

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator August "Gus" Bogina at
Chairperson11:00 a.m./p.m. on March 18, 1986 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Ed Ahrens, Robin Hunn, Gloria Timmer, Lyn Goering
Revisor's Office: Arden Ensley, Norman Furse
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Senator Jack Walker
Dr. Ernie Chaney, Chairman, Department of Family Practice, St. Joseph's
Hospital, Wichita
Dr. Wm. Lentz, Topeka, Kansas Academy of Family PhysiciansSB 621 - Placing limitations on awarding of scholarships available for
Medical Students

Senator Walker presented written testimony (Attachment A). Following his testimony, Senator Bogina asked why the secretary of Health and Environment had been deleted from the bill. Dr. Walker explained that he and Secretary Sabol had discussed the measure, and it is her feeling that her department is in the business of statistics, and know very little about making an arbitrary decision about where a medical student should serve. She is uncomfortable in being a part of that kind of decision, and she feels it should be left to the medical profession.

Senator Bogina reminded the committee that the appropriations bill, as it left the committee, includes funding for 25 scholarships for FY 1987, as authorized by SB 621.

Answering questions from Senator Gaines, Senator Walker stated that the medical school maintains the same standards as in the past. He indicated that the medical scholarship program was not designed to help students who could not afford to go to medical school; and further indicated that there are loans available for that group of students.

Senator Johnston commented that he had not approved of the scholarship program at the beginning, and is in favor of phasing out the scholarships at this time.

Senator Werts asked why it is necessary to wait until December 31, 1987 to sunset the scholarships. Senator Walker replied that it was to gently let the program down.

Senator Gaines asked how many students are paying back their loans. Staff indicated about 50% are doing so.

Senator Winter asked about the impact of SB 621 on physicians across the state. Senator Walker said it is supply and demand which has an impact, and scholarship programs are a method of trying to force a solution to the problem. He added that many things affect where doctors locate, including the possibility of making a living in the area.

Dr. Chaney read from his written testimony (Attachment B). He particularly stressed the need to include in the bill those who go into academic family medicine--teaching at Medical Schools. There followed a discussion about this problem, with Dr. Chaney indicating he does not know why so many teaching positions are open (each of five programs in training family doctors in Kansas has an opening at the present time.)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S, Statehouse, at 11:00 a.m./p./m/ on March 18, 1986

SB 621 - Continued

Dr. Lentz indicated that his organization supports the bill. He suggested the area of family practice is a critically underserved area and needs to be strengthened. He added that there are other areas in Kansas which have a surplus of physicians. For instance, there are 25% more primary physicians in Topeka than are absolutely needed.

Dr. Lentz stated that, if there is any way students can repay their obligations by filling in part time in underserved areas, this would be a reasonable conclusion to the family practice problem.

Dr. Lentz commented that the high cost of malpractice insurance may be a factor in discouraging young doctors from going into small towns, because of the responsibility of entering into a wide field of medicine.

Senator Bogina noted that the hearing on SB 621 would be continued at a later date, because of the lack of time to continue at this time.

HB 3101 - Supplemental Appropriations for FY 1986, Department on Aging

Senator Bogina explained that the measure is an emergency measure which needs to be acted upon and signed/before March 31, 1986.
by the Governor

Motion was made by Senator Gaines and seconded by Senator Werts to report HB 3101 favorably for passage. The motion carried by roll call vote.

INTRODUCTION OF BILL

Senator Bogina explained that he had a request to introduce a bill concerning service territories of retail electric suppliers, and he would like to see it referred to the Local Government Committee.

Motion was made by Senator Winter and seconded by Senator Gaines to introduce the bill (Revisor's bill draft RS 2738) as requested. The motion carried by voice vote.

The meeting was adjourned by the Chairman.

March 18, 1986

TESTIMONY ON SENATE BILL 621 BEFORE THE SENATE WAYS AND MEANS COMMITTEE
by Senator Jack Walker

Mr. Chairman and members of the Senate Ways and Means Committee:

Senate Bill 621 is before you as a result of a series of informal meetings held during the 1985 Session between various parties involved directly or indirectly with the administration of the Medical Scholarship Program. Included in the discussions were myself, Secretary Barbara Sabol of Health and Environment, who administers the program; the staff person within Health and Environment who has the day-to-day responsibility for administering the program; Speaker of the House, Mike Hayden; Mr. Rick Von Ende, representing the KU Schools and Universities; Mr. Kirt Erickson, Executive Director of a group of hospitals in Kansas; and Dr. Mike O'Dell, representing the Kansas Academy of Family Physicians.

The discussions took place mainly because there is a growing concern about a number of aspects of the program.

1. The Physician Manpower Situation. The physician manpower situation in Kansas has changed rather dramatically in the past five years. The Scholarship Program in its original concept was established to address the problem of quantity, distribution, and retention of physicians for Kansas. In 1986 - due partly to the early results of the Scholarship Program for students who have completed Medical School and Residency Training in 1983, 1984, and 1985 - but more directly due to actions which took place in the early 1970's - both nationally and in Kansas we find the situation resolved as far as the number of physicians that are needed in Kansas and to a significant degree with the distributions of physicians in Kansas. Those activities which took place in the early 1970's included a national commitment to producing physicians by doubling the size of all medical school

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classes, including Kansas; the establishment across the country and certainly in Kansas of family practice residency training programs; establishment of a branch medical school in Wichita; and increased state support and increased numbers of other residency training programs in Kansas. As a result of these activities in the early 1980's both nationally and in Kansas, the problem of numbers of physicians and the geographic distribution of physicians has begun to change rather dramatically.

2. In Kansas, we find ourselves with the Medical Scholarship Program which as of July 1, 1985, had approximately 1273 individuals holding medical scholarships in the pipeline, and at least for the moment 50 additional scholarships available to all future entering classes. The bottom line is that there is a concern about what to do with the outpouring of physicians now in the pipeline, as the physician shortage continues to decline and concern about how much longer the program should be continued.

3. There is concern about administration of the program. The methodology for determining medically underserved areas in the state and critically medically underserved areas is considered by some to be too rigid and tends to restrict the scholarship holder's options to the extent that it may work adversely in addressing the original intent of the legislation and may - in fact - be causing a relative high rate of default (better than 50%).

4. There is concern about the financial investment the State of Kansas has already made and will continue to make in this program. To date - and including proposed appropriations for FY '87 - approximately \$30,000,000 will have been invested. An additional one to two million will be necessary to meet additional commitments for students currently in Medical School.

Because of the above major areas of concern it was felt that the

program needed to be carefully examined and certain efforts be made during the 1986 Legislative Session to begin to address some of the problems that appear to be ahead of us.

Senate Bill 621 does two basic things:

1. It addresses the students now in the pipeline in an attempt to make the options a little more flexible which will allow the scholarship holder to repay his obligation by serving for the State of Kansas.

2. It sets forth a reasonable approach to terminating the program.

Specifically the proposed legislation does the following:

1. It permits flexibility for Type I Scholarship holders prior to July 1, 1986, to meet a part of their scholarship obligation (tuition only) by serving a medically underserved area. Currently the Type I Scholarship holder must serve in a critically medically underserved area to have his/her entire obligation met. There is no provision for serving in just the medical underserved area and having a part (tuition) of the obligation met.

2. Permits flexibility by allowing a scholarship holder to establish his/her main base of practice with a group or alone in a county which is not underserved - but agree to an affiliation agreement that he/she would practice 50% of his/her time in a county which is currently underserved or critically underserved. Such an arrangement would forgive the tuition portion on any obligation.

We believe that there are at least ten to twelve underserved or critically underserved areas in Kansas where such an arrangement would be beneficial to the area and also assist the student in a more flexible arrangement for repaying a part of their scholarship obligation.

3. Permits a recipient of a medical scholarship to satisfy the obligation (tuition only) by serving full time as a faculty person

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Te ony on SB 621
March 18, 1986

in an approved Kansas Family Practice Residency Program.

FOR THE NEXT TWO YEARS

1. Effective July 1, 1986, reduce the number of scholarships to 25 annually for two academic years (7/1/86 and 7/1/87).
2. Defines by contract the professional commitment that the scholarship holder must make to be eligible for the scholarship effective 7/1/86.
3. Defines the locale in Kansas which the scholarships awarded after 7/1/86 agree to enter full-time medical practice to have the obligation forgiven.
4. Sets the interest for monies advanced for scholarships awarded after 7/1/86 at 10% annually.
5. Sunsets additional scholarships effective 12/31/87.

Testimony, March 18, 1986
Ways and Means Committee
Senate Bill #621

by

Ernie J. Chaney, M.D.

I'm very pleased to be allowed to express some of my thoughts and concerns about Senate Bill #621. I feel this is an extremely important piece of legislature which will impinge on medicine and, more specifically, my specialty. I'm Dr. Ernie Chaney, Associate Professor of Family and Community Medicine at the University of Kansas School of Medicine-Wichita and Director of the St. Joseph Medical Center Family Practice Residency Training Program. I've been the Director of that Family Practice Residency Program for the past three years and prior to that spent 26 years as a private practitioner in the specialty of Family Medicine in Belleville, Kansas, in Republic County, a community of approximately 3,000 individuals. Having had the privilege of serving that community for 26 years, I feel that that experience qualifies me to be somewhat knowledgeable about the medical needs of rural Kansas. Having spent the last three years as Program Director of one of the largest residency training programs in the State, I feel that I am also cognizant of some of the problems that affect the training of family physicians and the placement of those physicians in our State. I realize that time is very short, and that you have a great number of witnesses who wish to speak to this subject, so I will try to be as concise as possible.

The scholarship program for medical students has been a positive factor in the education and retention of medical students in Kansas and in aiding them in their residency and eventually in serving the health care needs of citizens of our State. However, the time has come for some modifications of that Bill. I believe that the man-power studies which have been performed are correct, and that we have an overall abundance of physicians. However, the distribution of these physicians is quite inappropriate, and the health care needs of the State of Kansas are certainly underserved when it comes to family physicians. As a program director, I receive at least two-to-three letters a week from individuals in our State requesting names of young physicians who might be interested in practicing in their community. While we may have an overall surplus of physicians, the specialty of Family Medicine is still critically underserved. This is particularly true in an agricultural State such as Kansas because the health care needs of individuals who live in

SWM 3/18/86
AHB 3-18-86

rural Kansas cannot be met by limited specialists, but can only be satisfied by well-trained family physicians who can render care for 85-90% of the health care needs of our citizens. However, because of some provisions in the scholarship law, many communities which are desperately in need of family physicians are not being able to satisfy that need because these communities are not classified as underserved.

We have several problems in the specialty of Family Medicine. One is that of funding of residency education. We also have the problems that you have been dealing with recently in medical liability, but I believe the most critical problem, and the one that could devastate the specialty of Family Practice, is that of not being able to attract and maintain family physicians in academic medicine. If we do not provide a method to fill these vacancies in academic medicine, we will be unable to train the number of family physicians that the State of Kansas needs. As you know, there are five residency training programs in the State, and each of those programs has at least one faculty position that they are unable to fill. Academic Family Practice is one of the most critically underserved areas in our State. I believe Senate Bill #621 will help to answer some of the difficulties in health care education.

If you in your wisdom decide to declare faculty positions in academic Family Medicine a critically underserved area in which residents might fulfill their financial obligation to the State by agreeing to serve as faculty members, that would have a tremendous impact not only in the short term by supplying us with superior residents who would stay on as faculty members to fulfill their financial obligation, but in the long run, I'm sure many of these would find gratification and satisfaction in academic medicine, and would stay in academic medicine and supply us with teachers for the future. I'm sure that I can speak for all of the program directors in the State when I request that you give this suggestion your deepest consideration, as promptly as possible, as our needs for faculty members are great and the time grows short.

I'm in agreement with reducing the number of scholarship grants and changing the payback to require practice in communities with smaller populations. For your information, 35% of the residents of our program choose towns of 5,000 or under to practice. This Bill would provide incentives for family physicians to practice in smaller communities whose health care needs can be met only by family physicians. It is also my conviction that the Department of Health and Human Services needs to re-evaluate their criteria for determining health manpower needs in critical shortage areas. I'm sure that The Academy of Family Physicians and the Kansas Medical Society and their members would be most pleased to be of any help in establishing valid criteria than are currently

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enforced.

I appreciate the opportunity to express my views to this committee. I'd be most pleased to answer any questions now or any written questions that you might have. Once, again, thank you for your help.

BILL NO. _____

By

AN ACT relating to electric public utilities; concerning service territories of retail electric suppliers; amending K.S.A. 66-1,172 and 66-1,174 and repealing the existing sections and also repealing K.S.A. 66-1,176.

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

Section 1. K.S.A. 66-1,172 is hereby amended to read as follows: 66-1,172. (a) Subject to the provisions of this act, the corporation commission shall cause the state to be divided into electric service territories. Within each such territory, only one (1) retail electric supplier shall provide retail electric service, and any such territory established for a retail electric supplier pursuant to this section shall be certified to such retail electric supplier by the commission and such area shall be provided retail electric service exclusively by such supplier. Each retail electric supplier shall continue to have the right to serve all customers being served by it on the effective date of this act, except that such suppliers, by agreement approved by the commission, may otherwise provide for electric service to such customers.

(1) In all existing dual certified service territories the boundaries of the certified territory of each retail electric supplier shall be set at a line or lines substantially equidistant between such supplier's existing distribution lines and the nearest existing distribution line or lines of any other retail electric supplier in every direction, and the commission shall certify to each retail electric supplier such area which, in its entirety, is located substantially in closer proximity to its existing distribution lines than to the nearest existing distribution lines of other retail electric suppliers except that

where a retail electric supplier has, on the effective date of this act, an existing distribution line located in dual certified service territory adjacent to the boundary of another retail electric supplier's single certified service territory, the boundary between the certified territories of the two retail electric suppliers shall be set at a line substantially equidistant between the existing single certified service territory boundary of the one retail electric supplier and the nearest existing distribution line of the other retail electric supplier.

(2) The single certified service territories of all retail electric suppliers certificated on the effective date of this act shall remain unchanged subject to the provisions of subsections (a)(3), (a)(4) and (a)(5).

(3) When a municipal retail electric supplier, on the effective date of this act, is the only retail supplier serving electricity within the boundaries of a single service territory certified on the effective date of this act, it shall be granted a single certified territory, the boundaries of which shall be established ~~one-half--(1/2)~~ 1/2 mile in every direction from its existing distribution lines, but no such territory shall extend beyond any boundaries of such original single certified service territory.

(4) When a retail electric supplier, other than a municipal supplier, on the effective date of this act, is providing electric service within a single service territory then certified to it and a municipal retail electric supplier also is providing electric service in the same single certified service territory, the municipal retail electric supplier shall be granted a single certified service territory, the boundaries of which shall be established substantially equidistant between existing distribution lines of the two retail electric suppliers, but the municipal electric supplier's single certified service territory so designated shall not extend more than ~~one-half--(1/2)~~ 1/2 mile in any direction from its distribution lines or beyond any of the

original single certified service territory boundary.

(5) All single certified service territories or parts thereof existing on the effective date of this act, not assigned to a municipal retail electric supplier under provisions of this act as described in subsection (a)(3) or (a)(4) shall be retained as a single certified service territory by the originally certified retail electric supplier.

(b) The commission shall cause to be prepared, no later than June 30, 1979, maps of uniform scale to show, accurately and clearly, the boundaries of the electric service territory of each retail electric supplier, as established under subsection (a) of this section. If the commission has authorized or required electric service territories to be established pursuant to agreements of retail electric suppliers, and any retail electric supplier fails to reach agreement with any other retail electric supplier concerning the boundaries of their respective electric service territories, the commission shall have the power to fix the boundaries, for the purpose of determining the electric service territory of any retail electric supplier. Such power shall include the right to hold public hearings and in any such hearing, the commission shall consider all relevant facts including the following conditions, as they existed on the effective date of this act:

(1) The proximity of existing distribution lines of the retail electric suppliers involved;

(2) which supplier was first furnishing retail electric service, and the age of existing facilities in the area; and

(3) the prevention of duplicate electric lines and facilities furnishing retail electric service within such territory.

(c) Notwithstanding any other provision of this act or the act of which this act is amendatory, from and after the effective date of this act and prior to July 1, 1988, each retail electric supplier shall continue to have the right to serve all customers being served by it within its certified territory as the same

existed on the effective date of this act and no changes in the certified territory of any retail electric supplier shall be made during such period without the agreement of the suppliers involved and upon approval by the commission.

Sec. 2. K.S.A. 66-1,174 is hereby amended to read as follows: 66-1,174. A municipally owned or operated retail electric supplier shall be subject to commission jurisdiction as ~~a--public--utility,--as--defined--in--K.S.A.--66-104,~~ with respect to all operations ~~within--its--certified--territory--extending--more--than--three--(3)--miles--beyond--its--corporate--limits~~ regulated by this act. A municipal retail electric supplier shall be subject to regulation by the commission in matters relating to the right to serve in the territory ~~within three--(3)--miles--of--the--corporate city--boundary,--except--that--the--commission--shall--have--no jurisdiction--concerning--such--retail--electric--supplier--within--its corporate--limits~~ any portion of the corporate limits of such city which are included within such corporate limits on or after the effective date of this act.

New Sec. 3. If any part or parts of this act are held to be invalid or unconstitutional by any court, it shall be conclusively presumed that the legislature would have enacted the remainder of this act without such invalid or unconstitutional part or parts.

Sec. 4. K.S.A. 66-1,172, 66-1,174 and 66-1,176 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.