75-4108, 75-4108a,  
9 75-4110, 75-4113 and 75-4113a are hereby repealed.

10 Sec. 18. This act shall take effect and be in force from and  
11 after its publication in the Kansas register.

Statement by the Secretary of Administration  
to the House Ways and Means Committee  
in Support of a Revised Version of  
Senate Bill 12

Presented on January 11, 1984

Speaking for the Governor and the Department of Administration, I want to express our appreciation for the efforts of the Chairman, Representative Bunten, Senator Hess, Representative Luzzati, and Senator Rehorn in developing a compromise proposal which is reflected in the draft bill being presented to the committee today.

I sense a shared interest in the following objectives:

1. We must, if at all possible, reduce the costs to the State of Kansas of the health insurance program. Forty million dollars, give or take a few million, is an astronomical sum of money. Nothing would please me more than to be able to report to this committee a year from now that the Health Care Commission, if created, was able to reduce this outlay. It remains to be seen as to whether this goal can be achieved, but I am determined to try.

2. We must also endeavor to reduce, if possible, the costs of family coverage for state employees. That cost is presently about \$139 per month. The effect of that tariff for the employee is that a significant part of any salary increase they receive is taken from them by accelerating health insurance costs.

3. To accomplish both objectives, we need to canvass the nation for innovative health insurance programs, a process that we have begun in my office. The beauty of this draft bill, if I can put it that way, is that it would allow the health insurance commission to be imaginative and innovative.

4. The procedure in the future should be so structured that the Ways and Means Committees can review the outlines of a health insurance program before the

final appropriations decisions are made. I hope this will be possible because if I were sitting where you are, I would not like the present procedure in which the contract is negotiated after the session ends, allowing you no opportunity to approve or disapprove the projected terms of any contractual agreement on the substance of the health insurance program. If I am too ambitious in this respect, it is because I have a due regard for the Legislature's constitutional power to control the purse strings.

It is my understanding that because we share these objectives, the chairmen of the two Ways and Means Committees are willing to expedite this new version of Senate Bill 12, in whatever form it is amended by this committee, early in this session.

Thank you.

PROPOSED AMENDMENTS TO DRAFT BILL ON  
STATE HEALTH CARE BENEFITS PROGRAM

Amendment No. 1

On page 2, in line 15, after the period by inserting the following: "A state officer or employee may be appointed as the member representative of the general public.";

Amendment No. 2

On page 4, in line 19, by striking all after "renewed"; in line 20, by striking all preceding the period;

Amendment No. 3

Alternative subsection (a) of section 8. (On page 6, see lines 17 to 24, inclusive):

(a) Each state agency which has on its payroll persons participating in the state health care benefits program shall pay from any moneys available to the agency for such purpose an amount specified by the Kansas state employees health care commission as the cost to the agency for the state's contribution to the state health care benefits program, including the costs of administering the program. The commission may charge each state agency a uniform amount for this purpose.

Amendment No. 4.

Alternative section 11 (on page 7, see lines 24 to 35, inclusive):

New Sec. 11. (a) Except as provided in subsection (b), the director of accounts and reports shall make periodic deductions from state retirement or other benefit payments to retired state officers and employees and other persons who are qualified to participate in the state health care benefits program for the costs of the state health care benefits program which are payable by such retired state officers and employees and other persons.

(b) No deductions shall be made under this section in cases (1) where the retired state officer or employee or other person submits a written request in accordance with procedures prescribed by the commission that the deductions not be made, or (2) where the commission has directed that the deductions not be made.

(c) No deductions made under this section shall be construed to be an assignment of any annuity, benefits, funds, property or rights of any person under K.S.A. 20-2618, 74-4923 or 74-49,105 and amendments to these sections.



PROPOSED AMENDMENT TO DRAFT BILL ON  
STATE HEALTH CARE BENEFIT PROGRAM

On page 2, in line 6, after the period by inserting the following: "Each person who was formerly elected or appointed and qualified to an elective state office and who was covered immediately preceding the date such person ceased to hold such office by the provisions of group health insurance or a health maintenance organization plan under the law in effect prior to August 1, 1984, or the state health care benefits program in effect after that date, shall continue to be qualified to participate in the state health care benefits program and shall pay the cost of participation in the program as established and in accordance with the procedures prescribed by the commission if such person chooses to participate therein."