

Approved 1-26-88
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~xxx~~/p.m. on January 20, 1988 in room 514-S of the Capitol.

All members were present except: Representative Wisdom (excused)

Committee staff present: Diane Duffy, Legislative Research
Ellen Piekalkiewicz, Legislative Research
Gloria Timmer, Legislative Research
Robin Hunn, Legislative Research
Richard Ryan, Director, Legislative Research
Sharon Schwartz, Administrative Aide
Conferees appearing before the committee: Sue Krische, Committee Secretary

Stan Teasley, Executive Director, Ks. Commission
on Veterans Affairs
Robert Meinen, Secretary, Kansas Wildlife and Parks
Department
Dr. A. J. Yarmat, KU Medical Center
Jerry Slaughter, Kansas Medical Society
Harold Riehm, Kansas Association of Osteopathic
Medicine
Marlin Rein, University of Kansas
John Schneider, Commissioner of Income Maintenance
and Medical Services, SRS

Others attending: See attached list.

HB 2634 - An Act relating to state finance; concerning transfers from the state general fund; amending K.S.A. 44-566a, 72-7067 and 79-3425e and K.S.A. 1987 Supp. 79-2959, 79-2964 and 79-34,147 and repealing the existing sections.

Richard Ryan, Legislative Research, explained that HB 2634 was recommended by the 1987 Interim Legislative Budget Committee. This bill changes three revenue transfers to demand transfers and codifies three existing demand transfers under the law. A demand transfer is treated as an expenditure and shows up in the budget. A revenue transfer is taken out of receipts, so does not appear as a budget expenditure. The Legislative Budget Committee felt these transfers should show up as expenditures from the State General Fund.

This bill changes three major revenue transfers to demand transfers: (1) the sales tax transfer to the Highway Fund; (2) the transfer to the City-County Highway Fund; and (3) the statutory \$4 million annual transfer to the Insurance Department for the Workers Compensation Fund for second injury claims. In FY 1989 these three revenue transfers will amount to \$46.3 million. Staff noted the bill has no effect on the ending balance or on amounts to which the three funds are entitled.

Representative Goossen moved that HB 2634 be recommended favorably for passage. Seconded by Representative Heinemann. Motion carried.

SB 428 - An Act relating to fish and game; authorizing the issuance of institutional group fishing licenses; amending K.S.A. 32-1040 and repealing the existing section.

Jim Wilson, Revisors Office, explained that SB 428 was introduced by the Senate Ways and Means Committee and authorizes the issuance of a group fishing license to any Veterans Administration Medical Center in Kansas. Mr. Wilson presented a proposed technical amendment to the bill

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,

room 514-S, Statehouse, at 1:30 ~~am~~/p.m. on January 20, 1988

changing it to reflect that Kansas now has a Department of Wildlife and Parks (Attachment 1). Representative Chronister moved the adoption of the amendment as presented. Seconded by Representative Miller. Motion carried.

Stan Teasley, Executive Director, Kansas Commission on Veterans Affairs, testified in support of SB 428. The bill would solve an administrative problem for the Veterans Administration hospitals of having to obtain individual fishing licenses for groups of people who are taken out on a weekly basis.

Secretary Robert Meinen, Kansas Wildlife and Parks Department, testified in support of SB 428 and noted that the fiscal impact to the Department is minimal.

Representative Solbach moved that SB 428 as amended be recommended favorably for passage. Seconded by Representative Helgerson. Motion carried.

HB 2636 - An Act concerning the awarding of scholarships to certain students enrolled in or admitted to certain schools of medicine and schools of osteopathic medicine; concerning agreements for the awarding of such scholarships; amending K.S.A. 74-3266 and K.S.A. 1987 Supp. 76-375 and repealing the existing sections.

Gloria Timmer, Legislative Research, explained that HB 2636 was recommended by the 1987 Interim Legislative Budget Committee, which reviewed all the state medical scholarship programs. This bill addresses two items: first, it requires that recipients of osteopathic scholarships serve in medically underserved areas in repaying the state, as is currently required of the recipients of medical scholarships; and secondly, it allows all medical scholarship recipients to serve in state institutions on a part-time basis and still be in compliance with the requirement for restitution.

Jim Wilson, Revisors Office, presented a proposed amendment to HB 2636 that would define "state institutions" in the bill as any state medical care facility, but excluding Regents' institutions (Attachment 2). Representative Chronister moved that the amendments to HB 2636 be adopted as presented. Seconded by Representative Heinemann. Motion carried.

Dr. A. J. Yarmat, University of Kansas Medical Center, appeared in support of HB 2636. He recommends that the minimum time that would be acceptable as part-time should be at least two full days a week in the institution. The physicians should provide care "on site," as opposed to "on call." He pointed out that probably this bill if enacted would address a limited number of specialities, because the institutions would basically need general practice or family practice physicians. A discussion followed of the medical scholarship program and the shortage of physicians available to medically underserved areas.

Jerry Slaughter, Kansas Medical Society, testified in support of HB 2636 as amended.

Harold Riehm, Executive Director, Kansas Association of Osteopathic Medicine, appeared in support of HB 2636 and submitted written testimony (Attachment 3). He supports the provision that permits the recipient of scholarship funds to serve in a state institution on a part-time basis. Service on a part-time basis was originally permitted because some underserved areas could not support a full-time practice.

CONTINUATION SHEET

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Representative Chronister moved to amend HB 2636 conceptually to include a definition of part-time service specifying that part-time shall not be less than half-time equivalent and service less than half-time equivalent shall result in equivalent extension of the service obligation and to amend K.S.A. 1987 Supp. 76-374 (d)(2) to insert the words "licensure or within nine months after..." following the words "surgery within nine months after..." Motion carried.

Seconded by Rep. Miller.

Representative Miller moved to report HB 2636 as amended favorably for passage. Seconded by Representative Chronister. Motion carried.

SB 435 - An Act concerning scholarships available to medical students; concerning repayment of certain amounts; amending K.S.A. 1986 Supp. 76-376 and repealing the existing section.

Marlin Rein, University of Kansas, testified in support of SB 435 and submitted a letter drafted on April 29, 1987 by Chancellor Gene Budig, University of Kansas, giving background on the bill (Attachment 4). Mr. Rein stated that SB 435 is the result of discussions between the University of Kansas Medical Center and SRS to address the problem of an increasing number of indigents around the state that do not have access to medical care. The bill provides that physicians who were scholarship recipients may give care to medical indigents and receive credit toward their financial obligations to the state. SRS would be responsible for issuing identification to persons who would be eligible for the services. Mr. Rein noted that the original purpose of the medical scholarship program was to locate physicians in medically underserved areas and this bill introduces a new purpose--to serve the indigent. He expressed a concern that this bill might provide a disincentive for physicians to practice in underserved areas. Persons having medical cards issued by SRS would not be eligible for the care provided under this bill.

Dr. A.J. Yarmat, KU Medical Center, advised the Committee in reference to earlier discussion that all medical scholarship recipients repay the state either by service in underserved areas or in cash payments.

John Schneider, Commissioner of Income Maintenance and Medical Services, SRS, appeared before the Committee and submitted written testimony (Attachment 5). He stated his agency basically favors this bill, provided it does not adversely impact the placement of physicians in medically underserved areas. SRS proposes using the services of the physicians addressed in this bill informally at the local level, as other community resources are utilized, and allowing physicians to submit claims for their customary charges directly to KU Medical Center to be credited to their obligations.

Jerry Slaughter, Kansas Medical Society, stated the Medical Society has a neutral position on SB 435.

Harold Riehm, Kansas Assn. of Osteopathic Medicine, testified in support of SB 435 and provided written testimony (Attachment 6). The Association recommends the bill be amended to include osteopathic physicians also.

The meeting was adjourned at 3:25 p.m.

PROPOSED AMENDMENTS

For Consideration by House Appropriations

"AN ACT relating to fish and game; authorizing the issuance of institutional group fishing licenses; amending K.S.A. 32-104o and repealing the existing section."

Be amended:

On page 1, in line 22, by striking "Kansas fish and game commission" and inserting in lieu thereof "secretary of wildlife and parks"; in line 27, by striking "commission" and inserting in lieu thereof "secretary of wildlife and parks"; in line 28, after "secretary" by inserting "of social and rehabilitation services"; in line 29, after "secretary" by inserting "of social and rehabilitation services"; in line 30, by striking all after the first "the" and inserting in lieu thereof "secretary of wildlife and parks"; in line 33, by striking "direc-"; in line 34, by striking all before "may" and inserting in lieu thereof "secretary of wildlife and parks";

And the bill be passed as amended.

HA
1-20-88
Attachment 1

HOUSE BILL No. 2636

By Legislative Budget Committee

Re Proposal No. 19

12-16

Draft of Proposed Amendments
For Consideration by House Appropriations

1-20-88

HA
1-20-88
Attachment 2

0019 AN ACT concerning the awarding of scholarships to certain
0020 students enrolled in or admitted to certain schools of medicine
0021 and schools of osteopathic medicine; concerning agreements
0022 for the awarding of such scholarships; amending K.S.A. 74-
0023 3266 and K.S.A. 1987 Supp. 76-375 and repealing the existing
0024 sections.

0025 *Be it enacted by the Legislature of the State of Kansas:*

0026 Section 1. K.S.A. 1987 Supp. 76-375 is hereby amended to
0027 read as follows: 76-375. (a) On or before December 31 in each
0028 year, the chancellor of the university of Kansas, or the designee
0029 of the chancellor, shall prepare a list of the areas of this state
0030 which the chancellor, or designee of the chancellor, determines
0031 to be critically medically underserved areas by specialty and the
0032 areas of this state which the chancellor, or designee of the
0033 chancellor, determines to be medically underserved areas by
0034 specialty. In preparing such a list the chancellor, or designee of
0035 the chancellor, shall consult with the medical scholarship advi-
0036 sory committee. All ~~operated by the state of Kansas, other than the university of~~
0037 ~~Kansas medical center~~ full-time faculty positions in approved
0038 Kansas primary care residency programs, including such pro-
0039 grams at the university of Kansas school of medicine, and all
0040 medical clinics which are located in Kansas cities, other than
0041 Kansas City, and which are operated by professional corpora-
0042 tions that are affiliated by contract with the university of Kansas
0043 medical center are qualified for service in both service commit-
0044 ment area I and service commitment area II without being
0045 determined medically underserved areas, except that such med-
0046

state

all

0047 ical clinics shall not qualify for such service by more than 12
 0048 persons at any one time. In preparing such a list, the portion of
 0049 time of persons engaged in the practice of medicine and surgery
 0050 at any institution under the jurisdiction and control of the secre-
 0051 tary of social and rehabilitation services shall not be included in
 0052 determining whether an area is critically medically underserved
 0053 or medically underserved. Every such list shall note that all
 0054 medical care facilities or institutions ~~operated by the state of~~
 0055 ~~Kansas~~ qualify for such service commitments, in addition to
 0056 listing those areas determined to be critically medically under-
 0057 served or medically underserved. Critically medically under-
 0058 served areas by specialty and medically underserved areas by
 0059 specialty established prior to the effective date of this act by the
 0060 secretary of health and environment shall continue in effect for
 0061 the purposes of this act until changed by the chancellor of the
 0062 university of Kansas, or the designee of the chancellor. The
 0063 chancellor of the university of Kansas, or the designee of the
 0064 chancellor, upon a finding of exceptional circumstances may
 0065 modify areas or portions of areas determined to be critically
 0066 medically underserved or medically underserved by specialty.

0067 (b) (1) A service commitment area shall be designated as a
 0068 service commitment area I or a service commitment area II.
 0069 Service commitment area I shall be any area determined by the
 0070 chancellor of the university of Kansas, or the designee of the
 0071 chancellor, under subsection (a) to be, for purposes of all agree-
 0072 ments entered into under K.S.A. 76-374 and amendments
 0073 thereto, a medically underserved area or a critically medically
 0074 underserved area. Service commitment area II shall be, for
 0075 purposes of all agreements entered into under K.S.A. 76-374 and
 0076 amendments thereto, the state of Kansas.

0077 (2) The service commitment area I or II for persons first
 0078 awarded scholarships after December 31, 1985, shall be an
 0079 incorporated city of this state as specified in subsection (d)(2) of
 0080 K.S.A. 76-374 and amendments thereto, all ~~medical care facilities~~
 0081 ~~or institutions operated by the state of Kansas, other than the~~
 0082 ~~university of Kansas medical center~~ full-time faculty positions in
 0083 approved Kansas primary care residency programs including

state

state

all

0084 such programs at the university of Kansas school of medicine,
0085 and all medical clinics which are operated in Kansas cities, other
0086 than Kansas City, and which are operated by professional corpo-
0087 rations that are affiliated by contract with the university of
0088 Kansas medical center except that such medical clinics shall not
0089 qualify for such service by more than 12 persons at any one time.

0090 (c) In selecting a service commitment area I or II, whichever
0091 is applicable, prior to the commencement of the full-time prac-
0092 tice of medicine and surgery pursuant to all agreements entered
0093 into under K.S.A. 76-374 and amendments thereto requiring
0094 service for a period of time in a service commitment area I or II,
0095 whichever is applicable, the person so selecting shall select such
0096 area from among those areas appearing on the list of areas
0097 prepared by the chancellor of the university of Kansas, or the
0098 designee of the chancellor, under this section. The service com-
0099 mitment area selected shall have appeared on any such list not
0100 more than 36 months prior to the commencement of such full-
0101 time practice of medicine and surgery by the person selecting
0102 such service commitment area. Upon the selection of such ser-
0103 vice commitment area, the person so selecting shall inform the
0104 university of Kansas school of medicine of the area selected.

0105 (d) A person serving in a service commitment area I or II,
0106 whichever is applicable, pursuant to any agreement under this
0107 act may serve all or part of any commitment in the service
0108 commitment area initially selected by such person. If such per-
0109 son moves from one service commitment area I or II to another
0110 service commitment area I or II, as applicable, such person shall
0111 notify the university of Kansas school of medicine of such per-
0112 son's change of service commitment area. Service in any such
0113 service commitment area I or II, as applicable, selected from the
0114 appropriate lists of service commitment areas, shall be deemed
0115 to be continuous for the purpose of satisfying any agreement
0116 entered into under this act. Any service commitment area I or II,
0117 as applicable, selected after the initially selected service com-
0118 mitment area I or II shall have appeared on a service commit-
0119 ment area I list or on a service commitment area II list, as
0120 applicable, which shall have been prepared not more than 12

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0121 months prior to the move by such person from one service
0122 commitment area I or II to another service commitment area I or
0123 II, as applicable.

0124 (e) A person awarded a scholarship prior to January 1, 1986,
0125 may satisfy the obligation to engage in the full-time practice of
0126 medicine and surgery in a service commitment area I even
0127 though such person is engaged in such practice in two or more
0128 locations within the state of Kansas, at least one of which is not
0129 located in a service commitment area I, if the person is engaged
0130 in the full-time practice of medicine and surgery in such loca-
0131 tions pursuant to a practice affiliation agreement approved by the
0132 chancellor of the university of Kansas, or the designee of the
0133 chancellor.

0134 (f) A person awarded a scholarship in accordance with the
0135 provisions of ~~this act~~ may satisfy the obligation to engage in the
0136 practice of medicine and surgery, under an agreement entered
0137 into pursuant to K.S.A. 76-374 and amendments thereto even
0138 though such person is engaged in practice in an area not desig-
0139 nated a medically underserved area by specialty, or a critically
0140 medically underserved area by specialty, through employment
0141 on a part-time basis by the state of Kansas which has been
0142 approved by the chancellor of the university of Kansas, or the
0143 designee of the chancellor, for the practice of medicine and
0144 surgery at any ~~institution or medical care facility operated by~~
0145 ~~the state, other than the university of Kansas medical center.~~

K.S.A. 76-373 through 76-377 and amendments thereto

state medical care facility or institution.

0146 (f) (g) In connection with the determination of critically
0147 medically underserved areas and medically underserved areas
0148 under this section, the chancellor of the university of Kansas, or
0149 the designee of the chancellor, shall assess annually the need in
0150 the state as a whole for medical services provided by persons
0151 engaged in the practice of medicine and surgery and shall report
0152 thereon annually to the legislature. Each report shall include any
0153 recommendations for needed legislation, including any recom-
0154 mended amendments to this act, which relate to the need for
0155 such medical services in the various areas of this state.

0156 (g) (h) There is hereby established the medical scholarship
0157 advisory committee. Members of the medical scholarship advi-

0158 sory committee shall be appointed by the chancellor of the
0159 university of Kansas as follows: (1) One member shall be from
0160 the office of the chancellor of the university of Kansas; (2) one
0161 member shall be a representative of the Kansas medical society;
0162 (3) one member shall be a member of the Kansas legislature; (4)
0163 one member shall be a student at the university of Kansas school
0164 of medicine; and (5) ~~prior to July 1, 1987, one member shall be a~~
0165 ~~consumer of health care as defined in K.S.A. 65-5001 and~~
0166 ~~amendments thereto and on and after July 1, 1987,~~ one member
0167 shall be a representative of the Kansas hospital association. The
0168 medical scholarship advisory committee shall meet periodically
0169 upon the call of the chancellor, or the designee of the chancellor,
0170 and shall make recommendations to the chancellor, or the de-
0171 signee of the chancellor, in regard to the administration of the
0172 provisions of this act.

0173 (h)(i) The chancellor of the university of Kansas may appoint
0174 a medical scholarship program coordinator for the purpose of
0175 planning and administering the provisions of this act. The coor-
0176 dinator shall be in the unclassified service under the Kansas civil
0177 service act.

0178 Sec. 2. K.S.A. 74-3266 is hereby amended to read as follows:
0179 74-3266. (a) An agreement entered into by the state board of
0180 regents and a Kansas resident who is an undergraduate student
0181 enrolled in or admitted to an accredited school of osteopathic
0182 medicine in a course of instruction leading to the degree of
0183 doctor of osteopathy for the awarding of a scholarship under
0184 K.S.A. 74-3265 and amendments thereto shall require that the
0185 person receiving the scholarship:

0186 (a)(1) Complete the required course of instruction and re-
0187 ceive the degree of doctor of osteopathy;

0188 (b)(2) apply for and obtain a license to practice medicine and
0189 surgery in Kansas;

0190 (c)(3) engage in the full-time practice of medicine and sur-
0191 gery for a period of 12 months in Kansas;

0192 (d)(4) commence such full-time practice of medicine and
0193 surgery within nine months after licensure or within nine
0194 months after completion of a residency program and licensure,

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"(j) As used in this section, "state medical care facility or institution" includes, but is not limited to, the Kansas state school for the visually handicapped, the Kansas state school for the deaf, any institution under the secretary of social and rehabilitation services, as defined by subsection (b) of K.S.A. 76-12a01 and amendments thereto or by subsection (b) of K.S.A. 76-12a18 and amendments thereto, the Kansas soldiers' home and any correctional institution under the secretary of corrections, as defined by subsection (d) of K.S.A. 75-5202 and amendments thereto, but shall not include any state educational institution under the state board of regents, as defined by subsection (a) of K.S.A. 76-711 and amendments thereto, except as specifically provided by statute.";

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0193 whichever is later, and continue such full-time practice in Kan-
0196 sas for a consecutive period of months equal to the total number
0197 of months required under the agreement;

0198 (e) (5) agree that the service commitment for each agreement
0199 entered into under this section is in addition to the service
0200 commitment contained in any other agreement which has been
0201 or may be entered into under this section for the purpose of
0202 obtaining scholarship aid;

0203 (f) (6) maintain records and make reports to the state board of
0204 regents to document the satisfaction of the obligation under such
0205 agreement to engage in the full-time practice of medicine and
0206 surgery in Kansas and to continue such full-time practice for a
0207 consecutive period of months equal to the total number of
208 months required under the agreement; and

0209 (g) (7) upon failure to satisfy an agreement to engage in the
0210 full-time practice of medicine and surgery in Kansas for the
0211 required period of time under any such agreement, the person
0212 receiving a scholarship under K.S.A. 74-3265 and amendments
0213 thereto shall repay amounts to the state board of regents, as
0214 provided in K.S.A. 74-3267 and amendments thereto.

0215 (b) Each Kansas student who enters into an agreement
0216 under this section shall serve the practice obligations incurred
0217 by such student under such agreement within an area of the
0218 state designated as a service commitment area I pursuant to
0219 K.S.A. 76-375 and amendments thereto. Such student shall se-
0220 lect a service commitment area I in accordance with the provi-
0221 sions of K.S.A. 76-375 and amendments thereto and shall be
222 subject to the provisions of subsections (c) and (d) of such K.S.A.
0223 76-375 and amendments thereto in the same manner and to the
0224 same effect as a person required to engage in the full-time
0225 practice of medicine and surgery in a service commitment area I
0226 pursuant to any agreement under K.S.A. 76-373 ~~to~~ 76-377 and
0227 amendments thereto, except that in lieu of informing or notify-
0228 ing the university of Kansas school of medicine of certain
0229 matters under the provisions of subsections (c) and (d) of such
0230 K.S.A. 76-375 and amendments thereto such student shall in-
0231 form and notify the state board of regents thereof.

after June 30, 1988,

through

0232 (c) A person awarded a scholarship in accordance with the
 0233 provisions of ~~this act~~ may satisfy the obligation to engage in the
 0234 practice of medicine and surgery, under an agreement entered
 0235 into pursuant to this section, even though such person is en-
 0236 gaged in practice in an area not designated a medically under-
 0237 served area by specialty, or a critically medically underserved
 0238 area by specialty, through employment on a part-time basis by
 0239 the state of Kansas which has been approved by the state board
 0240 of regents, for the practice of medicine and surgery at any
 0241 ~~institution or medical care facility operated by the state, other~~
 0242 ~~than the university of Kansas medical center~~

K.S.A. 74-3265 through 74-3268 and amendments thereto

state medical care facility or institution.

0243 Sec. 3. K.S.A. 74-3266 and K.S.A. 1987 Supp. 76-375 are
 0244 hereby repealed.

0245 Sec. 4. This act shall take effect and be in force from and
 0246 after its publication in the statute book.

"(d) As used in this section, "state medical care facility or institution" has the meaning ascribed thereto by subsection (j) of K.S.A. 76-375 and amendments thereto.";



Testimony of The Kansas Association of Osteopathic Medicine

Bill # HB 2636 & SB 435
Date January 20, 1988

Mr. Chairman and Members of the House Appropriations Committee:

My name is Harold Riehm and I am Executive Director of the Kansas Association of Osteopathic Medicine. I appear in support of those provisions of HB 2636 that apply to osteopathic physicians and of the provisions of SB 435, but with a suggested change to make that Bill applicable to D.O.s. KAOM offers these comments and suggestions:

HB 2636 - KAOM has no objection to addition of a requirement for all osteopathic scholarship recipients to return to practice in a Service Commitment Area I as a condition of receiving an osteopathic scholarship. It is our understanding that, by reference, this includes the option of meeting this requirement by full-time practice of medicine and surgery in any city of 12,000 or less in the State other than one located in Johnson, Sedgwick, Shawnee or Wyandotte Counties.

Note #1: HB 2636, lines 218 & 219 makes this repayment provision pursuant to K.S.A. 76-375. K.S.A. 1987 Supp. 76-375(b)(2) defines commitment areas I and II to be those cities defined in K.S.A. 1987 Supp. 76-374(d)(2). This latter provision permits those awarded scholarships after December 31, 1985, to fulfill their commitments by full-time practice of medicine and surgery in any incorporated city of 12,000 or less not located in Johnson, Sedgwick, Shawnee or Wyandotte Counties.

Note #2: There appears to an omission in K.S.A. 1987 Supp. 76-374(d)(2). To make sense and to be consistent with language in (d)(1) (preceding paragraph) the words underlined below should be inserted:

K.S.A. 1987 Supp. 76-374(d)(2) for persons first awarded scholarships after December 31, 1985, commence such full-time practice of medicine and surgery within none months after licensure or within nine months after completion of a residency program and licensure, whichever is later, in any incorporated city of this state of less than 12,000 population...excluding any such incorporated cities located in the following counties: Wyandotte, Johnson, Sedgwick and Shawnee.

HB 2636 - KAOM also supports the change in pay back provisions in HB 2636 (7)(c) (Lines 232 through 242) that permits osteopathic scholarship recipients to satisfy their scholarship obligations by part time service in a state hospital or other institution even though not locating his or her practice in a designated Commitment Area I. This offers greater flexibility to the scholarship recipient in where to locate in Kansas, and potentially offers assistance to the State in filling medical positions in State institutions often difficult to fill.

HA
1-20-88
Attachment 3

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

STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Testimony Regarding Senate Bill 435 Indigent Care Credits Toward Scholarship Repayment

My name is John Schneider. I am SRS Commissioner responsible for the state's basic financial assistance programs, including Medical Assistance. I am very concerned about those who visit our offices in need of a physician's care but to whom we can offer little assistance. I feel the idea of using the physicians discussed in this bill on a voluntary basis is a sound one. After review of the specifics I, however, feel that there is a simpler, less expensive, and more effective way to accomplish it.

This bill requires the Secretary of SRS to define the target population through the Kansas Administrative Regulatory process. The fact is, we already know who these people are. They are childless, physically and mentally fit adults who are unemployed. Such persons don't fit any category of cash or medical assistance despite their current financial condition. Up until FY 1987 we did have a limited cash/medical package for these people. However, due to the somewhat static state revenue picture coupled with the increasing medical needs of the other 125,000 children, disabled, and elderly now on our rolls, we can no longer afford to help them. This program was known as the Transitional General Assistance program. The annual medical expenses in it's last full year of operation, FY 86, totalled 3.8 million dollars.

While we could redefine this group of people within the K.A.R.'s and our worker's manuals we are very hesitant to do so. We simply feel that formalizing such assistance would be going too far given the voluntary and unknown extent of physician participation and more importantly the nature of the population to be served. I can only speculate on the first issue but can greatly amplify on the latter one.

The nature of the FY 86 TGA populations medical needs were sporadic. During that year nearly 12,000 different people carried a TGA medical I.D. card for an average of nearly five months. Almost one half of them never presented this card to any type of medical provider. Not even a single prescription drug or office visit. Keep in mind that we required no deductible of this group; simply a \$1.00 co-pay per prescription or office visit. Looking deeper into this population we found a definite stratification. 25% of these clients remained on this program throughout the year. Practically all the rest remained on this cash and medical assistance 3 months or less. It is clear that the vast majority of these 12,000 people came to SRS seeking short term financial, not medical help. Many of those who did use the medical card during their short tenure probably came to the initial interview with medical bills in hand. They needed little immediate medical care, but rather, were referred to our office by urban hospital social work or billing staffs following either inpatient or outpatient treatment.

To further amplify the sporadic nature of this group a study done on FY 86 data showed that over one-third of these people had changed addresses within the last six months. Closure data showed that nearly 1/5 of the participants left the program each month to be replaced by an almost identical number of new people. The principal closing reasons given by case workers was failure to report

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financial circumstances each month or failure to conform to employment search requirements. Both reasons really indicate loss of need for the cash assistance because they found a job or moved out of the county.

What these findings tell us is that we need to help those with a medical need only when one exists; not to create an artificial category of assistance for which it would be expensive to computerize, monitor, and occasionally process dummy medical claims. Further, we believe the best means of utilizing this yet to be identified group of physicians is in the same manner we rely upon other emergency community resources; informally at the local level. We have hundreds of informal referral agreements between local SRS offices and their communities helping agencies. The best designed of these local networks aimed at helping those SRS cannot help are in the same urban areas where we presume the doctors that are the subject of this bill do practice. We would love to add this medical component to these helping agency networks. We would happily document the potential patient's financial need for assistance that we cannot provide as we now do in the case of emergency shelter, utility assistance, food, and clothing. Based upon what we know of this population we would propose a referral document that would be valid for a standard period of perhaps three months. This document could accompany claims submitted by participating physicians to KU Medical School offices at intervals best suited to them. This last point, by the way, is a very important one. We do feel that claims should not be submitted to SRS for the usual processing. This would, we believe be a costly and unnecessary added step in the process. We believe that for the sake of maximum physician involvement that such care should not be limited to our current rates and many exclusions. Given the infrequent use of physician services by this group we feel little added cost would be incurred if the physician were allowed his or her customary charges and that these claims go straight to KU. Further we could not make public our maximum rates for the sake of economy in this process. To do so would mean added cost to our traditional medical program as a result of physician charge increases resulting from this knowledge. Admittedly most physicians charge above our maximums but not all do for all the different procedures.

In closing let me say that I hope I have not confused the issue. We do indeed seek help for those who need it; we simply wish to keep things simple. We find that our most effective efforts are those that are kept that way.

John A. Schneider
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January 20, 1988



Testimony of The Kansas Association of Osteopathic Medicine

Bill # S.B. 435
Date JANUARY 20, 1988

CONTINUED KAOM TESTIMONY OF JANUARY 20, 1988 . . .

SENATE BILL 435

The Kansas Association of Osteopathic Medicine supports the concept of S.B. 435 although it appears osteopathic physicians are not included as the Bill is now written. We urge you to include D.O.s by making the Bill's provisions applicable to osteopathic scholarship recipients, as defined in K.S.A. 74-3265 through 74-3269. Credits obtained under the program of providing medical care to indigent citizens would be submitted to the Board of Regents which administers the osteopathic scholarship program rather than to The University of Kansas.

Though the logistics of this program will require careful attention so as to require a minimum of bookkeeping by all concerned, KAOM thinks that this program has considerable merit in offering an option to the physician repaying his scholarship/loan obligation to the State, as well as to the State in financing medical care assistance to indigent citizens.

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