

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 April 30, 1987 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Lynne Holt
Revisor's Office: Norman Furse
Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:

Marlin Rein, Associate Hospital Administrator, Kansas University Medical Center
Jerry Slaughter, Kansas Medical Society

Mr. Rein reviewed a letter dated April 29, 1987 addressed to Senator Bogina from Chancellor Budig, University of Kansas, regarding medical care to medical indigents. (Attachment 1) Mr. Rein stated that he felt the estimate of \$400,000 cited in the letter for reduction in the Medical Scholarship Repayment Fund is high. Of the physicians in the state who would be eligible for the program, approximately 185 are in compliance and 40 are in the state practicing who are not in compliance. There are approximately 900 in some degree of training.

Mr. Slaughter stated that the KMS would support the concept. He saw some practical problems such as auditing to insure services are actually provided and the value placed on those services. He answered some concerns and questions from Senator Feleciano by stating that the Society will do all they can to publicize the program among their physicians and encourage participation. He noted that in many areas, physicians are already providing these services, and getting credit against an obligation can add as an incentive for participation in the program.

Following further discussion, Senator Feleciano moved, Senator Talkington seconded, to introduce bill draft 7 RS 1568, an act concerning medical school scholarship repayment requirements reduced by services provided indigent persons. During discussion, Senator Feleciano noted that he felt it important to receive a progress report at the beginning of the 1988 Legislature concerning this program. The motion passed on a voice vote.

As a technical matter for the Senate Economic Development Committee, Senator Winter moved, Senator Feleciano seconded, for the introduction of bill draft 7 RS 1560, an act amending the Kansas venture capital company act; concerning tax credits for investments in certified Kansas venture capital companies. The motion passed on a voice vote.

Senator Talkington moved, Senator Johnston seconded, the introduction of bill draft 7 RS 1574, an act amending the uniform consumer credit code; concerning notice of change of finance charge. The motion carried on a voice vote.

Senator Talkington moved, Senator Gannon seconded, to introduce a bill which became SB 436, an act concerning water districts; annexation of land by cities. The motion carried on a voice vote.

Senator Talkington moved, Senator Winter seconded, the approval of the minutes from the 11:00 a.m. and 4:45 p.m. meeting on March 30, 1987. The motion passed on a voice vote.

The Chairman adjourned the meeting.

The University of Kansas

Office of the Chancellor .

April 29, 1987

The Honorable August "Gus" Bogina
Chairman
Senate Ways and Means
Third Floor-The Statehouse
Topeka, Kansas 66612

Dear Gus:

The Senate Subcommittee on Social Rehabilitation Services (SRS) directed the University of Kansas Medical Center and SRS to explore the possibility a program might be initiated whereby physicians in Kansas, who are medical scholarship recipients, could be utilized to provide out-patient medical care to medical indigents. Staffs of the two agencies have met on two occasions to discuss the manner in which such a program could be structured and hereby jointly submit this report to your committee.

Social and Rehabilitation Services (SRS) estimates that there are approximately 4,000 persons in the state who will be left without medical coverage due to phasing out of the transitional medical assistance program. It is our mutual opinion that a program could be developed whereby physicians who received medical scholarship assistance as undergraduate medical students, and are practicing in Kansas, could be used as a resource to provide medical care to such indigents. Care provided to persons eligible under such program would be credited against the outstanding financial obligation the practicing physician had under the medical scholarship act. Our original discussions focused on those physicians, approximately forty, who are practicing in Kansas but not in compliance with their service obligation. Further review suggests that limiting the program to these physicians is discriminatory against those physicians who are in appropriate service locations. As a consequence, if such a program were undertaken, it would have to be available to all physicians in Kansas with financial obligations to the state under the medical scholarship program.

We would presume that determination of eligibility for the program would be vested with SRS. SRS would issue a card to each individual and would also issue a schedule of allowable reimbursement rates for services provided to eligible persons. KUMC would advise all physicians in the state who were medical scholarship recipients of the availability of this program. KUMC would establish procedures by which physicians who render care to persons eligible under the program would periodically report, with appropriate documentation, that care was provided to eligible persons. The value of such services

would then be credited against the individual physician's remaining financial obligation to the state under the medical scholarship act. It should be stressed that the program, as envisioned, would not include any audit by either agency of medical necessity or appropriateness of care. To institute such a review would significantly increase the fiscal note. KUMC would merely receive documentation from practicing physicians of care rendered, the patient served, and the type of care provided. On the basis of the payment schedule issued by SRS, the dollar value of the service would be credited to that physician's remaining financial obligation to the state.

To institute this program would require passage of enabling legislation. The principal component of that legislation would be to amend those sections of the medical scholarship act which relate to the manner in which physicians can satisfy their financial obligation to the state. The specific amendment would be to permit physicians to receive credit for services rendered to persons eligible under the medical indigent health care program established by SRS.

Administrative costs for such a program would be relatively modest. In the case of SRS, a State General Fund appropriation of \$40,000 would be required for printing and distribution of appropriate ID cards for persons eligible under the program. That cost estimate also includes other printing and communications costs that would be incurred by the agency in distributing appropriate materials to participating physicians.

The principal administrative burden under the program would be vested with the University of Kansas Medical Center. The fiscal note for administrative costs is \$102,500. The cost could be financed in on-going years from the Medical Scholarship Repayment Fund. However, for FY 1988 that fund is now totally committed for funding the medical scholarship program. As a consequence, FY 1988 funding of administrative costs is proposed from the State General Fund. This administrative cost for the University would include 2.0 FTE positions which are suggested to be in the unclassified service. One position would be a general coordinator of the program within the office of the Dean of Students, the office responsible for the medical scholarship program. The second position would be an accountant type position in the Office of Student Accounting who would be responsible for the maintenance of appropriate accounts for each physician necessary to support the program. The remainder of the costs would be significant data processing costs, as well as postage and duplicating for distribution of materials to practicing physicians, and for maintenance of appropriate records.

Besides administrative costs, such a program would obviously reduce payments into the Medical Scholarship Repayment Fund from physicians in Kansas who are currently out of compliance with their scholarship obligation. It is not possible to make an estimate of such loss until some experience is achieved. For purposes of instituting a program in FY 1988, it is suggested that the revenue forecast

to the Medical Scholarship Repayment Fund be reduced by \$400,000 and the expenditure limitation be adjusted downward accordingly. Such an adjustment would require an increase in the State General Fund appropriation for the medical scholarship program of a like amount.

Staffs of the two agencies are willing to work with your subcommittee in the development of the program. We have been in consultation with staff from the Revisor of Statutes Office to draft the appropriate enabling legislation.

Respectfully,

Gene A. Budig
Chancellor

GAB:jj

cc: Robert C. Harder
D. Kay Clawson