Approved 6-7-89
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA at
Chairperson

1:30 XXa.m./p.m. on MARCH 28, 1989 in room 123-S of the Capitol.

All members were present except:
Senators Gaines, Harder, Kerr, Parrish and Winter who were excused

Committee staff present:

Research Department: Diane Duffy, Kathy Porter
Revisor: Norman Furse
Committee Staff: Judy Bromich, Pam Parker

Conferees appearing before the committee:

Ted Ayres, Board of Regents
Jamie Corkhill, Child Support Enforcement Program, Department of Social and Rehabilitation Services
Marlin Rein, Associate Director for Business and Fiscal Affairs, University of Kansas Medical Center

SB 376 - State board of regents authority to grant easements

Mr. Ayres distributed and reviewed testimony relating to SB 376. (Attachment 1) Senator Johnston moved, Senator Allen seconded, to report SB 376 favorably for passage. The motion carried on a roll call vote.

SB 377 - Regents institutions payroll deductions plan authorized

Mr. Ayres distributed and reviewed his testimony relating to SB 377. (Attachment 2) In answer to questions, Mr. Ayres stated that he had talked with Mr. Cobler, Accounts and Reports, who indicated that this bill would create some problems for them with regard to programming to the existing program plus making changes with the new system. He had suggested to Mr. Ayres the delay of implementation until January 1, 1990 to give the Division of Accounts and Reports and the Board time to develop new procedures. He stated that personally a delay of six months would not be of concern to him, however some of the regents institutions would like to move quicker than that.

Senator Feleciano moved, Senator Johnston seconded to amend SB 377 to take effect January 1, 1990 and report the bill favorably as amended. The motion carried on a roll call vote.

SB 378 - Public assistance recipient assignment of support rights and providing support enforcement services

Ms. Corkhill distributed and reviewed her testimony regarding SB 378. (Attachments 3 and 4) Senator Allen moved, Senator Hayden seconded, to report SB 378 favorably for passage. The motion carried on a roll call vote.

MINUTES OF THE ~~SENATE~~ COMMITTEE ON WAYS AND MEANS,

room ~~123-S~~, Statehouse, at ~~1:30~~ ~~XX~~./p.m. on MARCH 28, 19~~89~~

SB 351 - Medical student scholarship terms of agreements and medically underserved areas.

Discussion centered around concern regarding physicians' inability to fulfill obligations of this agreement. The intent of the bill was to get physicians to locate in medically underserved areas. Instead, it has been used as a loan program. Senator Johnston moved, Senator Allen seconded, to table the bill.

Senator Hayden offered a substitute motion to table the bill until January 19, 1990. The substitute motion failed for lack of a second.

The primary motion passed.

SB 350 - Health care employees at medical center designated by board of regents to be in unclassified service.

In answer to questions Marlin Rein stated that staffing at the Kansas Medical Center is at a critical point. He said the recruitment of qualified health care professionals in the Kansas City area is difficult under the present program. He felt the health care employees needed to be unclassified to ensure quality care.

Concern was expressed by senators about how to isolate the problems at the University of Kansas Medical Center from other State institutions and about professional pooling problems within the State. Senator Bogina asked Mr. Rein what would be necessary for the University of Kanss Medical Center to continue to function at its present level and still allow an interim committee the opportunity of studying the issue. Mr. Rein answered that his concern this first year would be that medical technicians, medical technologists and respiratory therapists become unclassified employees. Following discussion, Senator Johnston moved, Senator Feleciano seconded, to amend SB 350 by substituting "medical technicians and medical technologists" in Section 1(a) for "health care employees" and in Section 4 by substituting "Kansas register" in lieu of "statute books." The motion carried.

Senator Allen moved, Senator Doyen seconded, to report the bill favorably as amended. The motion carried on a roll call vote.

The meeting was adjourned.

GUEST LIST

PM

COMMITTEE: SENATE WAYS AND MEANS DATE: 3-28-89

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
TED D. AYRES	TOPEKA	REGENTS
MaryAnn Gabel	"	BSRB
Janette Varvlish	Topeka	Kansas Psychological Assn.
Jamie Goff Hill	Topeka	SRS
Bill Henry	Topeka	KMA
Paul M. Klotz	TOPEKA	Assoc. of CMHCs, Inc.
Jon Josserand	LAWRENCE	KU

The Testimony of

Ted D. Ayres
General Counsel
Kansas Board of Regents

before

THE SENATE COMMITTEE ON WAYS AND MEANS
1989 Legislative Session

in re
Senate Bill 376

March 28, 1989

ATTACHMENT 1
SWAM 3-28-89
(PM)

Mr. Chairman and Members of the Committee:

My name is Ted D. Ayres and I am General Counsel to the Kansas Board of Regents. It is my pleasure to appear before the Senate Committee on Ways and Means this morning to testify in support of Senate Bill 376.

Senate Bill 376 was introduced at the behest of the Kansas Board of Regents, having been approved as a legislative initiative by that body at its meeting on November 7, 1988. The purpose of Senate Bill 376 is to reduce the procedural steps required for the Board of Regents to grant easements.

Some of you may recall Senate Bill 745 (Ch. 333, 1988 Session Laws) which was passed by the 1988 Legislature. It amended K.S.A. 75-2131, the general statute relating to easements granted by the State, in the same manner as Senate Bill 376 proposes to amend K.S.A. 74-3264, a more specific statute relating to easements granted by the Board of Regents.

I have discussed this bill with Mr. Art Griggs of the Department of Administration. I can advise you, on his instruction, that the Department of Administration has no problem with the intent of S.B. 376.

The Testimony of

Ted D. Ayres
General Counsel
Kansas Board of Regents

before

THE SENATE COMMITTEE ON WAYS AND MEANS
1989 Legislative Session

in re
Senate Bill 377

March 28, 1989

ATTACHMENT 2
SWAM 3-28-89
(PM)

Mr. Chairman and Members of the Committee:

My name is Ted D. Ayres and I am General Counsel to the Kansas Board of Regents. It is my pleasure to appear before the Senate Committee on Ways and Means this morning to testify in support of Senate Bill 377.

Senate Bill 377 was introduced at the behest of the Kansas Board of Regents, having been approved as a legislative initiative by that body at its meeting on November 7, 1988. The purpose of Senate Bill 377 is to allow the Board of Regents to authorize the Regents institutions to establish a "payroll deduction plan." Pursuant to Senate Bill 377, the Board is given the authority to specify the purposes for which any payroll deduction established under said plan may be made, and to mandate applicable conditions, limitations and restrictions with regard thereto (lines 31-43).

Operation of the payroll deduction plan would also be subject to accounting and payroll procedures approved for such plan by the Director of Accounts and Reports (lines 46-48). The institutions would assume responsibility for distributing the funds to the appropriate payees.

The deductions would be used for such items as parking payments and credit union deposits. The provision of such a payroll deduction plan, we believe, would serve to benefit both employees and the institutions.

On behalf of the Board of Regents, I would solicit your favorable consideration of the bill.

Department of Social and Rehabilitation Services

Winston Barton - Secretary

Statement Regarding Senate Bill 378

The primary responsibility of the SRS Child Support Enforcement Program is to help children by establishing regular and adequate support payments and by enforcing past due support obligations. From that perspective, SRS has requested introduction of this bill.

This bill concerns the creation, continuation, and termination of assignments of support rights in public assistance cases (ADC, medical assistance, and foster care) and in support enforcement cases not related to public assistance ("Non-ADC").

The impetus for change is a recent federal regulation concerning continuation of Child Support Enforcement (CSE) services after closure of an Aid to Families with Dependent Children (ADC) case. Under the new regulation, states must now extend CSE services indefinitely and automatically, without further application by the recipient, unless the recipient requests that the services be stopped. Previously, the automatic continuation was limited to five months, extended thereafter only upon the recipient's authorization. It should be noted that collections on support obligations due after a public assistance case closes are distributed to the family.

The changes related to the continuation of CSE services would be made in part by deleting the existing language related to partial termination of assignments in KSA 39-709(c) (page 3, lines 85-94 and lines 116-137), KSA 39-709(g) (page 8, lines 281-285), and KSA 39-709(h) (page 9, lines 327-337). The provisions for continuation of CSE services would be incorporated into KSA 39-756 (page 11, lines 399-426), which governs all other Non-ADC cases.

In addition, the states are now required to provide full CSE services, without further application, to recipients of federally funded medical assistance who do not received ADC, i.e., "Medical Only" cases. Previously, states were only required to provide limited, medical support services in such cases (for example, trying to obtain health insurance for the child), not the entire range of CSE services. Collections specifically related to medical support would be retained by SRS, but other support collections would be distributed to the family.

The necessary change in the assignment of rights in "Medical Only" cases would be made by striking the word "medical" in KSA 39-709(g) (page 8, line 274). So long as a "Medical Only" case remained open, support collections would be distributed according to the amendment on page 9, lines 304-312.

These changes in the scope and duration of CSE services related to public assistance cases necessitate changes in KSA 39-756, the Non-ADC statute. The addition of subsection (b) to KSA 39-756 (page 11, lines 399-421) makes it clear that former public assistance cases and open "Medical Only" cases have the status of Non-ADC CSE cases, with respect to support that is not subject to SRS'

ATTACHMENT 3
SWAM 3-28-89
(PM)

claim for reimbursement. The distribution of collections for all Non-ADC cases would be controlled by KSA 39-756(d) (page 12, lines 427-439), as amended.

In order to treat all Non-ADC cases uniformly, an amendment to KSA 39-756 (page 10, lines 374-394) provides an assignment of support rights by operation of law in all Non-ADC cases not related to public assistance. When a public assistance case closes and CSE services are continued automatically, the assignment also continues automatically -- the participant is not required to execute a written assignment. However, when a person not receiving public assistance applies for CSE services, a written assignment must be executed. This additional paperwork burdens the Non-ADC applicant, slows the intake process, and increases the chance for error because it is inconsistent with all other CSE cases. It should be noted that the assignment in Non-ADC cases is necessary to authorize SRS to endorse and handle support payments and to prevent conflict of interest and other legal problems.

Currently the provisions for partially or fully terminating the assignment of support rights and limited power of attorney in public assistance cases are scattered through subsections (c), (g), and (h) of KSA 39-709. New Section 3 (page 13, lines 452-473) would consolidate and reconcile the provisions for partial and full termination of assignments, as well as implementing the new federal requirements concerning continued CSE services.

Fiscally, the sanctions that could be imposed for failing to meet federal program standards would be significant. Sanctions include all federal funding for the Title IV-D (CSE) program, all incentive payments on support collections, 1 to 5 percent penalties for the Title IV-A (ADC) program, and ultimately loss of all funding for the Title IV-A (ADC) program. Imposition of all sanctions would cost Kansas approximately $45 million.

Outside of avoiding the expense of federal sanctions, the fiscal impact of this legislation is expected to be minor. Automatically providing full CSE services in "Medical Only" cases is expected to add few cases because most "Medical Only" recipients either are adults without minor children or are already receiving CSE services because of a prior ADC case. The cases added would tend to increase Non-ADC collection totals, for which the federal government pays the State an incentive. Elimination of the written assignment in Non-ADC cases would eliminate a form, reduce paperwork for both SRS and the clerks of court, and would increase collections to the extent that the intake process is faster.

We believe that this bill would benefit the State of Kansas by insuring compliance with federal mandates, reducing paperwork, and reconciling the provisions of the existing statutes. For these reasons, SRS urges passage of this legislation.

Jamie L. Corkhill
Child Support Enforcement
Social and Rehabilitation Services
296-3237

Extension of CSE Services to Medicaid-Only Recipients

Summary: Amendments to K.S.A. 1988 Supp. 39-709 and 39-756 and a new statute concerning the creation, continuation, and termination of assignments of support rights in public assistance cases (ADC, medical assistance, and foster care) and in support enforcement cases not related to public assistance ("Non-ADC").

Background: Recent federal regulations changed the requirements for extending CSE (Child Support Enforcement) services beyond the date an ADC (Aid to Families with Dependent Children) case ends. States are now required to extend CSE services indefinitely and automatically without further application by the recipient, unless the recipient requests that the services be stopped. The automatic continuation of CSE services was previously limited to a five month period, continued thereafter upon the recipient's authorization. Collections for support obligations accrued after the ADC case closes are distributed to the family.

States are also required to provide full CSE services without further application to applicants or recipients of federally funded medical assistance who do not received ADC ("Medical Only"). Previously, states were only required to provide limited, medical support services in such cases (for example, requiring the absent parent to obtain health insurance for the child), not the entire range of CSE services. Under the federal scheme, only collections specifically related to medical support would be retained by SRS; other support collections would be distributed to the family.

Currently the provisions for continuing CSE services and for partially or fully terminating the assignment of support rights in public assistance cases are scattered through KSA 39-709 in subsections (c), (g), and (h). The proposed amendments and new statute would implement the new federal requirements, consolidate and reconcile inconsistent language, and organize the provisions in a logical manner.

The proposed amendments would also provide an assignment of support rights by operation of law in support enforcement cases not related to public assistance ("Non-ADC"). When Non-ADC CSE services are continued automatically upon closure of an ADC case, the assignment of support rights also continues automatically; the participant is not required to execute a written assignment. Presently, however, when a person who has not received public assistance applies for Non-ADC CSE services, a written assignment must be executed. This additional paperwork burdens the Non-ADC applicant, slows the intake process, and increases the chance for error because it is inconsistent with all other CSE cases. It should be noted that the assignment in Non-ADC cases is necessary to prevent conflict of interest and other legal problems and to authorize SRS to endorse and handle support payments.

Fiscal Impact: Enactment of the proposed changes will have minor fiscal impact, other than avoiding significant federal sanctions for failing to meet federal program standards. Changes related to continuation of CSE after closure of an ADC case would reduce administrative expenses somewhat. Automatically providing full CSE services in Medical Only cases is not expected to add many new Non-ADC cases; most Medical Only recipients are either adults without minor children or are already receiving CSE services because of a prior ADC case. The cases added

ATTACHMENT 4
SWAM 3-28-89
(PM)

would tend to increase Non-ADC collections. Elimination of the written assignment in Non-ADC cases would eliminate a form, reduce paperwork for both SRS and the clerks of court, and would increase collections to the extent that the intake process is faster.

Draft Statute: See attached.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Child Support Enforce

Director
Washington, D.C. 20201

Exec.
Robertson
Carton/Gordon
Duncan

LEGISLATION

ACTION TRANSMITTAL

OCSE-AT-88-3
April 8, 1988

TO: STATE AGENCIES ADMINISTERING CHILD SUPPORT ENFORCEMENT PLANS APPROVED UNDER TITLE IV-D OF THE SOCIAL SECURITY ACT AND OTHER INTERESTED INDIVIDUALS

SUBJECT: Extension of Child Support Enforcement Services to Medicaid-only Recipients and to Former Recipients of AFDC, as Required by the Omnibus Budget Reconciliation Act of 1987.

PURPOSE: The purpose of this action transmittal is to notify States of changes to title IV-D of the Social Security Act (the Act) due to the December 22, 1987 enactment of the Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203). Two provisions of P.L. 100-203 will require revisions to the child support enforcement (CSE) regulations. A proposed regulation implementing the statutory changes is under development and will be published for comment.

CONTENTS: Statutory Provisions. Section 9141 of P.L. 100-203, effective December 22, 1987, amended section 457(c) of the Act to require State CSE agencies to provide appropriate notice and to continue to provide CSE services to persons no longer eligible for Aid to Families with Dependent Children (AFDC) under title IV-A of the Act. The CSE agency must continue to provide services and pay any amount of support collected to the family on the same basis and under the same conditions as pertain to other non-AFDC families, except that no application, other request to continue services or any application fee for services may be required.

Section 9142, effective July 1, 1988, amended section 454 of the Act to require State CSE agencies to provide CSE services to all families with an absent parent who receive Medicaid and have assigned to the State, under section 1912 of the Act, their rights to medical support, and to provide for distribution by the State of medical support collections under section 1912 of the Act.

Three other provisions of P.L. 100-203 will not require any regulatory revisions. Section 9143 repeals an unnecessary child support revolving fund, while sections 9121 and 9122 provide for demonstration programs in Washington State and New York State, respectively.

Continuation of Services to Former AFDC Recipients. When section 457(c) of the Act was amended by the Child Support Enforcements Amendments of 1984 (P.L. 98-378) to require (rather than allow) provision of CSE services to families after AFDC eligibility ends, the intent of Congress was that all CSE services continue to be provided, as in non-AFDC IV-D cases, to families whose AFDC eligibility was terminated, without payment of a fee or filing of an application for services. However, as amended by P.L. 98-378, there remained a transition period of up to five months during which cases were treated differently from non-AFDC cases. During the five-month period, States were not given the option to recover costs of providing services and distribution of amounts collected was inconsistent with distribution in other non-AFDC cases. The statute also required authorization for continuation of IV-D services after the five-month period, while prohibiting the necessity of filing an application or paying an application fee.

The enactment of section 9141 of P.L. 100-203, effective December 22, 1987, eliminates this temporary category of cases. Without an application or application fee, these cases become non-AFDC cases once AFDC eligibility ends, The IV-D agency must notify the family that the case will become a non-AFDC case and that CSE services will continue to be provided without the need for an application or payment of an application fee. In accordance with 45 CFR 302.51(e)(2), the notice must explain to the family the State's fees, cost recovery and distribution policies. The notice must inform the family that services will be continued unless the IV-D agency is notified by the family that continued services are not desired.

Because these cases become non-AFDC cases, a State may recover the costs of providing CSE services, if it does so in other non-AFDC cases. Distribution of collections for former AFDC recipients will now be consistent with each State's non-AFDC distribution policy, i.e. priority must be given to current support and the State may choose whether to reimburse itself for AFDC payments made to the family first or pay collections of past due support to the family first. In accordance with 45 CFR 302.51(f), the IV-D agency must attempt to collect any unpaid support obligation which accrued under the assignment of rights to support while the family was receiving AFDC.

Services to Medicaid-only recipients. Applicants and recipients of Medicaid are required under section 1912(a)(1) of the Act to assign to the State their rights to medical support and payment of medical care from any third party and to cooperate with the State in securing support. However, when assignment of rights to medical support was made a condition of eligibility for Medicaid by the Deficit Reduction Act of 1984 (section 2367 of P.L. 98-369), there was no corresponding amendment added to title IV-D of the Act requiring CSE agencies to provide services to Medicaid applicants and recipients who assigned their rights to support under section 1912 of the Act. Therefore, prior to enactment of P.L. 100-203, CSE agencies were required to provide services only to Medicaid families who were referred to the CSE agency because they were AFDC applicants and recipients. CSE services were also available to Medicaid-only families (those families receiving Medicaid but not AFDC), but only by application (and payment of an application fee); in essence, these cases were treated as non-AFDC IV-D cases.

Effective July 1, 1988, section 9142 of P.L. 100-203 requires that the CSE agency provide IV-D services to families who have assigned their rights to medical support as a condition of receipt of Medicaid. CSE agencies must provide all appropriate CSE services to Medicaid applicants and recipients with an absent parent, whether or not they are also eligible for AFDC, without an application or application fee. State CSE agencies are required by 45 CFR 306.51 to petition for medical support when health insurance is available to the absent parent at a reasonable cost. The child support collected on behalf of Medicaid-only families must be paid to the family in accordance with the State's non-AFDC distribution policy. When the support order defines a specific dollar amount for medical support, cash medical support collected must be distributed to the Federal and State governments as appropriate under section 1912 of the Act.

A Notice of Proposed Rulemaking which will provide a more detailed explanation of these changes and include regulatory revisions is under development.

ATTACHMENT: Copies of sections 9141 and 9142 of the Omnibus Budget Reconciliation Act of 1987.

EFFECTIVE DATES: December 22, 1987, for the continuation of IV-D services to former AFDC recipients.
July 1, 1988, for the extension of IV-D services to families receiving Medicaid, but not AFDC.

SUPERSEDED MATERIAL: OCSE-AT-86-04, dated March 13, 1986

INQUIRIES TO: OCSE Regional Represenatives

Wayne A. Stanton
Director
Office of Child Support Enforcement

PART 3—CHILD SUPPORT ENFORCEMENT AMENDMENTS

SEC. 9141. CONTINUATION OF CHILD SUPPORT ENFORCEMENT SERVICES TO FAMILIES NO LONGER RECEIVING AFDC.

(a) IN GENERAL.—(1) Section 457(c) of the Social Security Act is amended to read as follows:

"(c) Whenever a family with respect to which child support enforcement services have been provided pursuant to section 454(4) ceases to receive assistance under part A of this title, the State shall provide appropriate notice to the family and continue to provide such services, and pay any amount of support collected, subject to the same conditions and on the same basis as in the case of the individuals to whom services are furnished pursuant to section 454(6), except that no application or other request to continue services shall be required of a family to which this subsection applies, and the provisions of section 454(6)(B) may not be applied.".

(2) Section 454(5) of such Act is amended by striking "(except as provided in section 457(c))".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective upon enactment.

SEC. 9142. CHILD SUPPORT ENFORCEMENT SERVICES REQUIRED FOR CERTAIN FAMILIES RECEIVING MEDICAID.

(a) IN GENERAL.—Section 454 of the Social Security Act is amended—

(1)(A) by striking "an assignment under section 402(a)(26) of this title" in paragraph (4)(A) and inserting "an assignment under section 402(a)(26) or section 1912";;

(B) by striking ", and" at the end of paragraph (4)(A) and inserting ", or, in the case of such a child with respect to whom an assignment under section 1912 is in effect, the State agency administering the plan approved under title XIX determines pursuant to section 1912(a)(1)(B) that it is against the best interests of the child to do so, and"; and

(C) by inserting "or medical assistance under a State plan approved under title XIX" immediately after "aid to families with dependent children" in paragraph (4)(B); and

(2)(A) by striking "provide that," and inserting "provide that (A)" in paragraph (5); and

(B) by striking the semicolon at the end of paragraph (5) and inserting "; and (B) in any case in which support payments are collected for an individual pursuant to the assignment made under section 1912, such payments shall be made to the State for distribution pursuant to section 1912, except that this clause shall not apply to such payments for any month after the month in which the individual ceases to be eligible for medical assistance;".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on July 1, 1988.