

Approved July 6, 1990
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

4:22 ~~XX~~ a.m./p.m. on MAY 2, 1990 in room 123-S of the Capitol.

All members were present except:

Senators Doyen and Salisbury, who were excused
Committee staff present:

Research Department: Diane Duffy, Leah Robinson
Revisor: Norm Furse, Gordon Self
Committee Staff: Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Vicky Thomas, General Counsel, University of Kansas Medical Center

HB 3112 -- Negotiated collection services for state educational services

Chairman Bogina told the Committee that he was asked by the Senate President to hold a hearing on HB 3112 because a proviso in the Regents appropriations bill was being held until HB 3112 was heard.

Ms. Vicky Thomas explained the amendments contained in the balloon (Attachment 1). She reviewed the collection system currently utilized by the University of Kansas Medical Center (KUMC) by saying that notices are first sent by KUMC, then by the medical center collection staff. When in-house efforts fail at collection, the accounts are turned over on a rotating basis to the collection firms appointed by the Attorney General. The collection firms collect and remit to KUMC, after which KUMC makes payment back to the collection firm in the amount of 40% of the collection. When asked, she said that HB 3112 would provide specific criteria for collection firms and might make collection firms more responsive because the contract would be between KUMC and the firm.

Because all cases do not result in legal action, Senator Johnston questioned whether the Attorney General in lines 23-25 of the bill would have the authority to assign anyone as a collection agent when a case does not result in litigation.

Ms. Thomas told the Committee that in-house attorneys do not conduct collection services because the quality of legal services through negotiations probably serves the state better and because that kind of specialized organization is not available at KUMC.

Chairman Bogina reported that according to the Kansas Legislative Research Department, fees of 40% of the amount collected is not uncommon when outside counsel is hired. He also noted that last year \$22,040,000 in accounts was assigned to the in-house collection unit. That unit collected \$4,272,000; \$4,443,000 was written off in May and \$3,290,000 was written off in November.

Senator Gaines made an argument for in-house collection, stating that the simplest type of law to practice is the law practiced by collection lawyers. He agreed with Senator Winter, however, that KUMC is doing what the law says must be done, and through this bill, is trying to improve the collection system.

Senator Gaines moved, Senator Johnston seconded, that HB 3112 be amended according to the balloon (Attachment 1). The motion carried.

Senator Gaines moved, Senator Rock seconded, that HB 3112 as amended be recommended favorable for passage. The motion carried on a roll call vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
room 123-S, Statehouse, at 4:22 ~~XX~~ m./p.m. on MAY 2, 1990

Senator Winter moved, Senator Allen seconded that the minutes of March 27 and April 2 be approved. The motion carried.

The meeting was adjourned by the Chairman.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: May 2 - P.M.

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Larry Hinton " SRS

HOUSE BILL No. 3112

By Committee on Appropriations

4-6

PROPOSED AMENDMENTS

For Consideration by Senate Ways and Means

SWAM
May 2, 1990
Attachment 1

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AN ACT concerning collection services for state educational institutions under the control and supervision of the state board of regents; amending K.S.A. 76-713 and 76-745 and repealing the existing sections.

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

Section 1. K.S.A. 76-713 is hereby amended to read as follows: 76-713. The board of regents may sue in its own name or in the name of any state educational institution, or may authorize suit to be brought by the chief executive officer of any state educational institution in the name of such state educational institution. The board of regents may be sued and may defend any action brought against the board of regents or any state educational institution. Any state educational institution may be sued and may defend any action brought against it. The attorney general, or an attorney designated by the attorney general, shall represent the board of regents and any state educational institution in all litigation, *except that litigation arising pursuant to contracts for collection services entered into under K.S.A. 76-745 and amendments thereto shall not be subject to this requirement and the board of regents and any state educational institution shall be represented in any such litigation in accordance with such contracts entered into under K.S.A. 76-745 and amendments thereto.*

Sec. 2. K.S.A. 76-745 is hereby amended to read as follows: 76-745. (a) As used in this section "negotiating committee" means a committee to negotiate as provided in this act, and consisting of the executive officer of the state board of regents or a person designated by the executive officer, two representatives of the state educational institutions as designated by the state board of regents and the director of purchases or a person designated by the director of purchases.

(b) The state board of regents may shall convene a negotiating committee to obtain collection services. The negotiating committee is authorized to negotiate contracts with one or more qualified parties to provide collection services for the state educational institutions

, except that for collection services for hospital revenue collection for the university of Kansas medical center, the negotiating committee shall consist of the chairperson of the state board of regents or a person designated by the chairperson, the attorney general or a person designated by the attorney general, and the chancellor of the university of Kansas or a person designated by the chancellor

1 and such contracts may be entered on a multi-year basis.
 2 (c) Prior to negotiating for collection services, the committee shall
 3 advertise for proposals, negotiate with firms submitting proposals
 4 and select among those submitting such proposals the party or parties
 5 to contract with for the purposes of collection services.
 6 (d) Contracts entered into pursuant to this section shall not be
 7 subject to the provisions of K.S.A. 75-3738 to 75-3740a, inclusive,
 8 and amendments thereto.
 9 Sec. 3. K.S.A. 76-713 and 76-745 are hereby repealed.
 10 Sec. 4. This act shall take effect and be in force from and after
 1 its publication in the statute book.

, except in the case of collection services for
 hospital revenue collection for the university of
 Kansas medical center, each contract for such
 collection services shall be negotiated on the
 basis of criteria prescribed by the university of
 Kansas medical center and shall be entered into by
 the university of Kansas medical center and one or
 more qualified parties

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