

Approved March 28, 1986
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator August "Gus" Bogina at
Chairperson

11:00 a.m./p.m. on March 19, 1986 in room 123-S of the Capitol.

All members were present except:
Senator Doyen

Committee staff present:

Research Department: Robin Hunn, Scott Rothe, Alan Conroy
Revisor's Office: Norman Furse
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Dr. Alan Kimmell, Animal Health Department
Larry Woodson, Director of Meat and Poultry Inspections
Nelson Buckles, Executive Secretary, Meat Processors Association
Bernie Hansen, Kansas Meat Processors
Mary Harper (By written testimony only)
Jerry Slaughter, Kansas Medical Society
Barbara Sabol, Secretary, Department of Health and Environment
Senator Jack Walker
Rick von Ende, University of Kansas

SB 684 - Combining fee funds within the Animal Health Department

Dr. Kimmell stated that SB 684 is a bill to allow combination of several fee funds into one. It has been recommended by the Division of Post Audit. He indicated that it will allow his department to have better bookkeeping procedures. According to Dr. Kimmell, three funds are being combined by SB 684, and one is being eliminated.

Senator Kerr said that this measure was recommended last year, and did not get taken care of. Consequently, the subcommittee studying the budget for the Animal Health Department recommended it again this year.

Motion was made by Senator Talkington and seconded by Senator Harder to report SB 684 favorably for passage. The motion carried by roll call vote.

SB 727 - Increasing meat and poultry inspection fees

Senator Werts, Vice-Chairman of the Committee, conducted the meeting at this point during Senator Bogina's absence. Senator Werts asked the members of the subcommittee to explain the bill.

Senator Kerr explained that this bill, as written, establishes the "per head" charge for inspection of meat and poultry. He stated that the Governor had recommended that the state program be eliminated. The industry said if that happened, it would put them out of business. According to Senator Kerr, that is the reason the subcommittee recommended the fee increases.

Senator Kerr continued by stating that, since the bill was introduced, the subcommittee has had discussions with the administrator for the program and with members of the industry, and have come to the conclusion that there are probably quite a few inefficiencies in the program which the industry would like to help address. Consequently, the fees in SB 727 are probably too high, and the subcommittee is recommending a major change to the bill.

The change suggested by Senator Kerr would be a slightly graduated licensing fee to do away with the "per head" fee currently proposed in SB 727. (See Attachment A)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 11:00 a.m./p.m. on March 19, 196.

SB 727 - Continued

Senator Kerr explained that the House subcommittee studying the budget for the Meat and Poultry Inspection Division discovered that there are enough funds for three more people; and that has been incorporated in their subcommittee report. At this point, funds are appropriated to handle the inspection program for one more year. During the interim, the industry and the administrator of this program will get together and make a major effort to find deficiencies which might allow major decreases in funding next year, according to Senator Kerr. He added that the subcommittee is not proposing to go ahead with SB 727 as written, since the conferees are aware of the change and will be addressing it at this meeting.

Mr. Woodson explained that all plants which ship meat into interstate commerce are required to have federal inspection. This includes 62 plants in Kansas. He stated that, when the Wholesome Meat Act was passed by Congress in 1967, the states were required to establish an inspection program. The "equal to" program was established, and this involves inspecting small plants whose production is sold only in intrastate commerce.

Mr. Woodson said the information he has received is that, if the state turns the inspection responsibility back to the Federal Government, there would not be enough federal inspectors to cover all plants. He explained that most states who gave up inspections programs did that for economic reasons--not because their inspections were inadequate. He added that it is his understanding only one-third of the plants would be inspected. He said the Federal Government will try to "exempt" plants from inspection, and if that is accomplished, these plants will not be able to sell to schools, restaurants, etc.

There were several questions from Senator Werts concerning the quality of inspections by state versus federal inspectors. Mr. Woodson said some state inspections may be less than adequate by standards set by the Federal Government. He commented that there has been a decrease of about 1,100 processing plants throughout the United States as a result of changing to federal inspections.

Mr. Woodson said there is an inspection supervisor in each of the districts in Kansas; and the local inspector is not a veterinarian. However, if the inspector finds a questionable situation, a veterinarian is called. Federally inspected plants usually have a veterinarian on the premises, according to Mr. Woodson. Senator Gaines asked if inspectors find bad meat, and Mr. Woodson answered in the affirmative.

Mr. Buckles distributed prepared testimony (Attachment A-1 and Attachment B). Senator Gannon asked if there are a lot of inefficiencies in the way the current program is administered. Mr. Buckles said there may be some problems, but part of that is due to dealing with consumers who fail to get their animals to the plant at a specified time to get them inspected. Senator Gannon asked if big cuts could be made in the cost of the program, and Mr. Buckles answered that this cannot be done because of USDA restrictions. There was extended discussion between Senator Gannon and Mr. Buckles about the possibility of decreasing the number of days inspectors are in each plant. Mr. Buckles continued to stress that any changes made should be made only with approval from the United States Department of Agriculture.

Senator Gaines asked if the subcommittee contemplated less people working in the agency. Senator Harder answered that there would be five less; and Mr. Buckles indicated his organization could approve that.

Senator Kerr reminded the committee that Gramm-Rudman-Hollings cuts would definitely affect the area being discussed; and that an increasing portion of the total cost of the meat and poultry inspection program may be falling upon the state in two or three years. For that reason, he stressed that ways need to be found to make the program more acceptable.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S, Statehouse, at 11:00 a.m./p/m. on March 19, 1986

SB 727 - Continued

Senator Harder explained that the subcommittee met with the head of the Inspection Division; and he is aware that there are a number of inefficiencies which can be corrected. He added that the subcommittee asked the meat processors to form a task force to find these inefficiencies and see what savings can be accomplished. He stressed that his subcommittee expects the industry to come forth with recommendations by the next session of the Legislature. Senator Gannon added that the proposal before the committee would result in fees paying for 20% of the entire cost of the inspection program, and the industry felt that was too high. That is the reason for asking them to study their program.

Mr. Hansen said his organization is opposed to SB 727 in its original form. He then explained some of the problems involved in state and federal inspection programs. He suggested that if the state inspections are "equal to" the federal inspections, all plants should be allowed to ship interstate.

Mr. Hansen explained that states which have had inspections taken over by the Federal Government have had the experience that packing plants spent large sums of money to comply with federal standards. He indicated that federal inspectors continue to suggest more changes, thus adding to the cost of maintaining the packing plants.

Another problem noted by Mr. Hansen is that when the Federal Government must take over meat and poultry inspection in a state, they sometimes call plants and ask them to close because no inspectors are available.

Mr. Hansen continued by stating that his association opposes SB 727 because of the fee structure included in the proposal. He said he feels meat inspection is a public safety concern, and should be paid by everyone-- not only the plants being inspected. He said his association does agree with the new fee on wholesalers proposed in SB 727.

Senator Werts asked Mr. Hansen if he has any reservations about the wholesomeness of products coming out of packing plants. He said he has no problem with plants in Kansas.

Mary Harper had submitted written testimony opposing SB 727, and this is made a part of these minutes (Attachment C).

-----(See amendment on Page 5)
No action was taken on SB 727.

APPROVAL OF MINUTES

Motion was made by Senator Talkington and seconded by Senator Harder to approve committee minutes for March 5, 10 and 11. The motion carried by voice vote.

SB 621 - Limitations on awarding Medical Scholarships

Mr. Slaughter stated that the Kansas Medical Society supports the intent of Sb 621. He further stated that they agree with suggestions made by Senator Walker at the committee meeting on March 18. When asked by Senator Kerr if he supports the provision that phases out the scholarship program, Mr. Slaughter said it is controversial among his group, so he would have no official position. He did note that most of the members believe the supply problem has been taken care of; however, there is a distribution problem.

There followed a discussion concerning HB 621 and a balloon including suggested amendments. (Attachment C-1)

Secretary Sabol presented written testimony (Attachment D). Following her brief review of that testimony, she indicated that there are specialty areas other than family practice which might be used under the category of teaching.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

room 123-S, Statehouse, at 11:00 a.m./p.m./ on March 19, 1986

SB 621 - Continued

Mr. von Ende stated he does not feel right about the way the scholarship program has been interpreted by members of the medical profession. He said they have constantly referred to it as a loan program rather than a scholarship program. Because of this reference, it is Mr. von Ende's feeling that students have been led to believe there is little incentive for service. He suggested that, because of a pending bankruptcy case of a former scholarship recipient, he would like to have a provision in the law to state that, as long as there is a service possibility it cannot be discharged in bankruptcy court. Senator Talkington said he felt that violated federal law.

Mr. von Ende referred to the balloon of SB 621, line 84, and suggested that gynecologists be included in the definition of "primary care" because many women consider their Obstetrician-Gynecologist their primary care provider.

Mr. von Ende agreed with Secretary Sabol's statement that Section 2 be expanded to all primary care disciplines for service in full-time faculty positions, or that it be eliminated.

Mr. von Ende then referred to new subsection (e) on the balloon of SB 621 (Attachment C-1), and stated his support for the provision. However, he suggested that the section is not needed, because special circumstances are now being approved. He cited an instance where a recipient of a medical scholarship asked to join a firm in Dodge City, with the obligation to operate a branch clinic in Cimarron two half days a week. In that instance, according to Mr. von Ende, two half days are sufficient to take care of the area needs. He said there has been an effort to be responsive to cases such as this, but there should be no percentage designated. He suggested the 50% figures may make the decisions more rigid and not serve the needs of areas in need of physicians.

When asked by Senator Feleciano about his opinion concerning phasing out the scholarship program, Mr. von Ende said he had great hopes for the program, but progress has not been made as he had hoped. He indicated disappointment in the manner in which some graduates have treated the program, literally asking for a "free ride."

Senator Feleciano then asked if the elimination of the program might not keep poor people out of the practice of medicine. Mr. von Ende suggested that it might be called a loan program instead of a scholarship program.

Senator Werts asked if the Endowment Association has sufficient funds to handle a loan program of this nature. Mr. von Ende answered that, at one time, funds were available for 125 students per year, but since the inception of the scholarship program, funds became available for expanding programs in nursing, and have been used for that purpose. He said he felt loans could be available for those with the most need, but was not sure there are sufficient funds to support the \$10,000 per year, as the scholarship program now provides.

The Chairman asked for Senator Walker's comments on the preceding testimony. Senator Walker stated that he has no problem with setting up a loan fund. He suggested SB 621 be passed as now written and in two years a bill could be passed setting up a medical student loan fund. Senator Walker stressed that a loan fund should be based on economic needs.

Senator Bogina asked Dr. Walker to comment on Mr. von Ende's suggestion to eliminate the provision concerning a requirement that 50% of a physician's time must be spent in a service commitment area. Dr. Walker said he doesn't have a problem with the percentage, but indicated that people are having difficulty getting before the appeal board. He commented that the provision being discussed would provide legal opportunity to appeal to the Board.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:00 a.m./p/m. on March 19, 1986

SB 621 - Continued

Senator Bogina then asked for Dr. Walker's comments on including Obstetrics and Gynecology in the definition of "primary care." Dr. Walker disagreed with Mr. von Ende, adding that he is not aware of a community of 12,000 or less people which has a OB-GYN. He reminded the committee that this is the size community that needs primary care physicians.

No action was taken on SB 621.

INTRODUCTION OF BILL

Motion was made by Senator Talkington and seconded by Senator Werts to introduce a bill (Bill Draft RS 2744) concerning the committee on surety bonds and insurance. The motion carried by voice vote.

The meeting was adjourned by the Chairman.

AMENDMENT SUGGESTED BY SENATOR GANNON AT MARCH 28 COMMITTEE MEETING:

(To be inserted following Mr. Hansen's testimony on page 3)

Members of the subcommittee which studied the budget for the Department of Agriculture stressed that it is imperative for the Department to make changes in the meat and poultry inspection program. Senator Gannon stated that, rather than the Legislature imposing recommendations for change, the Department is being given the opportunity to meet with the industry during the interim for the purpose of preparing proposals. He added that the subcommittee insists that changes be made.

SB 727

GRADUATED FEE PROPOSAL

Currently there are two different fees paid by slaughter and processing plants operating in Kansas:

\$150 paid by facilities that only slaughter livestock or poultry. (No further processing is conducted at these establishment.)

\$200 paid by inspected slaughter and processing plants, custom slaughter and processing plants, inspected processing plants, and federally inspected plants.

Distributors, wholesalers, pet food manufacturers are required to register with the division, but are not required to pay any fees.

Projected fee collection for FY 1987 from the above plants is estimated to be \$60,850.

The following proposal recommends a four-tiered fee schedule:

- Group I: Establish a \$50 fee for distributors, wholesalers, pet food manufacturers, small seasonal slaughter facilities, state owned facilities located at the regent institutions, and facilities at public secondary schools.
- Group II: Establish a \$150 fee for small inspected facilities slaughtering 300 animal units or less. (Animal units will be figured using 1 unit for each bovine or bison, 0.6 units for each swine, and 0.4 unit for each sheep or goat.)
- Group III: Establish a \$200 fee for all custom slaughter and processing, custom slaughter, and custom processing facilities.
- Group IV: Establish a \$250 fee for all inspected facilities slaughtering more than 300 animals units, all inspected processing facilities and all federally inspected facilities.

*inspected
registered*

*inspected
registered*

Plants currently registered with the division are as follows:

- 11 Inspected Slaughter
- 124 Inspected Slaughter and Processing
- 60 Inspected Processing
- 3 Custom Slaughter
- 23 Custom Slaughter and Processing
- 3 Custom Processing
- 61 Federally Inspected

S.W.M 3/19/86

Att A 3-19-86

TESTIMONY BEFORE SENATE WAYS & MEANS COMMITTEE
MARCH 19, 1986

MY NAME IS NELSON BUCKLES, EXECUTIVE DIRECTOR OF THE KANSAS MEAT PROCESSORS ASSOCIATION. I HAVE BEEN DIRECTLY INVOLVED IN THE SLAUGHTER/PROCESSING BUSINESS SINCE 1947 AND HAVE SEEN MANY CHANGES IN THIS INDUSTRY.

WE HAVE WRITTEN MANY TIMES, TO EXPLAIN THE NEED FOR CONTINUED FUNDING OF THE STATE MEAT INSPECTION PROGRAM FROM THE GENERAL FUND.

THE INDUSTRY WE REPRESENT IS ONE OF THE FEW INDUSTRIES AND POSSIBLY THE ONLY ONE WHOSE VERY EXISTANCE, AS WE KNOW IT TODAY, DEPENDS ON AN INSPECTION PROGRAM FUNDED BY THE KANSAS LEGISLATURE.

THE INDUSTRY DID NOT ASK FOR THIS. IN THE EARLY 50'S THERE WERE MORE THAN 500 LOCKER/SLAUGHTER/PROCESSING PLANTS IN KANSAS. INSPECTION OF ANIMALS TO BE SLAUGHTERED WAS PROVIDED BY THE LOCAL VETERINARIAN WHEN REQUIRED AND INSPECTION OF PLANT FACILITIES WAS UNDER THE STATE BOARD OF HEALTH.

WITH THE PASSAGE OF THE WHOLESOME MEAT ACT OF 1967 BY CONGRESS, DRASTIC CHANGES TOOK PLACE. PREVIOUS INSPECTION SERVICES WERE NO LONGER ACCEPTABLE. KANSAS WAS AMONG MANY STATES WHO SET UP THEIR OWN INSPECTION PROGRAM TO PROTECT THE INDUSTRY AND THEIR CONSUMERS. 27 STATES CURRENTLY HAVE STATE PROGRAMS. REGULATIONS MUST BE ACCEPTABLE AND SANITATION "EQUAL TO" THE U.S.D.A. SINCE THEY PROVIDE 50% OF THE FUNDING.

S.w+m 3/19/86
A-13-19-86

STATE REGULATIONS IN THE AREA OF PLANT STRUCTURAL REQUIREMENTS ARE MUCH LESS RESTRICTIVE THAN FEDERAL. EXTENSIVE REMODELING TOOK PLACE IN THE INDUSTRY TO COMPLY WITH STATE REGULATIONS IN THE LATE 1960'S. THOSE WHO COULD NOT AFFORD SUCH REMODELING WERE LEFT WITH SUCH REGULATIONS ON THEIR BUSINESS BY THE WHOLESOME MEAT ACT THEY SOON BECAME UNPROFITABLE AND NO LONGER EXIST.

CURRENTLY KANSAS HAS APPROXIMATELY 200 SLAUGHTER AND/OR PROCESSING PLANTS UNDER INSPECTION, IN EVERY COUNTY OF THE STATE. THEIR BUSINESS AS WELL AS ALL BUSINESS IN SMALL COMMUNITIES THROUGH OUT KANSAS HAVE BEEN EFFECTED BY THE AGRICULTURE ECONOMY.

TO BE FACED WITH THIS TAX ON INDUSTRY, PLACES THEM IN A POSITION TO NO LONGER BE COMPETITIVE. FEDERALLY INSPECTED PLANTS, GROCERY STORES, ETC. DO NOT HAVE SUCH A TAX!

PLANT OWNERS HAVE FEW OPTIONS. TO APPLY FOR FEDERAL INSPECTION REQUIRES A SUBSTANTIAL INVESTMENT WITH NO INCREASE IN REVENUE. THE U.S.D.A. HAS ALREADY STATED THEY DO NOT WANT TO TAKE OVER THE KANSAS PROGRAM AND CAN GIVE NO ASSURANCE THEY WILL HAVE THE FUNDS TO PROVIDE THE SAME LEVEL OF INSPECTION WE CURRENTLY ENJOY. ANOTHER OPTION IS TO GO "CUSTOM". THIS FURTHER RESTRICTS THE VOLUME OF BUSINESS. MANY PLANTS IN OTHER STATES HAVE FOUND SUCH RESTRICTIONS UNPROFITABLE AND USUALLY CLOSE.

WE INVITE YOU TO VISIT OUR BOOTHS TOMORROW AT
AGRICULTURE DAY AND SAMPLE THE PRODUCTS MANUFACTURED
CURRENTLY BY KANSAS PLANTS.

ENCLOSED IS A SHEET GIVING YOU THE HISTORY OF THE
KANSAS MEAT PROCESSORS ASSOCIATION AND THE INDUSTRY IT
REPRESENTS.

KMPA

KANSAS MEAT PROCESSORS ASSN.

Office of Executive Director

P.O. Box 384

Independence, Kansas 67301

Phone (316) 331-0763

The Kansas Frozen Food Locker Association was founded in 1939 by two professors at Kansas State University. It started as an educational organization to spread knowledge about frozen foods and food freezing. This new industry had started before World War II. One of the first locker plants in the United States was started in connection with an ice plant in Parsons, Kansas in 1928. This was to provide farmers with facilities to store their home grown meats and vegetables.

Through 1950 the annual conventions were held on the campus of KSU. Since then they have been held at several locations over the state. Early programs were devoted entirely to explaining new ideas and processes. These had been developed at KSU and other land grant colleges for the storage and preservation of meat and food products.

In the beginning locker plants provided only storage facilities for their customers. It soon became evident that proper wrapping as well as proper quick-freezing and storage temperatures were essential in preservation of products. More and more plants began to process meats after they were slaughtered on the farm.

Soon the need for modern slaughter facilities were evident. Slaughter houses were added and the owner could leave their animals to be slaughtered, processed, quick-frozen and placed in their locker for future consumption.

In the early 50's with the advent of the home-freezer the industry changed to provide the same services for home-freezer owners and many plants began serving wholesale accounts as well, providing meat and other frozen food products for hospitals, schools, nursing homes, restaurants and others in their area.

Today, many plants still have lockers for rent. The major part of their business is slaughtering, processing, freezing, curing & smoking, making sausage products. Wholesale accounts and other services are provided for customers in their area.

Deli-trays, catering and sausage products are more recent additions for many members.

VISIT YOUR NEIGHBORING MEAT PROCESSOR AND LET HIM TELL YOU OF THE SERVICES AND PRODUCTS HE HAS TO OFFER!

S. W. M. 3/19/86
B 3-19-86

Regarding S.B. 727

Chairman Bogina and committee:

I am Mary Harper. We farm in Western Kansas. There are a number of small slaughtering and processing plants in our area and we depend on their services.

I oppose SB 727 which raises the registration fees for those plants and will cost the customers for inspecting the animals and poultry they process. I believe all inspection fees benefit the general public so any costs should be born by the general public.

We all agree, I believe, that keeping Kansas inspections is important rather than causing these small plants to be federally inspected. We know that many would be closed. Most are not making enough profit now to pay the added cost this bill asks for. Charging the fees for inspections is an added cost to producers and we believe it is important not to add any more to producer's costs.

We commend this legislature for their efforts to do all they can for the Kansas economy. I believe that passing this bill is detrimental to both producers and small home town businesses.

Thank you.

S.W.M 3/19/86

C 3-18-86

C-1
3-19-86

SENATE BILL No. 621

By Senator Walker

2-12

017 AN ACT concerning scholarships available to medical students;
018 placing limitations on the awarding thereof; concerning re-
019 payment obligations; amending K.S.A. 76-374, 76-376 and
020 76-377a and K.S.A. 1985 Supp. 76-375 and repealing the
021 existing sections.

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

023 Section I. K.S.A. 76-374 is hereby amended to read as fol-
024 lows: 76-374. An agreement entered into by the university of
025 Kansas school of medicine and an undergraduate student
026 enrolled in or admitted to the university of Kansas school of
027 medicine in a course of instruction leading to the degree of
028 doctor of medicine for the awarding of a scholarship under K.S.A.
029 76-377a and 76-373 to 76-377, inclusive, and amendments
030 thereto shall require that the person receiving the scholarship:

031 (a) Complete the required course of instruction and receive
032 the degree of doctor of medicine *and, for persons* [awarded
033 *scholarships after December 31, 1985, apply for and enter an*
034 *approved three-year primary care postgraduate residency*
035 *training program;*

first

036 (b) apply for and obtain a license to practice medicine and
037 surgery in Kansas;

038 (c) if the scholarship is a type I scholarship, engage in the
039 full-time practice of medicine and surgery for a period of 12
040 months within a service commitment area I; or, if the scholarship
041 is a type II scholarship, engage in the full-time practice of
042 medicine and surgery for a period of 12 months within a service

first

043 commitment area II, *except that for persons* [awarded type I or
044 *type II scholarships after December 31, 1985, engage in the*
045 *full-time practice of medicine and surgery for a period of 12*

S.W.M 3/19/86
Atch. C-1

0046 months in an incorporated city of this state as specified in
0047 section (d)(2);

first

0048 (1) for persons awarded scholarships prior to January 1,
0049 1986, commence such full-time practice of medicine and surgery
0050 within nine months after licensure or within nine months after
0051 completion of a residency program and licensure, whichever is
0052 later, in an appropriate service commitment area and continue
0053 such full-time practice in such service commitment area for a
0054 consecutive period of months equal to the total number of
0055 months required under the agreement;

first

0056 (2) for persons awarded scholarships after December 31,
0057 1985, commence such full-time practice of medicine and surgery
0058 within nine months after completion of a residency program
0059 and licensure, whichever is later, in any incorporated city of this
0060 state of less than 7,500 population based upon the most current
0061 legal census, excluding any such incorporated cities located in
0062 the following counties: Wyandotte, Johnson, Sedgwick and
0063 Shawnee;

12,000

0064 (e) agree that the service commitment for each agreement
0065 entered into under this act is in addition to the service commit-
0066 ment contained in any other agreement which has been or may
0067 be entered into under this act for the purpose of obtaining
0068 scholarship aid;

0069 (f) maintain records and make reports to the university of
0070 Kansas school of medicine to document the satisfaction of the
0071 obligation under such agreement to engage in the full-time
0072 practice of medicine and surgery within an appropriate service
0073 commitment area and to continue such full-time practice in such
0074 service commitment area for a consecutive period of months
0075 equal to the total number of months required under the agree-
0076 ment; and

0077 (g) upon failure to satisfy an agreement to engage in the
0078 full-time practice of medicine and surgery within the appropriate
0079 service commitment area of the state for the required period of
0080 time under any such agreement, the person receiving a scholar-
0081 ship under this act shall repay amounts to the university of
0082 Kansas school of medicine as provided in K.S.A. 76-376 and

0083 amendments thereto.

0084 . 2. K.S.A. 1985 Supp. 76-375 is hereby amended to read
 0085 as follows: 76-375. (a) On or before December 31 in each year,
 0086 the secretary of health and environment shall prepare a list of the
 0087 areas of this state which the secretary determines to be critically
 0088 medically underserved areas by specialty and the areas of this
 0089 state which the secretary determines to be medically under-
 0090 served areas by specialty. In preparing such a list the secretary of
 0091 health and environment shall consult with representatives of the
 0092 university of Kansas school of medicine and the Kansas medical
 0093 society and the secretary shall consult with representatives of the
 0094 state board of healing arts, any health systems agency located in
 0095 whole or in part within the state and the statewide health
 0096 coordinating council. All medical care facilities or institutions
 0097 operated by the state of Kansas, other than the university of
 0098 Kansas medical center, *full-time faculty positions in an ap-*
 0099 *proved Kansas family practice residency program*, and all medi-
 0100 cal clinics which are located in Kansas cities, other than Kansas
 0101 City, and which are operated by professional corporations that
 0102 are affiliated by contract with the university of Kansas medical
 0103 center are qualified for service in both service commitment area
 0104 I and service commitment area II without being determined
 0105 medically underserved areas, except that such medical clinics
 0106 shall not qualify for such service by more than 12 persons at any
 0107 one time. Every such list shall note that all medical care facilities
 0108 or institutions operated by the state of Kansas qualify for such
 0109 service commitments, in addition to listing those areas deter-
 0110 mined to be critically medically underserved or medically un-
 0111 derserved.

0112 (b) (1) A service commitment area shall be designated as a
 0113 service commitment area I or a service commitment area II.
 0114 Service commitment area I shall be any area determined by the
 0115 secretary of health and environment under subsection (a) to be,
 0116 for purposes of all agreements entered into under K.S.A. 76-374
 0117 and amendments thereto ~~with students who first entered into~~
 0118 ~~any such agreement prior to January 1, 1982,~~ a medically under-
 0119 ed area and, for purposes of all agreements entered into

As used in this section, "primary care" means general pediatrics, general internal medicine and family practice.

, including such program at the university of Kansas medical center,

0101 under K.S.A. 76-374 and amendments thereto with students who
0102 first entered into any such agreement after December 31, 1981,
0122 any area determined by the secretary under subsection (a) to be
0123 or a critically medically underserved area. Service commitment
0124 area II shall be, for purposes of all agreements entered into
0125 under K.S.A. 76-374 and amendments thereto with students who
0126 first entered into any such agreement prior to January 1, 1982,
0127 the entire state and, for purposes of all agreements entered into
0128 under K.S.A. 76-374 and amendments thereto with students who
0129 first entered into any such agreement after December 31, 1981,
0130 any area determined by the secretary to be a medically under-
0131 served area, the state of Kansas.

0132 (2) The service commitment area I or II for persons first
0133 ~~awarded~~ scholarships after December 31, 1985, shall be an incorporated
0134 city of this state as specified in subsection (d)(2) of K.S.A. 76-374
0135 and amendments thereto.

0136 (c) In selecting a service commitment area I or II, whichever
0137 is applicable, prior to the commencement of the full-time prac-
0138 tice of medicine and surgery pursuant to all agreements entered
0139 into under K.S.A. 76-374 and amendments thereto requiring
0140 service for a period of time in a service commitment area I or II,
0141 whichever is applicable, the person so selecting shall select such
0142 area from among those areas appearing on the list of areas
0143 prepared by the secretary of health and environment under this
0144 section. The service commitment area selected shall have ap-
0145 peared on any such list not more than 36 months prior to the
0146 commencement of such full-time practice of medicine and sur-
0147 gery by the person selecting such service commitment area.
0148 Upon the selection of such service commitment area, the person
0149 so selecting shall inform the university of Kansas school of
0150 medicine and the secretary of health and environment of the area
0151 selected.

0152 (d) A person serving in a service commitment area I or II,
0153 whichever is applicable, pursuant to any agreement under this
0154 act may serve all or part of any commitment in the service
0155 commitment area initially selected by such person. If such per-
0156 son moves from one service commitment area I or II to another

157 e commitment area I or II, as applicable, such person shall
 158 n. y the university of Kansas school of medicine ~~and the~~
 159 ~~secretary of health and environment~~ of such person's change of
 160 service commitment area. Service in any such service commit-
 161 ment area I or II, as applicable, selected from the appropriate
 162 lists of service commitment areas, shall be deemed to be contin-
 163 uous for the purpose of satisfying any agreement entered into
 164 under this act. Any service commitment area I or II, as applica-
 165 ble, selected after the initially selected service commitment area
 166 I or II shall have appeared on a service commitment area I list or
 167 on a service commitment area II list, as applicable, which shall
 168 have been prepared by the secretary of health and environment
 169 not more than 12 months prior to the move by such person from
 170 one service commitment area I or II to another service commit-
 171 ment area I or II, as applicable.

172 (e) In connection with the determination of critically medi-
 173 cally underserved areas and medically underserved areas under
 174 this section, the secretary of health and environment shall assess
 175 annually the need in the state as a whole for medical services
 176 provided by persons engaged in the practice of medicine and
 177 surgery and shall report thereon annually to the legislature. Each
 178 report shall include any recommendations for needed legisla-
 179 tion, including any recommended amendments to this act, which
 180 relate to the need for such medical services in the various areas
 181 of this state.

182 Sec. 3. K.S.A. 76-376 is hereby amended to read as follows:
 183 76-376. (a) (1) Except as otherwise provided in ~~paragraph (2)~~
 184 ~~paragraphs (2) and (3)~~ of this subsection (a) or in K.S.A. 76-377
 185 ~~and amendments thereto~~, upon the failure of any person to
 186 satisfy the obligation to engage in the full-time practice of medi-
 187 cine and surgery within the appropriate service commitment
 188 area of this state for the required period of time under any
 189 agreement entered into pursuant to K.S.A. 76-373 to 76-377a,
 190 inclusive, and amendments thereto, such person shall repay to
 191 the university of Kansas school of medicine an amount equal to
 192 ~~total of~~ (A) the amount of money received by such person
 193 ~~p. tant to such agreement~~, or the amount of money determined

(e) A person awarded a scholarship prior to January 1, 1986, may satisfy the obligation to engage in the full-time practice of medicine and surgery in a service commitment area I even though such person is engaged in such practice in two or more locations, at least one of which is not located in a service commitment area I, if: (1) The person is engaged in the full-time practice of medicine and surgery in such locations pursuant to a practice affiliation agreement approved by the chancellor of the university of Kansas, or the designee of the chancellor; and (2) the person is engaged in the practice of medicine and surgery in the location which is located in a service commitment area I at least 50% of the total time such person is so engaged.

(f)

0194 under rules and regulations of the university of Kansas plus (B)
 0195 annual interest at a rate of 10%, if the agreement was entered into
 0196 prior to January 1, 1982, ~~or~~ 15%, if the agreement was entered
 0197 into after December 31, 1981, *or 10% if the agreement was*
 0198 *entered into after December 31, [1986],* from the date such money
 0199 was received.

1985

0200 (2) If a person fails to satisfy an obligation to engage in the
 0201 full-time practice of medicine and surgery within a service
 0202 commitment area I for the required period of time under an
 0203 agreement entered into pursuant to K.S.A. 76-373 to 76-377a,
 0204 inclusive, and amendments thereto, but is engaged in the full-
 0205 time practice of medicine and surgery within this state in a
 0206 service commitment area II which would have applied to such
 0207 person had such person received a type II scholarship under an
 0208 agreement entered into pursuant to K.S.A. 76-373 to 76-377a,
 0209 inclusive, and amendments thereto, and if the chancellor of the
 0210 university of Kansas, or the designee of the chancellor, ~~and the~~
 0211 ~~secretary of health and environment, or the designee of the~~
 0212 ~~secretary of health and environment, find~~ finds that exceptional
 0213 circumstances caused the failure of such person to engage in
 0214 such practice in a service commitment area I, such person shall
 0215 *not be required to repay to the university of Kansas school of*
 0216 *medicine an amount equal to the total of (A) the amount of*
 0217 *money received by such person for living expenses and tuition*
 0218 *fees pursuant to such agreement plus (B) annual interest at a rate*
 0219 *of 10%, if the agreement was entered into prior to January 1,*
 0220 *1982, or 15%, if the agreement was entered into after December*
 0221 *31, 1981, from the date such money was received.*

/

0222 (3) *If a person who has received a type I scholarship fails to*
 0223 *satisfy the obligation to engage in the full-time practice of*
 0224 *medicine and surgery within the service commitment area I but*
 0225 *does engage in the full-time practice of medicine and surgery*
 0226 *within the state of Kansas such person shall not be required to*
 0227 *repay the tuition fees portion of the type I scholarship [on the*
 0228 *basis of 12 months' practice for each scholarship received].*

0229 (b) Except as otherwise provided in this section, if the person
 0230 entered into an agreement under K.S.A. 76-374 and amend-

023 its thereto prior to January 1, 1982, the person shall make 10
0232 equal annual installment payments totaling the entire amount to
0233 be repaid under all such agreements for which such obligations
0234 are not satisfied, including all amounts of interest at the rate
0235 prescribed.

0236 (c) If the person first entered into an agreement under K.S.A.
0237 76-374 and amendments thereto after December 31, 1981, the
0238 person shall repay an amount totaling the entire amount to be
0239 repaid under all such agreements for which such obligations are
0240 not satisfied, including all amounts of interest at the rate pre-
0241 scribed. Except as otherwise provided in this section, such
0242 repayment shall be in installment payments and each such
0243 installment shall be not less than the amount equal to $\frac{1}{5}$ of the
0244 total amount which would be required to be paid if repaid in five
0245 equal annual installments.

0246 (d) All installment payments under this section shall com-
0247 mence six months after the date of the action or circumstance that
0248 causes the failure of the person to satisfy the obligations of such
0249 agreements, as determined by the university of Kansas school of
0250 medicine based upon the circumstances of each individual case.
0251 In all cases where the person first entered into an agreement
0252 under K.S.A. 76-374 and amendments thereto after December
0253 31, 1981, if an installment payment becomes 91 days overdue,
0254 the entire amount outstanding shall become immediately due
0255 and payable, including all amounts of interest at the rate pre-
0256 scribed.

0257 (e) The total repayment obligation imposed under all agree-
0258 ments entered into under K.S.A. 76-374 and amendments thereto
0259 may be satisfied at any time by any person who first entered into
0260 an agreement under such statute prior to January 1, 1982, and at
0261 any time prior to graduation from the university of Kansas school
0262 of medicine by any persons who first entered into an agreement
0263 under such statute after December 31, 1981, by making a single
0264 lump-sum payment equal to the total of (1) the entire amount to
0265 be repaid under all such agreements upon failure to satisfy the
0266 obligations under such agreements to practice in Kansas, plus (2)
0267 amounts of interest thereon at the rate prescribed to the date

0266 payment.

0267 (1) There is hereby created in the state treasury the medical
 0270 scholarship repayment fund. The university of Kansas school of
 0271 medicine shall remit all moneys received under this section to
 0272 the state treasurer at least monthly. Upon receipt of each such
 0273 remittance the state treasurer shall deposit the entire amount
 0274 thereof in the state treasury, and such amount shall be credited to
 0275 the medical scholarship repayment fund. All expenditures from
 0276 the medical scholarship repayment fund shall be for scholarships
 0277 awarded under K.S.A. 76-373 to 76-377a, inclusive, and amend-
 0278 ments thereto, and for the expenses of administration of these
 0279 sections and shall be made in accordance with appropriation acts
 0280 upon warrants of the director of accounts and reports issued
 0281 pursuant to vouchers approved by the chancellor of the univer-
 0282 sity of Kansas or by a person designated by the chancellor.

0283 Sec. 4. K.S.A. 76-377a is hereby amended to read as follows:

0284 76-377a. (a) Within the limits of appropriations therefor: (1)
 0285 Commencing with the class of students enrolled in or admitted
 0286 to the university of Kansas school of medicine in a course of
 0287 instruction leading to the degree of doctor of medicine for the
 0288 first time during the academic year first commencing after July 1,
 0289 ~~1983~~ 1986, ~~not more than 100~~ 25 scholarships shall be awarded
 0290 under K.S.A. 76-373 to 76-377, inclusive, and amendments
 0291 thereto, during ~~the~~ year to students of such class; ~~(2)~~ commencing
 0292 with the class of students enrolled in or admitted to the
 0293 university of Kansas school of medicine in a course of instruction
 0294 leading to the degree of doctor of medicine for the first time
 0295 during the academic year first commencing after July 1, ~~1984~~
 0296 1987, not more than ~~75~~ 25 scholarships shall be awarded under
 0297 K.S.A. 76-373 to 76-377, inclusive, and amendments thereto,
 0298 during the year to students of such class; and ~~(3)~~ commencing
 0299 with the class of students enrolled in or admitted to the univer-
 0300 sity of Kansas school of medicine in a course of instruction
 0301 leading to the degree of doctor of medicine for the first time
 0302 during the academic year first commencing after July 1, ~~1985~~
 0303 1988, and for each academic year commencing thereafter, ~~not~~
 0304 ~~more than 50~~ no scholarships shall be awarded under K.S.A.

and for the first time during the academic year first commencing after July 1, 1987,

each such

and (2)

0305 73 to 76-377, inclusive, and amendments thereto, during
 0306 ~~each~~ such year to students of such class.

any

0307 (b) If the scholarships allocated under subsection (a) for one
 0308 class of students are not all awarded to members of such class,
 0309 such scholarships may be awarded to eligible students in other
 0310 classes, within the limits of appropriations therefor. Any person
 0311 awarded a scholarship subject to the limitations of subsection (a)
 0312 may be awarded additional scholarships under K.S.A. 76-373 to
 0313 76-377, inclusive, and amendments thereto, so long as such
 0314 person is eligible to receive such a scholarship. Scholarships
 0315 subject to the limitations of subsection (a) shall be awarded
 0316 subject to criteria established by rules and regulations of the
 0317 university of Kansas.

as it existed prior to the effective date of this
 act or as amended by this act

0318 (c) Any person who, prior to the commencement of the first
 0319 academic year commencing after the effective date of this act,
 0320 was a recipient of a scholarship awarded under K.S.A. 76-373 to
 0321 76-377, inclusive, and amendments thereto may be awarded
 0322 additional scholarships under K.S.A. 76-373 to 76-377, inclusive,
 0323 and amendments thereto so long as such person is eligible under
 0324 K.S.A. 76-373 to 76-377, inclusive, and amendments thereto to
 0325 receive a scholarship.

as it existed prior to the effective date of this
 act or as amended by this act

0326 (d) Nothing in this section shall be construed to modify or
 0327 limit in any way the terms or conditions of any agreement
 0328 entered into under K.S.A. 76-373 to 76-377, inclusive, and
 0329 amendments thereto.

0330 Sec. 5. K.S.A. 76-374, 76-376 and 76-377a and K.S.A. 1985
 0331 Supp. 76-375 are hereby repealed.

0332 Sec. 6. This act shall take effect and be in force from and
 0333 after its publication in the Kansas register.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

TESTIMONY ON SENATE BILL 621

PRESENTED TO: SENATE PUBLIC HEALTH AND WELFARE COMMITTEE, MARCH, 1986

This is the official position taken by the Kansas Department of Health and Environment (KDHE) on S.B. 621.

BACKGROUND INFORMATION:

As you are aware, in 1978, the Kansas Legislature enacted K.S.A. 76-373 et. seq. which authorized two types of scholarships to be available to medical students attending KU. The purpose of the program is to encourage physicians to practice in Kansas or underserved communities in Kansas.

The statutes also designated KDHE to identify underserved areas according to medical specialties, review (along with the Chancellor of KU) exceptional circumstances cases, and approve location sites of recipients.

The Kansas Department of Health and Environment supports the provisions of the bill. Specifically, KDHE strongly endorses the following amendments made by S.B. 621:

- 1) Allows Type I scholarship recipient who entered program prior to 1986 to practice in either an underserved or critically underserved area to fulfill obligation. (Currently, a majority of the Type I recipients must go to an underserved area.)
- 2) Authorizes the Chancellor of KU or designee to waive the service commitment area I requirement of a Type I recipient who entered program prior to 1986, if warranted by exceptional circumstances, allowing the recipient to practice anywhere in the state. (Currently, KDHE Secretary also reviews exceptions and if granted the tuition portion of scholarship is waived. Recipient still must pay back stipend amount plus interest.)
- 3) Discontinues notification by the recipient of the location selection to the KDHE Secretary. (Presently, recipient notifies both KU and KDHE of selection and requests approval of site to meet obligation.)

Also, KDHE supports amendments that would drastically reduce the number of new scholarships awarded in 1986 and 1987 and terminate new scholarships in 1988. (Currently, 50 new scholarships to medical students of any specialty are granted annually.)

The rationale for these particular changes to the Kansas Medical Scholarship Program are detailed in KDHE's report on physician supply and distribution in Kansas. (See attachment.) In summary the report concludes:

- The supply of active physicians, full-time equivalent physicians, physicians-in-training, and a younger physician population has steadily increased since 1978.

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- Should these trends continue, the optimum level of physicians per population for primary care, secondary care, and tertiary care specialties should be exceeded before 2000.
- The number of underserved communities has also steadily decreased since 1978.
- A majority of the underserved areas in Kansas are classified as critically underserved. However, a majority of the recipients have a Type I scholarship and must serve in an underserved area. (Two classifications of underserved areas are used: medically underserved and critically underserved).
- Since 1978, 1,323 individuals have been awarded medical scholarships, to attend the University of Kansas School of Medicine, costing the state over \$30 million.
- All of the changes in physician supply and distribution have occurred before any significant impact of the scholarship has been felt. Some 142 recipients have established practices and a majority of these recipients chose to pay back scholarship rather than practice in the state or underserved areas.
- There are currently a sufficient number of scholarship recipients in the Kansas Medical Scholarship Program to eliminate the underserved areas in Kansas.
- KDHE feels that the key to assuring geographic distribution in Kansas is to focus attention on an aggressive placement program for physicians.
- KDHE feels it is appropriate that the department continue determining underserved areas in conjunction with the scholarship, but the responsibility to review exceptions and approve location sites should be solely the University's.

Presented by: Barbara J. Sabol, Secretary
Kansas Department of Health
and Environment

Executive Summary
Report to the Legislature
on Physician Supply and Distribution
1985

Physician Supply in Kansas, 1978-2000

- Since 1978, the supply of active physicians practicing in Kansas has increased from 2,976 to 3,772. This is a net increase of 796 physicians, or 27%.
- The number of active physicians in primary care increased 22% or 304, secondary care increased by 25% or 339, and tertiary care increased 59% or 153, since 1978.
- It is estimated that the number of active physicians in Kansas will increase from 3,772 in 1985 to 4,315 in 1990 and 5,450 in 2000.
- Since 1978, the number of full-time equivalent physicians has increased from 2,545 to 3,202. This is a net increase of 657 FTE physicians, or 26%. This resulted in an average annual increase of 245 FTE physicians.
- The number of FTE physicians increased in primary care by 264 or 22%, secondary care by 272 or 24%, and tertiary care by 121 or 49% since 1978.
- By 1990, assuming 1978-1985 trends continue, there will be approximately 3,670 FTE physicians and 4,610 by 2000.
- The physician-to-population ratio has increased from 110 FTE physicians per 100,000 population in 1978 to 127 in 1985. This is a net increase of 15%. The average annual increase is 16.5 FTE physicians per 100,000 population.
- The physician-to-population ratio increased from 50.8 to 56.9 for primary care, 48.6 to 55.0 for secondary care, and 10.7 to 14.6 for tertiary care since 1978.
- Assuming 1978-1985 trends continue, the optimum physician-to-population ratio, of 73 FTE physicians per 100,000, for primary care will be exceeded by 1994. The optimum ratio for secondary care physicians will be exceeded by 1991 and for tertiary care by 1986.
- A clear shift toward a younger physician population has been present in Kansas. In 1978, 59% of the physicians were under 40 and 41% over 50. The average age has decreased greatly with 70% now under 40 and 30% over age 50.
- The number of physicians-in-training has increased from 531 to 720 or 36% since 1978.
- If present trends continue, there should be an adequate number of younger physicians to replace older colleagues.

3. Authorize the Chancellor of KU or designee to waive the service commitment area I requirement for a Type I recipient if warranted by exceptional circumstances. (Currently, both the Chancellor and KDHE Secretary review cases.)
4. Discontinue notification of the location selection to KDHE Secretary by the scholarship recipient. (KU could give update annually.)

Kansas Department of Health and Environment
Report to the Legislature
on Physician Supply
February 1986

K.S.A. 76-375 (Kansas Medical Scholarship Program) stipulates that the Secretary of the Kansas Department of Health and Environment shall annually provide a report to the legislature that assesses the need for physicians in Kansas and any recommended legislation pertaining to physician services.

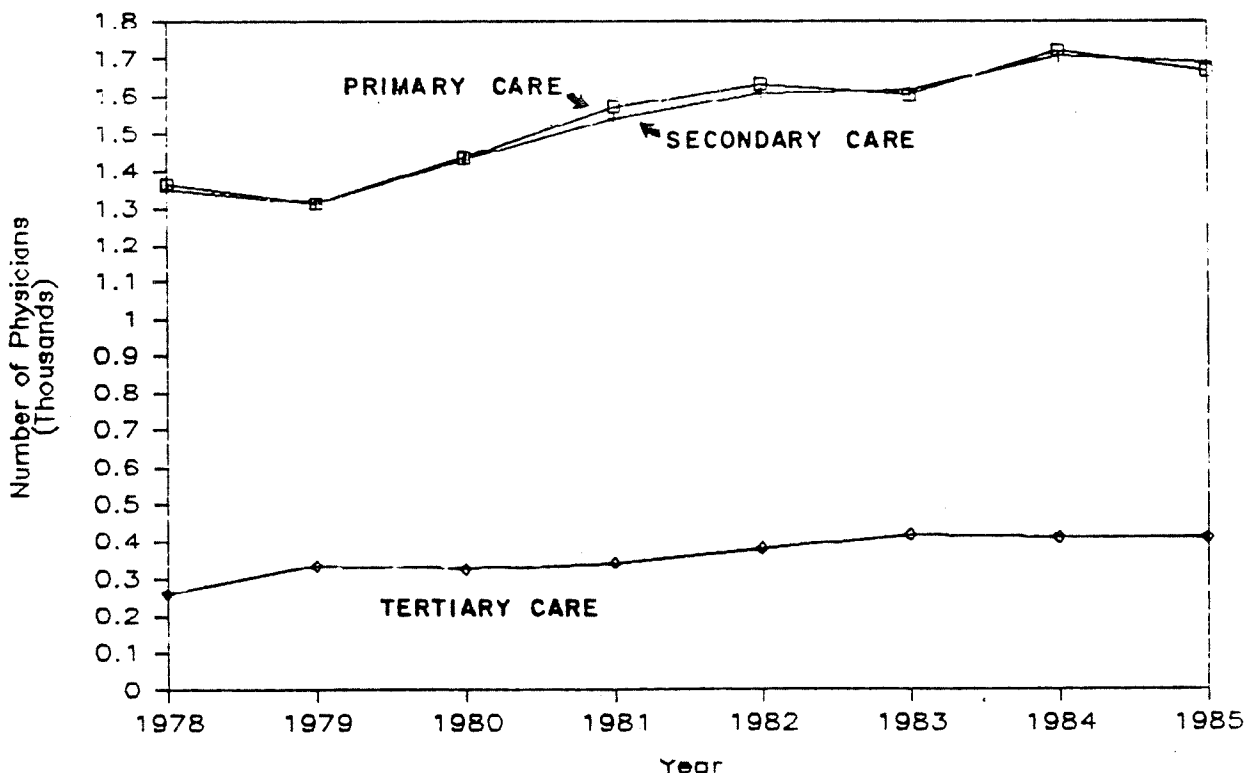
This report summarizes trends in physician supply and distribution in Kansas, the number of physicians needed to eliminate the medically underserved areas, and suggested revisions to legislation regarding the Kansas Medical Scholarship Program.

PHYSICIAN SUPPLY IN KANSAS, 1978-2000

According to the U.S. Department of Health and Human Services (HHS), the nation's supply of active physicians grew substantially over the past decade from 326,200 in 1980 to 467,000 in 1981.¹ Kansas has also experienced a substantial increase in the number of active physicians.

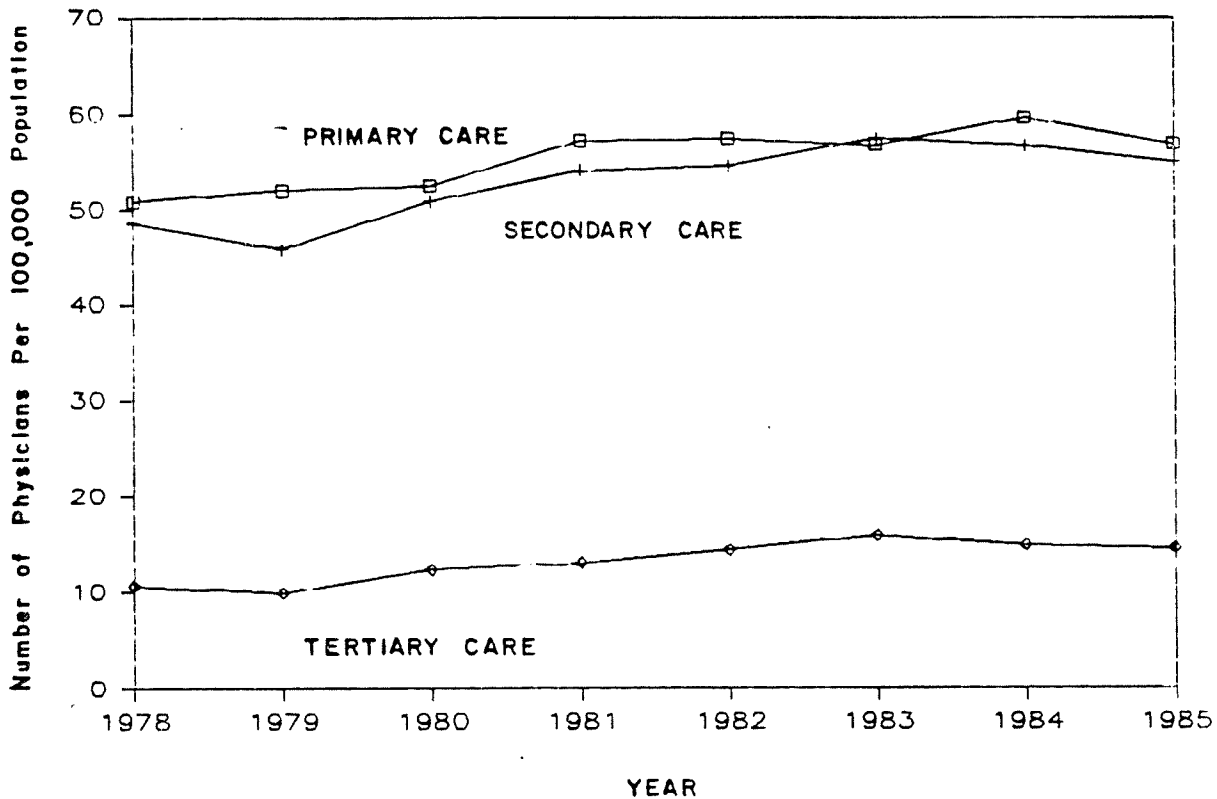
Since 1978, the supply of active, non-federal physicians (including residents) practicing in Kansas has increased from 2,976 to 3,772. This is a net increase of 796 physicians, or 27%. An increase in physicians has occurred in all of the specialty categories. Chart A illustrates the increase in active physicians in Kansas by medical category (primary, secondary and tertiary care specialties²). There was an increase of 304 (or 22%) primary care physicians, 339 (or 25%) secondary care physicians, and 153 (or 59%) tertiary care physicians from 1978 to 1985.

Chart A
Number of Active Physicians in Kansas
By Speciality Category, 1978-1985



The physician-to-population ratio increased from 50.8 to 56.9 for primary care, 48.6 to 55.0 for secondary care, and 10.7 to 14.6 for tertiary care since 1978 (see Chart C). This is an annual average increase of 16.5 FTE physician per 100,000 population.

Chart C
 Number of Active Full-time Equivalent Physicians
 Per 1000,000 Population in Kansas by
 Specialty Category, 1978-1985



The Kansas Department of Health and Environment (KDHE) in conjunction with the medical scholarship program has set the State's optimal physician-to-population ratio at 154.7 FTE physicians per 100,000 population. If trends from 1978-1985 continue, the State's physician-to-population ratio by 1990 will be 153.0 and 192.0 by 2000.

The optimum level of 73.0 primary care physicians per 100,000 population will be exceeded by 1994. The optimum level of 66.0 secondary care physicians per population will be exceeded by 1991 and 15.7 tertiary physicians per 100,000 population will be exceeded by 1986.

There are two other variables, physicians-in-training and the age profile of physicians in Kansas, to consider when looking at physician supply.

The number of licensed and unlicensed residents active in Kansas has increased from 531 to 720 or 36% since 1978. The number of residents in primary care rose from 249 to 313 (or 26%), secondary care increased from 261 to 375 (or 44%), and tertiary care increased from 21 to 32 (or 52%).

THERE ARE CURRENTLY A SUFFICIENT NUMBER OF SCHOLARSHIP RECIPIENTS IN THE PROGRAM TO ELIMINATE THE UNDERSERVED AREAS IN KANSAS.

The key to assuring geographic distribution in Kansas and retention is to focus attention on uniting communities with physicians. The most common complaints from scholarship recipients who want to honor their contract are that there is not an aggressive program to link communities desiring a physician with scholarship recipients or retiring physicians with a replacement etc.

KDHE desires to continue designating underserved and critically underserved areas but feels it is more appropriate for KU to review exceptions and approve the location sites.

In conclusion, the supply of active physicians, FTE physicians, physicians-in-training, and a younger physician population has steadily increased over the last seven years. Should these trends continue, the optimum level of physicians per population for primary care, secondary care, and tertiary care specialties should be exceeded before 2000. The number of underserved communities has also decreased since 1978. There are currently a sufficient number of scholarship recipients in the Medical Scholarship Program to eliminate the underserved areas in Kansas. Uniting communities and physicians is the next step to assuring geographic distribution of the ever increasing supply of physicians in Kansas.

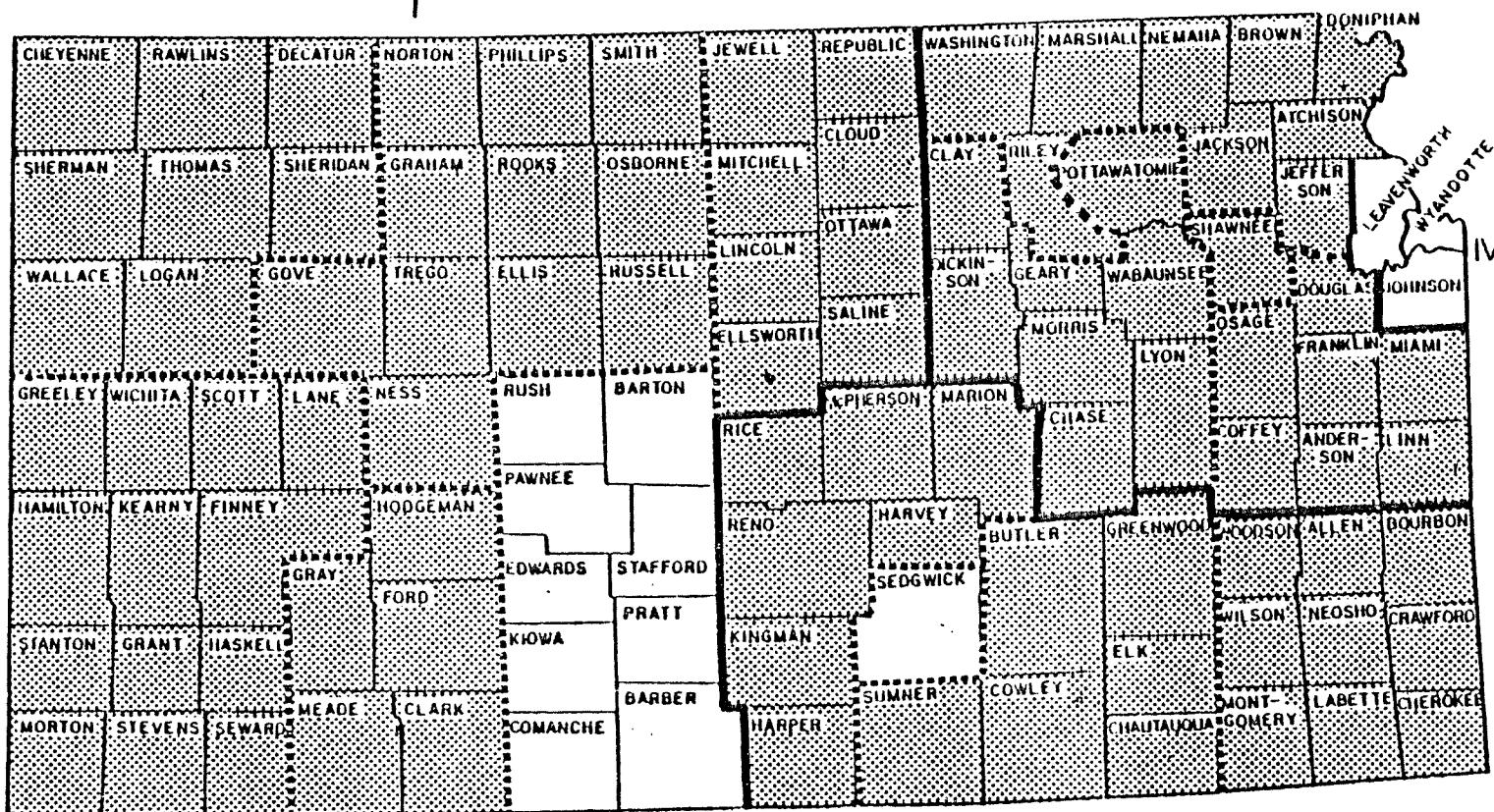
Suggested Legislative Changes to the Kansas Scholarship Program
K.S.A. 76-375 et seq.

1. Drastically reduce the number of new scholarships awarded for 1986 and 1987 and terminate awarding any new scholarships in 1988. (Currently, 50 new scholarships to medical students of any specialty are granted annually.)
2. Allow a Type I scholarship recipient to practice in either an underserved or critically underserved areas to fulfill entire obligation and allow Type II to go anywhere in the state. (Currently, a majority of the recipients have a Type I scholarship and must go to underserved areas.)
3. Authorize the Chancellor of KU or designee to waive the service commitment area I requirement for a Type I recipient, if warranted by exceptional circumstances, allowing the recipient to practice in any area in Kansas. (Currently, both the Chancellor and KDHE Secretary review exceptional circumstances.)
4. Discontinue notification of the location selection to KDHE Secretary by the scholarship recipient. (KU could give update annually.)


Additional attention should be focused on an aggressive placement program for physicians. Should present trends continue, the state will have the physician supply desired, however, the key to geographic distribution is to join communities and physicians together. Currently, an aggressive program does not exist in the state.

ATTACHMENT I

MAP ONE. AREAS UNDERSERVED IN PRIMARY CARE*

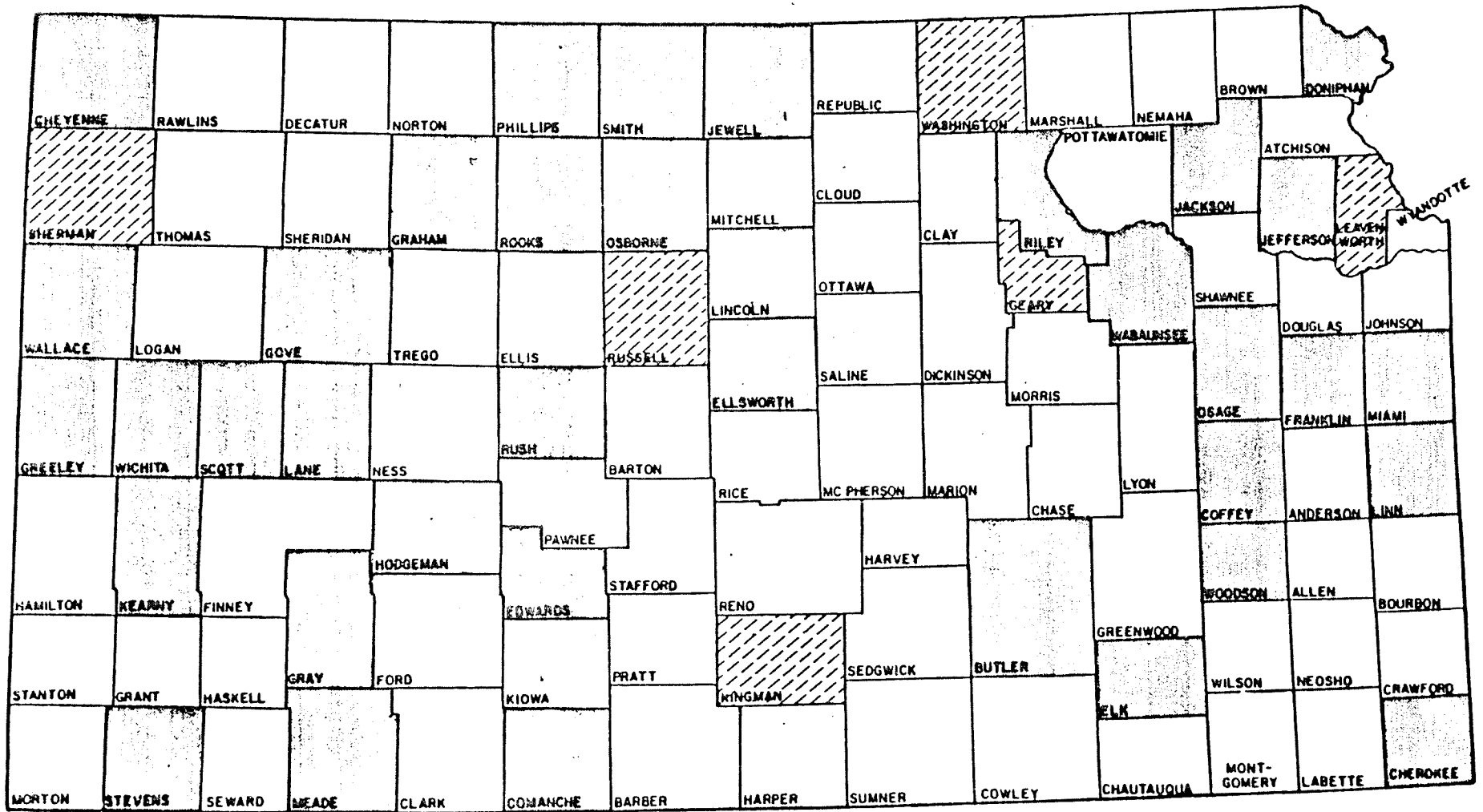


*See reverse for specialties and counties



 Denotes underserved areas

SEPTEMBER 1, 1978

MAP 1. AREAS UNDERSERVED IN PRIMARY CARE



DECEMBER 31, 1985

-  Denotes critically underserved areas.
-  Denotes underserved areas.