Approved 4-11-92
Date

MINUTES OF THE HOUSE COMMITTEE ON HOUSE PUBLIC HEALTH AND WELFARE.

The meeting was called to order by Carol H. Sader at
Chairperson

1:30 ~~a.m.~~/p.m. on March 25, 1992 in room 423-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Research
Norman Furse, Revisor
Sue Hill, Committee Secretary

Conferees appearing before the committee:

Representative Jack Sluiter
Jerry Slaughter, Kansas Medical Society
Representative Sheila Hochhauser
Robert Barnum, Department of SRS
Commissioner Robert Epps, Income Support/Medical Services, Department of SRS

Chair called meeting to order drawing attention to one set of Committee minutes. After members had read minutes, Rep. Amos moved to adopt the minutes of March 5, 1992 as presented, seconded by Rep. Bishop. No discussion. Vote taken. Motion carried.

Chair drew attention to **HB 3127** and requested a staff briefing.

BRIEFING ON HB 3127.

Ms. Correll gave a comprehensive explanation of proposed language.

HEARINGS BEGAN ON HB 3127.

Rep. Jack Sluiter offered hand-out (Attachment No. 1), and stated rationale for requesting this legislation. He noted the costs of medical services had drastically increased over the past few years, and although he is not suggesting the majority of investments of doctors in clinics and labs are the direct result of this problem, he indicated in some areas, it has become a problem. He proposes that disclosure or restriction on physicians be mandated when referring patients to medical facilities or services owned by those physicians. It is his belief that patients should be permitted to choose where they will accept treatment and that they should be notified if the doctor owns or has a financial interest in treatment centers or other medical facilities. He displayed a set of manuals, Volumes I,II,III, i.e., State of Florida, HEALTH CARE COST CONTAINMENT BOARD that were available for members to read. (Note: this is not recorded as an attachment. Rep. Sluiter then answered questions.

Jerry Slaughter, Kansas Medical Society, offered hand-out (Attachment No.2). He noted since physicians already have an ethical obligation to disclose their ownership interest in facilities or services to which they refer patients, it is difficult to oppose the concept of **HB 3127.** However, he suggested there are some matters of equity that should be addressed. He recommended an amendment that would extend this obligation to notify, to all health care providers defined under KSA 65-4921, the risk management, and peer review statutes. He drew attention to an amendment proposed in his hand-out indicating the recommended amendments to **HB 3127** on further issues of equity, notification to patients of disclosure of ownership; concerns of disclosure/notification during emergency situations. He answered questions.

HEARINGS CLOSED ON HB 3127.

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE,

room 423-S, Statehouse, at 1:30 a.m./p.m. on March 25, 1992.

BRIEFING ON HB 3014.

Chair requested briefing by staff on both **HB 3014 and HB 3016.** Ms. Correll detailed the bills, citing eligibility requirements, highlighting policy issues, and detailing programs that are currently ongoing. She provided hand-out (Attachment No. 3), a Kansas Employee Preparation Manual).

HEARINGS BEGAN ON HB 3014, and HB 3016.

Representative Sheila Hochhauser provided handout (Attachment No.4), written testimony on both **HB 3014 and HB 3016.** She drew attention to a video tape that had been prepared on the issue of welfare reform and had been loaned to her by the United Way. The tape highlighted the program to prepare a recipient for a better education, better understanding and working knowledge of business and followed the progression of a welfare recipient through a program of job training, and education. It explained how dedicated people can and do help welfare recipients to become self-sufficient and eventually become independent of the welfare system. Continued work is being done on welfare reform to help more people, more economically.

Rep. Hochhauser, chief sponsor of both of these bills noted that since her request for introduction of this legislation she has learned that a program named TransMed is already in place. According to SRS officials, medical services are paid for a 12-month period following the employment of a previous AFDC recipient. She asked why so many legislators are unaware of this program, and why are so few constituents aware of the availability of medical benefits services, should they become employed. She urged public education to encourage AFDC recipients to enter the workforce and become self-sufficient. In respect to **HB 3014,** she noted, the present welfare system does not encourage self-sufficiency. There are 18,145 working registrants receiving AFDC and only 3,418 are receiving the job training and skill support they would like to have. The state is serving only 3,418 of those motivated people. Secretary Whiteman states, the reasons are that 1) social worker caseloads are too high to serve client job needs and to monitor their progress; 2) transportation allowance of $25.00 a month is too low; and 3) case allowances for vehicle repairs, interview clothing, eyeglasses, or dental work are too low for individuals with low incomes. Fundamental to breaking the cycle of dependency on the state for support is the need to create an educated, articulate, and skillful labor force. Welfare must be viewed as a temporary situation. She answered questions. She asked that the Committee consider an interim study on welfare reform that would include the issues brought to its attention in **HB 3014 and HB 3016.**

Robert Barnum, Department of SRS offered hand-out (Attachment No.5). He noted some reservations about the recommended provisions in **HB 3014** but agrees the main thrust of the legislation is a positive step toward attaining self sufficiency a goal for families in ongoing programs, (AFDC). He detailed KanWork Programs; Federal Family Support Act, (JOBS). He drew attention to statistical charts in hand-out and noted the expansion of counties with ongoing programs takes place in July 1, 1992, and continued expansion will take place for another 13 counties by January 93. The Department supports the plan to expand a comprehensive KanWork/JOBS program which meets federal standards. The Department believes the planned expansion of KanWork services will meet the intent of **HB 3014** and will fully comply with federal requirements. He answered numerous questions. He noted the tape shown is good information, however, this process is more involved than just lining someone up with a job. He detailed the process and cited problems. Fiscal restraints continue to be a problem in achieving the goals of the Department. He detailed the Wichita Joint ManPower Training Act (JTPA), a program that contracts services that match the capabilities for jobs available.

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE,

room 423-S, Statehouse, at 1:30 a.m./p.m. on March 25, 1992

HEARINGS CONTINUED ON SB 3014, HB 3016.

It was the consensus that innovative planning and thinking need to be developed and enacted in order to address the concerns that it seems are not being met with current programs on line.

Commissioner Robert Epps, Income Support/Medical Services, Department of SRS, provided hand-out (Attachment No.6). He stated the Department of SRS supports the intent of **HB 3014.** However, since Medicaid coverage, consistent with the provisions of this bill, is currently being provided to families, the Department feels it would duplicate existing services. One difference that does exist between **HB 3014** and the current program is that under TransMed the state does not require clients to contribute to the cost of care as would be required in **HB 3016.** However, individuals must continue to meet the co-pay requirements of the Medicaid program. He drew attention to a fact sheet in his hand-out that details the basics of the TransMed program. He answered numerous questions. He stated the information on availability of services is related to clients regarding the TransMed program by letter, or verbally. It was noted by some that there would be cases in which individuals who cannot read the letter would still be unaware of the TransMed Services.

Mr. Barnum and Commissioner Epps both answered numerous questions.

Chair drew attention to Fiscal note on **HB 3127,** (see Attachment No.7). Fiscal note also provided on **HB 3016**, see (Attachment No. 8).

Chair noted the intent of bringing attention to **HB 3014, and HB 3016** was not to have Committee enact them, but to draw attention to concerns on these issues. At a later date, Chair will ask members their wishes in how to deal with those issues brought out today on these welfare concerns.

Chair adjourned the meeting until 5:00 p.m. today.

GUEST REGISTER

HOUSE PUBLIC HEALTH AND WELFARE COMMITTEE (1:30PM)

DATE 3-25-92

NAME	ORGANIZATION	ADDRESS
Martha Jenkins	AIA	Topeka
FRANK MARRIS	KAWU	Lawrence
Linda Lanning Clanton	KOHR	Topeka
Margaret Kenzi	Boehringer Ingelheim	Columbia, Mo
Paul Johnson	PACK	Topeka
Marilyn Bradt	KINH	Lawrence
Carl Schmitt Konner	Kansas Dental Assn	Topeka, Ks
Harold Riemann	KAOM	Topeka
David Hazlett	KDA	Topeka
Nancy Greenhaw		Overland Park
Allison Greenhaw	PAGE	Overland Park
Dave L Lee	St. Mary College	Leavenworth, KS.
Gary Robbins	Ks Optometric Assn	Topeka
Terry Gallagher	KMS	Topeka

STATE OF KANSAS

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ECONOMIC DEVELOPMENT
LABOR AND INDUSTRY
LOCAL GOVERNMENT

March 25, 1992

H.B. 3127 PROHIBITING CERTAIN

PATIENT REFERRALS BY A PHYSICIAN

3/25/92

H.B. 3127 is modeled after current Florida Statute. What it provides is that if a Doctor refers a patient to a medical facility or service he or she has more than a 10% financial interest in, that this patient must be advised.

Essentially this is just a Consumer Information Act. However, the reason behind it goes a bit deeper.

Medical costs in this county and state have escalated rapidly over the past few years. From approximately $63 billion in 1964 to over $666 billion in 1990 for the U.S. Some of this cost growth is excessive, but there is no single source or reason.

However, it appears through Congressional and State investigations, that one area of medical cost growth is in the area of Doctor referrals. To quantify the extent or degree is almost impossible.

Doctors hold a unique position of personal trust and statue, and patients only see their professional side. But Doctors are also business people. By referring patients to medical services and facilities they have financial intersts; over referral and price gouging become a real potential.

13 states now have some form of disclosure or restrictions on physicians referring patients to medical facilities or services they own.

The AMA has adopted guidelines for physicians to follow that discourages making investments in medical facilities they would be making referrals to.

The Federal Government has now issued rules and regulations that create some prohibitions on medical investments by Doctors taking Medicare patients. The Federal Government is also requiring reporting and disclosure of some medical investments by physicians doing Medicare business.

I am not suggesting that all or the majority of Doctor's investments are inappropriate. In rural Kansas, Doctors are creating services that otherwise would not be available locally.

P/H&W
3-25-92
Attm #1

This legislation attempts to provide patients appropriate information to make choices. It attempts to establish restraint within the medical community.

I would stand for questions.

Jack Sluiter
Representative,
100th District

JS:dr

PJHW
3-25-92
2-2 attm #1

KMS
KANSAS MEDICAL SOCIETY
623 W. 10th Ave. • Topeka, Kansas 66612 • (913) 235-2383
WATS 800-332-0156 FAX 913-235-5114

March 25, 1992

TO: House Public Health and Welfare Committee

FROM: Jerry Slaughter
Executive Director

SUBJECT: HB 3127; Concerning prohibitions on referrals by physicians

The Kansas Medical Society appreciates the opportunity to appear today and offer the following comments about HB 3127. This bill would make it unlawful for a physician to refer a patient for health care services to a facility in which the physician has an ownership interest, unless, prior to such referral, the patient is notified of the physician's ownership interest. Since physicians already have an ethical obligation to disclose their ownership interest in facilities or services to which they refer patients, it is difficult to oppose the concept of HB 3127. However, we do have a few concerns and suggested amendments.

First, if this bill is enacted, as a matter of equity it should be broadened to include all health care providers, not just physicians. To that end, we have suggested an amendment which will extend the application of HB 3127 to all health care providers defined under KSA 65-4921, the risk management and peer review statutes. This definition is quite broad and includes virtually all health care providers that would be in a position to benefit from self-referrals. A balloon amendment to accomplish this change is attached.

Secondly, while health care providers should have an obligation to disclose their financial interest in facilities to which they refer patients, it seems to us to be overreaching to require notification in instances where the health care provider's children or siblings own an equity interest in facilities to which patients are referred. To extend the notification process that broadly could put physicians in an untenable situation in that they may not know the extent to which a sibling or an adult child of theirs has an ownership stake in certain facilities. The suggested amendments which are attached also strike the language on line 15 which addresses this issue.

Another concern of ours relates to the need to be fairly specific in the statute about disclosing an ownership interest which exists at the time a patient referral is made. Obviously, a health care provider could increase or decrease their equity interest in a venture to which they refer, thereby affecting their obligation to notify patients. As a consequence, we have also included language to clarify that notification is tied to the extent of the equity interest at the time a referral is made.

We also have a concern about the ability of a health care provider to disclose a financial interest in the case of true emergencies. An example might be that of an unconscious patient

PH&W 3-25-92 Attm # 2

due to trauma who must get necessary x-rays or diagnostic studies done at the only facility in town, one at which the attending physician has an ownership interest. Obviously, in such cases it would be impossible to properly disclose an ownership interest to the patient. We have suggested an amendment to exempt emergencies from the notification requirement.

We also have a serious concern with the penalty provision on line 38 in subsection (d). Under the bill, a violation would be a Class A misdemeanor, which carries a one (1) year jail term and/or a fine not to exceed $2,500. In this instance, we think the punishment is much too harsh for the crime committed. On balance, it seems way too severe to threaten a health care provider with incarceration for up to a year for failing to notify a patient of an equity interest in a facility to which he or she is being referred. As an alternative, we would suggest that violating the law be punishable by a fine not to exceed $500, or make a violation of this law unprofessional conduct by the health care provider and grounds for suspension, limitation or revocation of a license. While we would prefer that approach, we have also suggested an amendment to change the punishment from a Class A misdemeanor to an unspecified misdemeanor with a fine not to exceed $500.

While we are not convinced that this bill is necessary, we would urge you to adopt the amendments we have suggested if it is the Committee's plan to pass the bill. Thank you for the opportunity to offer these comments.

JS:ns

PH&W
3-25-92
attm #2
pg 2 of 3

Session of 1992

HOUSE BILL No. 3127

By Committee on Public Health and Welfare

2-25

AN ACT prohibiting certain patient referrals by a physician; declaring certain acts to be misdemeanors and providing penalties therefor.

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

Section 1. (a) ~~It is unlawful for a physician to refer any patient,~~ for health care goods or services, to a partnership, ~~firm, corporation~~ or other business entity in which the ~~physician~~, physician's spouse, children (natural or adopted) or ~~sibling~~ of the physician or the physician's employer has an equity interest of 10% or more unless, prior to such referral, ~~the physician notifies the patient of the physician's~~ financial interest and of the patient's right to obtain such goods or ~~services~~ at the location of the patient's choice.

(b) This section does not apply to the following types of equity interest:

(1) The ownership of registered securities issued by a publicly held corporation or the ownership of securities issued by a publicly held corporation, the shares of which are traded on a national exchange or the over-the-counter market;

(2) a ~~physician's~~ own practice, whether the ~~physician~~ is a sole practitioner or part of a group, when the health care good or service is prescribed or provided solely for the ~~physician's~~ own patients and is provided or performed by the ~~physician~~ or under the ~~physician's~~ supervision; or

(3) an interest in real property resulting in a landlord-tenant relationship between the ~~physician~~ and the entity in which the equity interest is held, unless the rent is determined, in whole or in part, by the business volume or profitability of the tenant or is otherwise unrelated to fair market value.

(c) As used in this section, ~~"physician" means a person licensed to practice medicine and surgery.~~

(d) A violation of this section is a ~~class A~~ misdemeanor.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

Except in the case of an emergency, it is unlawful for a health care provider to refer any patient for health care goods or services, to a partnership, firm, corporation or other business entity in which the health care provider, health care provider's spouse, or the health care provider's employer has an equity interest at the time the referral is made of 10% or more unless, prior to such referral, the health care provider notifies the patient of the health care provider's financial interest and of the patient's right to obtain such goods or services at the location of the patient's choice.

health care provider('s)

"health care provider" means those persons and entities defined as a health care provider under K.S.A. 65-4921 and amendments thereto.

punishable by a fine not to exceed $500.

3-25-92
Attach #2
HB 3127

In counties where work related activities are minimal or infrequent, the KAECSES Work Program Monitoring Report issued to the area office each month listing participating clients may suffice for a referral and meet the requirement to report changes.

As work activities or EPS or other designated staff become available, the more detailed information for referrals and/or reporting of changes referenced above may be made available. The determination of which method to use shall be made at the area level.

Volunteers will be given first consideration. If the volunteer drops out of JOBS without good cause, the volunteer will not receive priority status if he/she re-enters the program.

2210 Exemptions (See KPAM 2191)

The following cash assistance persons are exempt from work related requirements:

A. A person who is ill or injured. The illness or injury shall temporarily prevent entry into both employment and training. The basis for exempt status shall be redetermined every 30 days. A person's inability to enter employment or participate in training shall be determined in the same manner as for incapacity below.

B. A person who is incapacitated. There shall be a physical or mental impairment which by itself or in conjunction with age or other factors, prevents both employment and training and which is expected to continue at least 30 days. Incapacity which prevents employment shall be medically determined and documented in the same manner as AFDC incapacity. (See KPAM 2224.2 (1) and (2) and 2530 (3).)

Persons who are medically determined to be incapable of employment shall be considered mandatory when capable of participating in a training or education plan which would likely result in employment opportunities and self-sufficiency. This shall include persons: (a) whose condition has lasted or is expected to last at least 12 months unless the person is receiving or applying for a disability Social Security benefit, currently participating in a VR plan, or receiving professional treatment for alcohol or drug abuse but for a period of less than 6 months, or (b) who do not have at least a high school level education. However, those persons who are diagnosed as mentally

PH+W
3-25-92
Attm # 3.

ill or are determined by an official source (e.g., EPS or Department of Human Resources staff, or a medical or mental health practitioner) to be incapable of participating in training shall be exempt regardless of the duration of their condition or current level of education.

When an individual claims exempt status due to incapacity, but medical verification is needed to establish this, such person is to be regarded as temporarily exempt for a period not to exceed 30 days pending verification of status. However, if verification is not provided because of a legitimate delay in the individual's being seen by a medical practitioner, the temporary exemption period shall be extended for a period not to exceed 15 days. The reason for any such extension shall be documented in the case record. Under this provision, a person residing in a licensed or certified alcohol or drug abuse facility shall be considered temporarily exempt for a period not to exceed 30 days.

C. A person who is age 60 or over.

D. A child who is under age 16, or a child who attends full time an elementary, secondary, vocational or technical school. This exemption shall not apply to a child age 16 or older who: (a) is a parent living in the home with his or her child, and who has not completed high school or an equivalent education, or (b) attends full time an elementary, secondary, vocational or technical school as an assigned work related activity.

E. A person who resides in a location which is so remote that effective participation in work related requirements or acceptance of potential employment is precluded. The individual shall be considered remote if a round trip of more than 2 hours without transportation or by reasonably available public or private transportation, exclusive of time necessary to transport children to and from a child care facility, would be required for a normal work or training day. However, if normal round trip commuting time in the area is more than 2 hours, then the round trip commuting time shall not exceed the generally accepted community standards.

F. A person whose presence is required at home because of a verified medically determined condition of another member of the home whose condition does not permit self-care, and when the care is not available from another person in the home.

G. A woman who is at least 3 months pregnant.

PHHW 3-25-92 Attm # 3 Pg 284

H. A parent or other relative personally providing care for a child under the age of three. Only one parent or other relative in a case may be exempt for providing care for a child under age three. This exemption cannot be claimed if the other parent or caretaker relative in the home or the stepparent in the plan is exempt from work related requirements for another reason and is available and capable of providing child care. This exemption is not applicable to a parent who is an adult or emancipated minor under age 20 or who is a child age 16 or older, when that parent is living in the home with his or her own child and does not have a high school or equivalent education. Participation in an educational component is mandatory for these parents.

I. A parent or other caretaker of a child when another adult relative in the plan is a participant for work related requirements and the youngest child in the plan is under the age of three. If all children in the plan are age three or older, both adults would be required to participate in work related activities unless otherwise exempt.

J. A person who is employed full time. Employment is considered full time when it is 30 or more hours a week and gross earnings (or adjusted gross earnings for the self-employed) are equal to or greater than the federal minimum wage.

This exemption is applicable only to a person who is employed full time and meets one of the following conditions:

1. The employment began while the person was not subject to work related requirements;
2. The person has been exempted from work related requirements for at least a full calendar month;
3. The person has been reinstated following a suspension of assistance for two or more months; or
4. The person has been reinstated following a closure of assistance for one or more months.

A person who obtains full time employment while mandatory for work related requirements shall not be exempt under this provision unless the conditions specified above are met.

K. A person who is a full time volunteer serving under the Volunteers In Service to America (VISTA) program.

PH&W
3-25-92
attm #3

All individuals who are determined to be exempt from the work related requirements because of incapacity shall be referred to VR if the incapacity is expected to last at least 30 days for AFDC. Acceptance of this referral for VR services is optional for AFDC. Such referral shall be made on the PA-3120.3 by the Income Maintenance Worker and sent with any appropriate medical information. At the time a VR referral is made, a referral letter is to be sent to the client with a copy to the VR counselor. The letter should indicate whether or not acceptance of the referral and/or services is a condition of eligibility. In mandatory situations the notice should clearly indicate the consequences of failing to accept the referral and/or services.

2215 IM Responsibilities

IM staff have the following responsibilities in relation to the administration of the JOBS program:

A. Promoting and Marketing. All AFDC applicants and recipients will be provided written and verbal information on the following:

1. Support and transitional services available within the areas;
2. Rights and responsibilities in participating;
3. Grounds for exemption;
4. Consequences for failing to participate.

All AFDC recipients will be informed of their opportunity to participate in JOBS and will be given instructions on how to enter the program. Written information will be sent to AFDC recipients within one month after case approval offering these individuals the opportunity to participate and how to do so.

B. Determination of exemptions and referral to JOBS. All mandatory AFDC recipients should be referred to EPS staff within 5 working days of case approval or loss of exempt status. In inactive areas, the use of KAECSES Work Monitoring Report meets this requirement.

C. Reporting changes to EPS staff. Following a referral, the IM staff must advise EPS staff of changes in case circumstances such as change in name, address, exemption status, employment status or eligibility. EPS staff shall be notified of these changes by IM staff within 10 working days of the date the change becomes known to the local SRS office. The EP-4313 or other appropriate written communication shall be used for this purpose. In inactive areas, the use of the KAECSES Work Monitoring Report meets this requirement.

STATE OF KANSAS

SHEILA HOCHHAUSER
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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: APPROPRIATIONS
JUDICIARY
LEGISLATIVE EDUCATIONAL
PLANNING COMMITTEE
RULES AND JOURNAL

March 25, 1992

TESTIMONY ON HB 3014 and 3016
HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE

I introduced HB 3014 and HB 3016 to address concerns raised with me about the welfare system by constituents. Regarding HB 3016, several mothers with children had become employed after being recipients of Aid to Families with Dependent Children. They were concerned that on their wages, which were not much higher than minimum wage, they could not afford health insurance or medical services for their children. They felt angered by the prospect of being forced to return to welfare in order to obtain needed medical services through the Medicaid program.

As you can see from the number and bipartisan character of the co-sponsors of HB 3016, many members of the Legislature share their and my concern. Since introducing this bill, however, I have learned that a program named TransMed is already in place. According to SRS officials, medical services are paid for a 12-month period following the employment of a previous AFDC recipient.

My question is, why are so many legislators unaware of this? More importantly, why are so few constituents aware of the availability of medical benefits for them and their children should they become employed?

Clearly, public education is needed. Out-reach to potentially eligible AFDC recipients is also needed. The state of Kansas should encourage AFDC recipients to enter the workforce and become self-sufficient by informing them of the supportive benefits available to them when they take that positive step.

PH&W
3-25-92
Attm# 4

I would respectfully request this committee to question SRS about the availability of TransMed to your constituents. I would encourage your questions about how well the program is being utilized.

HB 3014

HB 3014 was introduced to address the concerns of many Kansas citizens that our present welfare system does not encourage self-sufficiency. We felt that conditioning the receipt of AFDC benefits on being in school, in employment, or in vocational training would provide incentives for people to acquire skills to permit them to leave the welfare system.

Unfortunately, I have learned from SRS officials that there are 18,145 work registrants receiving AFDC in our state. Only 3,418 are actively receiving the job training and skill support they desire. In other words, 18,145 AFDC recipients want to acquire education and job skills. Our state agency is serving only 3,418 of those motivated people. The Secretary of SRS, Donna Whiteman, tells me there are three reasons for this: 1.) social worker caseloads are too high to serve client job needs and monitor their progress; 2.) the transportation allowance for $25 per month is too low; 3.) the case allowance for vehicle repairs, interview clothing, eyeglasses or dental work, or licensing fees is too low for people with low incomes.

Fundamental to breaking the cycle of dependency is the need to create an educated, articulate and skillful labor force. Education provides the foundation for both the aquisition of skills, as well as promoting a higher level of self-esteem.

Welfare must to viewed as temporary situation, therefore, we must seek to provide long-term training. By laying a foundation based on education we can give people skills and assets that are transferrable and marketable outside of their immediate employment.

PHHW
3-25-92
Attm #4
29223.

I hope this committee will seriously consider needed reforms in the welfare system. Ways to meet the goal of encouraging self-sufficiency are complex. HB 3014 and 3016 are just two methods. I would respectfully respect this committee to refer the issue fo reforming the system to encourage self-sufficiency to a Public Health and Welfare interim to study how Kansas can set up an effective job preparation program leading to a solid foundation of self-sufficiency for Kansas families.

PHW
3-25-92
Attm #4
Pg 3 of 3

Bob Brenha

Kansas Department of Social and Rehabilitation Services
Donna Whiteman, Secretary

Legislative Testimony on House Bill 3014

House Public Health & Welfare Committee
March 25, 1992

The Department of Social and Rehabilitation Services appreciates the initiative of Representative Hochhauser and other sponsors in seeking expansion of job training and work experience programs within the State of Kansas. While we have reservations about some of the provisions of H.B. 3014, the main thrust of the legislation is a positive step toward making self sufficiency an attainable goal for families on our program, Aid for Families with Dependent Children (AFDC).

The KanWork Program was passed by an overwhelming majority of the Kansas Legislature in the Spring of 1988. The KanWork initiative was targeted toward AFDC families and general assistance recipients and calls for their mandatory referral to job training or educational programs which can eventually lead to self sufficient lives.

Four counties, 2 rural and 2 urban, were selected as the initial KanWork sites. Barton and Finney counties commenced operation in July of 1988 and Sedgwick and Barton counties were added October 1, 1988. During its first two years, KanWork screened over 7,500 recipients and placed nearly 2,000 in education programs, 1400 had approved training programs, and nearly 3,000 clients became employed (Final Report Wichita State University KanWork Evaluation).

A follow-up piece of legislation, The Federal Family Support Act, was passed subsequent to the state's KanWork statute and established a national effort which required each state welfare agency to create a Job Opportunities and Basic Skills (JOBS) Program no later than October 1, 1990. Kansas opted to designate KanWork as its JOBS Program and adopted all regulations in October of 1989. This program known as KanWork/JOBS has continued in the four counties to date. We have extended some of these services to other areas of the state as resources allow and will take major strides in expansion of the comprehensive program to counties throughout the state in the near future. If you will look at the handout you will see the list of seven counties where expansion will occur on or about July 1, 1992. We hope to follow this expansion with the addition of another thirteen comprehensive counties on or about January 1, 1993 and extend minimal services to an additional twenty seven counties. At that time we will be meeting the federal requirement of having comprehensive services available to 70% of the AFDC population and minimal services to 95% of the current AFDC population.

The federal program exempts single parents whose youngest child is under three years of age unless the parent has not completed high school. One of the reservations we would have about H.B. 3014 is that it would raise the exempt age to six years. This would require seeking a federal waiver and more importantly we believe would delay entry of many prime candidates into the program who are most likely to volunteer and be motivated to maximize their efforts.

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3-25-92
Attm #5

Other exemptions under the federal program are for reasons of health, pregnancy age, or geographic remoteness. Under H.B. 3014 health would be the only exemption, thereby requiring additional waivers and extension into counties with very marginal service populations.

We fully support what the legislature is trying to accomplish with this bill and have presented plans to the legislature to expand a comprehensive KanWork/JOBS program which fully meets federal standards. We want to provide thirteen additional counties, that have significant caseloads, with comprehensive services described in the KanWork Act and other counties to provide minimal services throughout the state.

We believe that our planned expansion of KanWork services will fully meet the intent of House Bill 3014 and also fully comply with Federal requirements. For these reasons, I urge modification of H.B. 3014 along these lines and passage of our budget request.

75% minimum 95%

P&W
3-25-92
attm #5

SRS Employment Preparation Services

■ **Federal law requires that all states offer two employment preparation programs:**

- **More Opportunities for Education and Training (MOST), mandated by the United States Department of Agriculture, targets food stamp recipients. The MOST program is available in 10 Kansas counties. Only in these counties are MOST services available to EPS clients.**
- **Job Opportunities and Basic Skills (JOBS) program, created by the federal Family Support Act, serves recipients of Aid to Families with Dependent Children (AFDC).**

■ The complete JOBS program in Kansas is KanWork.

- ❑ Able-bodied AFDC recipients with children age three and over are served through **JOBS/KanWork.**
- ❑ According to state legislation, General Assistance recipients are also eligible for KanWork services, funded by State General Funds.
- ❑ Transitional services for newly employed individuals are available only through the JOBS program. These services include:
  - ◗ medical
  - ◗ transportation
  - ◗ child care
  - ◗ special employment allowance

■ **All non-KanWork counties are called JOBS Balance of State (JOBS-BOS).**

- ❑ Minimal JOBS services are available in these counties.
- ❑ Services available through JOBS-BOS include:
  - ◗ information and referral services
  - ◗ education
  - ◗ training
  - ◗ one optional component.
- ❑ Most of the JOBS-BOS counties offer the **SRS Mobile Job Club** as the optional component.

■ The federal **Office of Refugee Resettlement** (ORR) provides funds for the education and training.

- ❑ These funds are administered by SRS and granted to community social service agencies for this purpose.

■ All of these of these programs are administered through the **SRS Employment Preparation Services (EPS) Division.** The SRS EPS division offers clients evaluation for eligibility and services, job preparation activities, education, training, support services and transitional services after employment.

■ **The SRS EPS division emphasizes the importance of education and training in assisting individuals to reach self-sufficiency.**

- ❑ EPS staff assists clients in developing training plans for occupations that have a positive employment outlook.
- ❑ Since component services such as transportation and child care are common to both the JOBS and MOST programs, the division strives to operate these two programs as consistently as possible.

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3-5 Attach #5

SRS Employment Preparation Facts and Information

JOBS/KanWork Expansion Plan

Counties Currently Offering KanWork (3/92)
Barton
Finney
Sedgwick
Shawnee

Phase I KanWork Expansion (5/1/92)
Butler
Douglas
Ford
Johnson
Leavenworth
Seward
Wyandotte

Phase II KanWork Expansion (1/93)
Atchison
Cherokee
Cowley
Crawford
Geary
Harvey
Labette
Lyon
Miami
Montgomery
Reno
Riley
Saline

Limited JOBS Expansion
Allen
Anderson
Bourbon
Brown
Chautauqua
Coffey
Dickinson
Doniphan
Ellis
Franklin
Grant
Greenwood
Harper
Jackson
Kingman
Linn
Marion
Marshall
McPherson
Neosho
Osage
Pottawatomie
Pratt
Rice
Sherman
Sumner
Thomas

JOBS/KanWork Program Activity
July 1-Dec. 31, 1991

Clients screened/assessed	2,732
Clients placed in education plans	1,441
Clients placed in training plans	1,146
Clients completing educ./training	433
Clients entering employment	1,338
Clients receiving transitional svcs.	628
Cases closed due to employment	647
Cases reduced due to employment	691
Annualized cost avoidance	$2.8 mill.
Average starting wage (KanWork)	$5.24/hr.

Counties Receiving MOST Services
Douglas
Franklin
Geary
Montgomery
Reno
Riley
Saline
Sedgwick
Shawnee
Wyandotte

MOST Program Activity
July 1-Dec. 31, 1991

Referrals	4,385
Case Completions	609
No. of Verified Employments	320
Annualized Benefit Reduction Due to Employment	$469,144

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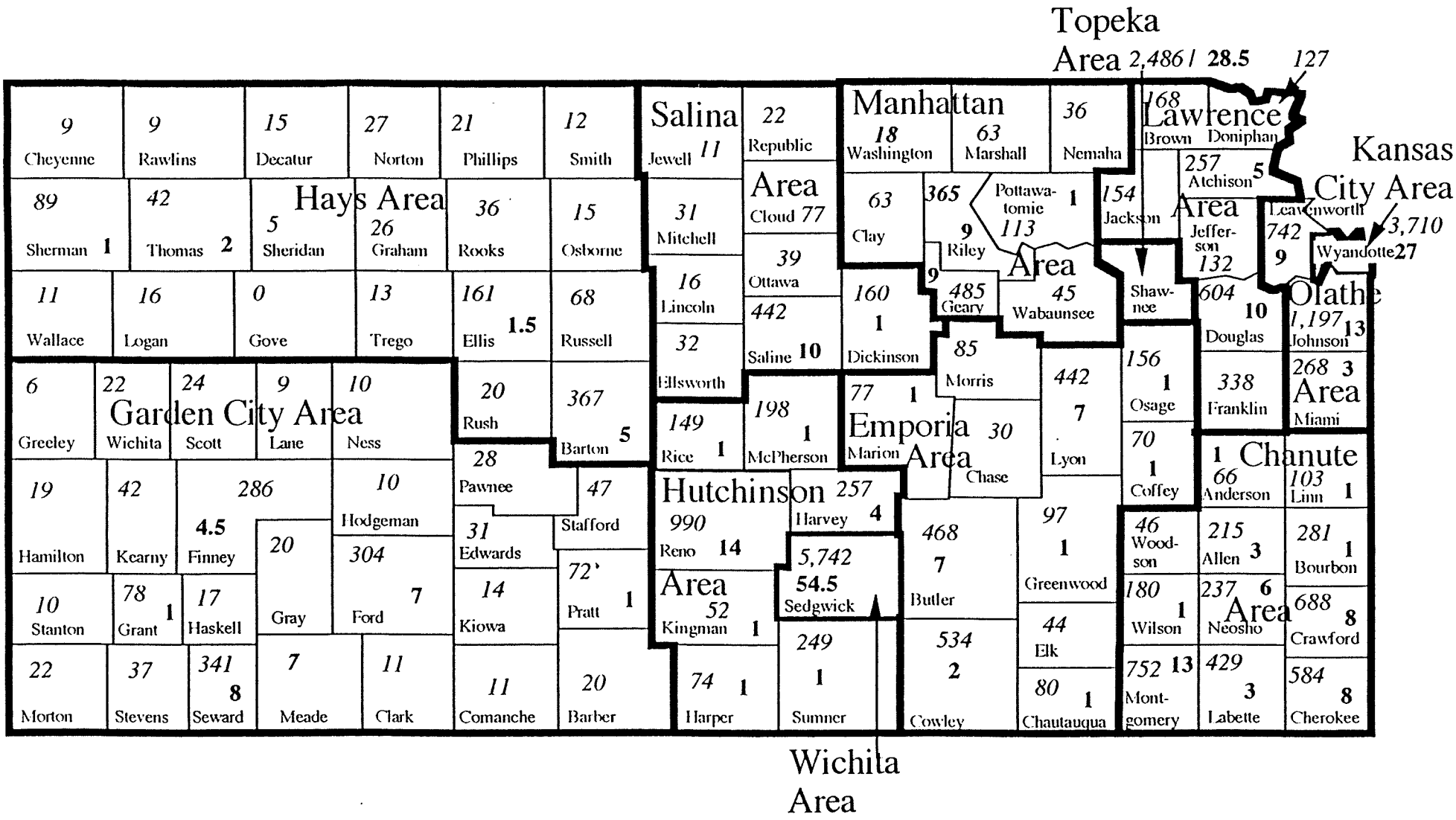
3/92
3-25-92
4-5 Attm #5

SRS KanWork/JOBS Program



Bold numbers represent number of SRS EPS staff for that county

Italicized numbers represent number of adult AFDC recipients in county

3/92

KANSAS DEPARTENT OF SOCIAL AND REHABILITATION SERVICES
On Behalf Of Donna L. Whiteman, Secretary

Committee on House Public Health and Welfare
Testimony on House Bill 3016

March 25, 1992

Madam Chair and members of the committee, I thank you for the opportunity to present you with testimony.

House Bill 3016 would provide extended medical care services to persons who lose assistance under the Aid to Families With Dependent Children (AFDC) program due to employment. Under this bill, medical benefits would be available for up to 6 months and persons would be required to contribute to the cost of services based on their ability to pay.

Providing medical services for families who are newly employed and losing AFDC comes at a most critical time. These families face many difficulties as they are making the transition from dependence to self-supporting status. Just as they are losing assistance benefits, they face not only the challenge of obtaining affordable and adequate child care and of meeting their own basic living needs, but also of providing basic medical coverage for themselves and their dependents. Too often employer insurance does not cover dependents, has a waiting period or is just too expensive. Often it doesn't exist at all. And, of course, private insurance can be prohibitively expensive leaving the family vulnerable. Even minor medical needs which could occur can wipe out any hope of self-support. Struggling families faced with these financial burdens often have had no alternative but to return to welfare assistance.

The legislature has historically supported efforts in this area of public assistance. The KanWork Act passed in Kansas in 1988 provided for medical coverage to families in transition from assistance in limited areas of the state. In 1990, based on requirements of the Welfare Reform Act, the Kansas legislature once again provided matching funds to support a statewide transitional medical program called TransMed. The bill before us is further evidence of legislative support.

SRS supports the intentions of this bill and the assistance it can provide to those families struggling to provide for their own needs through employment. However, since Medicaid coverage consistent with the provisions of this bill is currently being provided to families, the Department feels it would duplicate existing services. One difference which does exist between the proposed bill and the current program is that under TransMed the State does not require clients to contribute to the cost of care as would be required in H.B. 3016. However, individuals must continue to meet the co-pay requirements of our Medicaid program. A fact sheet explaining the basics of the TransMed program is attached for your reference.

→ see back pg. of TransMed

Thank you again for the opportunity to present testimony. I would be happy to answer any questions you may have.

Robert L. Epps, Commissioner
Income Support/Medical Services
(913) 296-6750

Attm #6
3-25-92

THE TRANSITIONAL MEDICAID PROGRAM (TRANSMED)

The TransMed program provides medical coverage for families who have lost AFDC due to employment. It provides for extended medical coverage for up to 12 months to help the family to make the transition to self-sufficiency.

Currently there are about 2,900 families or 9,000 persons receiving TransMed in Kansas.

To initially qualify the family must have:

- lost assistance due to increased earnings or expiration of time limited earned income disregards; and
- received AFDC in at least 3 of the previous 6 months.

During the first 6 months the only requirements are that the family:

- remain residents of Kansas; and
- continue to have at least one child in the home.

During the last 6 months the family must also:

- meet monthly reporting requirements;
- continue employment; and
- have gross earnings of not more than 185% of the federal poverty level (as of 4-1-92, $1784/month for a family of 3).

Under TransMed, persons receive the same coverage of medical services that are available to other Medicaid recipients. If still in need after the 12 months TransMed period, persons may qualify for coverage under other Medicaid categories.

PATW.
attm. #6
pg2 - 2 2-25-92

STATE OF KANSAS

JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

DIVISION OF THE BUDGET
Room 152-E
State Capitol Building
Topeka, Kansas 66612-1578

(913) 296-2436
FAX (913) 296-0231

March 10, 1992

The Honorable Carol Sader, Chairperson
Committee on Public Health and Welfare
House of Representatives
Third Floor, Statehouse

Dear Representative Sader:

SUBJECT: Fiscal Note for HB 3127 by Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning HB 3127 is respectfully submitted to your committee.

The act would make it unlawful for a physician to refer a patient to a partnership, firm, corporation or other business entity in which the physician, physician's spouse, children (natural or adopted), or sibling of the physician or the physician's employer has an equity interest of ten (10) percent or more unless, prior to the referral, the physician notifies the patient of the physician's financial interest and of the patient's right to obtain these goods or services from a source of the patient's choosing.

The act exempts three types of equity interest from its provisions.

There would be no fiscal impact on state revenues or expenditures.

Sincerely,

Gloria M. Timmer

Gloria M. Timmer
Director of the Budget

cc: Cammie Tiede, Healing Arts

782

P&HW
3-25-92
Attm # 7

STATE OF KANSAS

DIVISION OF THE BUDGET
Room 152-E
State Capitol Building
Topeka, Kansas 66612-1578

JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

(913) 296-2436
FAX (913) 296-0231

February 27, 1992

The Honorable Carol Sader, Chairperson
Committee on Public Health and Welfare
House of Representatives
Third Floor, Statehouse

Dear Representative Sader:

SUBJECT: Fiscal Note for HB 3016 by Representatives Hochhauser, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 3016 is respectfully submitted to your committee.

HB 3016 requires the Department of Social and Rehabilitation Services to provide medical assistance benefits for six months to individuals who because of gaining employment are no longer eligible for assistance payments.

The Department already provides this service through the federally-funded Transitional Medicaid Program made mandatory under the 1988 Welfare Reform Act. Therefore, the bill would have no impact on expenditures contained in the *FY 1993 Governor's Budget Report*.

Sincerely,

Gloria M. Timmer

Gloria M. Timmer
Director of the Budget

cc: Karen DiViney, SRS

363

PH HCO.
3-25-92
Attm. # 8