Approved: February 19, 2001
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:30 a.m. on January 29, 2001, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:
Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Julie Weber, Administrative Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:
Kevin Robertson, Executive Director, Kansas Dental Association
Joyce Volmut, Executive Director, Kansas Association for the Medically Underserved
Stephen S. Richards, Secretary, Kansas Department of Revenue

Others attending: See attached guest list

Chairman Morris referred the following bills to subcommittees:

SB 12 – Referred to KPERS Issues Subcommittee
SB 85 – Referred to Judicial Branch Subcommittee
SB 100 – Referred to Health & Environment/Human Resources Subcommittee
SB 110 – Referred to Fee Boards Subcommittee
SB 135 – Referred to Department of Education Subcommittee

The Chairman mentioned that there will be no Ways and Means Committee meeting on February 6, 2001, which is being reserved for subcommittees.

Chairman Morris opened the public hearing on:

SB 65 – Dental student loans

Staff briefed the Committee on the bill.

Chairman Morris welcomed Kevin Robertson, Executive Director, Kansas Dental Association, who spoke in support of **SB 65** (Attachment 1). Mr. Robertson explained that **SB 65** creates a dental service loan program, patterned largely after the existing osteopathic medical service scholarship program. He noted that the bill creates a loan program for dental students that pays up to 70 percent of the cost of attendance at any accredited dental school and explained details. Committee questions and discussion followed. The Chairman thanked Mr. Robertson for appearing before the Committee.

Chairman Morris welcomed Joyce Volmut, Executive Director, Kansas Association for the Medically Underserved, who spoke in support of **SB 65** (Attachment 2). Ms. Volmut testified about areas in the state where dentis shortages exist. She noted that these scholarships should be directed toward underserved areas and populations even if the underserved populations are in urban areas. Ms. Volmut also mentioned that there is a need to develop dental training sites within the state. Committee questions and discussion followed. The Chairman thanked Ms. Volmut for appearing before the Committee.

There being no further conferees to appear before the Committee, the Chairman closed the public hearing on **SB 65**.

Chairman Morris welcomed Stephen S. Richards, Secretary, Kansas Department of Revenue, who gave an overview of the Department including budget issues, status of tax processing and motor fuel tax refunds (Attachment 3). Committee questions and discussion followed. The Chairman thanked Secretary Richards for his appearance before the Committee.

The meeting was adjourned at 12:00 noon. The next meeting is scheduled for January 30, 2001.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

DATE January 29, 2001

NAME	REPRESENTING
Jim Conant	KDOR
Steve Richard	KDOR
Joyce Volmut	KAMU
Mary Lou Davis	KBOC
Val Hawse	KBOC
KEVIN ROBERTSON	KS DENTAL ASSN
Jeri Freed	KS Dental Bd.
Pat Morrissey	KDHE
Patricia Gibson	KDHE
Rose Cassell	Citizen
Jennifer Cion	Federico Consulting
Aaron Dunkel	DOB
Kyle Kessler	DOB
Tom Whitaker	KS MOTOR CARRIERS ASSN

KANSAS DENTAL ASSOCIATION

January 29, 2001

To: Senate Committee on Ways and Means

From: Kevin J. Robertson, CAE
Executive Director

Re: Hearing on SB 65 – Dental Scholarships

Senator Morris and members of the Committee I am Kevin Robertson, executive director of the Kansas Dental Association which represents about 80% of Kansas' practicing dentists. I am here today to testify in support of SB 65 which creates a dental service loan program", patterned largely after the existing osteopathic medical service scholarship program.

Briefly, the bill creates a loan program for dental students that pays up to 70% of the cost of attendance at any accredited dental school. The bill allows for up to 15 loans/year with a maximum of 60 loans. Students must then "repay" the loan to the state of Kansas by serving full-time in a "dentally underserved area" for 12 months for each year a loan is received. "Dentally underserved area" is a practice location defined by the KDHE, federally designated dental health professional shortage area (DHPSA), community health center as approved by the Board of Regents, federally qualified health center or national health service corp. site. A student can also fulfill the obligation by accepting dentally indigent patients at the rate of 30% of their total patient base. There are further provisions in the bill for the payback of such loans if the student fails to meet their obligation. There are also postponement provisions in section 5 for military status, teaching, medical leave act, and other. A student may satisfy the agreement upon death, permanent disability, and otherwise unable to practice dentistry.

The number of dentists in Kansas, particularly in rural Kansas is decreasing. This is largely due to four factors: the total number of dentists being trained nationwide has decreased, the number of dental school slots available for Kansas residents is not replacing retiring dentists, the location of dental schools are largely in urban centers, and student debt continues to increase. .

The number of dentists being trained in the U.S. has decreased dramatically over the past 20 years due to the closing of a number of dental schools and the reduction of dental school class sizes. In fact, the number of dental school graduates decreased by 27.2% from a high of 5,550 in 1981 to 4,041 in 1998. The large number of dental school graduates during the 1970s was largely the result of federal money provided to dental schools to increase the dentist population. Following the withdrawal of the federal money and an over abundance of dentists throughout the 1980s, many schools drastically reduced their class sizes. In our area, the UMKC School of Dentistry has reduced its class size from 160 to its current 84. In addition, the UM St. Louis School of Dentistry closed it doors. Persons having graduated from these larger dental school classes are now reaching retirement age.

An examination of the ages of Kansas dentists reveals this concern. Consider the attached data for numbers of professionally active Kansas dentists in 2001:

The small number of dentists under the age 35 is particularly troubling as Kansas attempts to replace its retiring dentists. According to figures provided by the Kansas Dental Board, the number of practicing dentists in Kansas is decreasing at a rate of about 1-2% per year. There is concern

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Senate Ways and Means
1-29-01
Attachment 1

that the number of practicing dentists will soon decline even more rapidly as the larger enrollment dental school classes reach retirement age and are not replaced at the same rate by incoming dentists. This is of even greater concern in rural areas, as the average age of rural dentists appears to be greater than that of the larger populated areas. Who will replace the dentists practicing in the smaller communities of our state? Currently in Kansas, 55% of dentists practice in Douglas, Johnson, Sedgwick, and Shawnee counties, though the 1999 (est.) state census shows these counties make up only 43.7% of our population. Conversely then, 56.3% of our population is being treated by only 45% of the dentists. Attached is a chart that shows the disparity in ages among practicing dentists in Kansas and a map showing the number of dentists per 1,000 population in each Kansas county.

In Kansas, the Board of Regents and the Missouri Coordinating Board for Higher Education have entered into an agreement whereby the UMKC School of Dentistry accepts a total of 80 Kansas students in their dental, dental specialty, and dental hygiene programs. Each school year, UMKC enrolls about 52-55 Kansas residents in the four-year doctor of dental surgery (DDS) program and dental specialty training programs. The balance are enrolled in the dental hygiene program. Tuition and fees at UMKC totals around $80,000 for four years of education. This compares to around $96,000 for the School of Dentistry at Creighton University in Omaha, and $104,000 for out-of-state tuition at the University of Nebraska, School of Dentistry.

Among the many factors influencing practice location of recent graduates is the amount of their indebtedness upon graduation. According to the American Association of Dental Schools (AADS), in 1998 average educational debt for dental students was a little over $84,000. Only 13% of 1997 graduates had no debt. Average student debt in 1997 was $81,688 for all schools; public schools averaged $66,669, while private schools reported $113,128. A staggering 32.5% of dental student graduates from ALL schools reported debt of over $100,000. This indebtedness, more often than not, forces new graduates to seek opportunities within busy metropolitan practices as an associate as it offers an opportunity to practice without bearing additional debt or overhead. Conversely then, the debt is a disincentive to practicing in a less populated area or in an underserved clinic. Generally, clinics do not offer the salary that a medium to large to private practice can offer, and dentists in rural areas may not have the patient-base to support an associate. Because of the indebtedness, purchasing or starting practices directly out of school has become less common. Depending upon infinite variables, a dentist starting a new practice would likely need in the neighborhood of $250,00 in capital to purchase equipment, hire staff, lease office space, etc.

The KDA does have one recommended amendment to the bill and one concern. Since Kansas currently has only 11-13 students per year formally in dental schools with ties to the state, the KDA believes the maximum scholarship limits of 15/year and 60 total are very high. A limit of five and 20 seems more appropriate. The KDA further has concerns with the definition of "dentally underserved area." After speaking with persons familiar with other similar scholarship programs, it is the KDA's preference that the entire state, with the exception of Johnson, Douglass, Shawnee, and Sedgwick, be defined as underserved. This will give some stability to students who are making practice location decisions. Finally, the provision that allows students to fulfill the obligation by taking 30% dentally indigent clients in their practice seems good o the surface but may be ill advised. Do you really wants a students practicing in Johnson County by accepting a mere 30% of patients from Medicaid/Healthwave? On the other hand, this provision could be a disincentive for a student to establish a practice in rural Kansas based on lower reimbursements, and fewer potential patients. The bill does allow a student to work in community and other health centers in any county already.

The fiscal note on scholarship would be around $56,000 based on UMKC tuition. Twenty scholarships in the fourth year would be around $225,000.

The KDA believes that the creation of a "dentistry service scholarship program" specifically designed to encourage dental school graduates to locate in the less populous areas of the state is a necessary piece of the puzzle to increasing (or maintaining) access to oral health care in rural Kansas. Other pieces are increased Medicaid reimbursement (governor proposed), reduced administrative hassles (coming soon), a full-time Dental Director to coordinate and oversee dental program activities, and more seats at area dental schools for Kansas students.

An issue of significant concern to the KDA is the number of seats available to Kansas kids at area schools of dentistry. UMKC is considering increasing its dental class size from 84 to 120 as a result of pressure from the Missouri Dental Association and its Missouri alumni, however, many issues regarding funding must be worked out by the Missouri Coordinating Board for Higher Education before final approval is given to move forward. If an increase is approved, most of those new seats will go to Missouri students. In the meantime, the KDA has been exploring the possibility of finding additional openings for Kansas students with Creighton University in Omaha and the University of Nebraska-Lincoln. The success of such discussions depend largely on the Kansas Board of Regents and the State's willingness to provide additional funding to purchase these dental school seats. The Healthcare Reform Legislative Oversight Committee has recommend that the state acquire additional dental school seats. The Senate Committee on Public Health and Welfare introduced this bill on Thursday, but it is yet to be printed.

My discussions over the past year and last week with Dr. Wayne Barkmeier, Dean of the Creighton University and Dr. David Brown, Associate Dean of the University of Nebraska School of Dentistry have uncovered the following:

<u>Creighton University:</u>

- Seats Available: 4
- Tuition/year: $24,082
- Agreement: Tuition + 10% ($2,408) administration fee
- Total Cost to State (Year 1) Around $10,000 (if state only picks up admin. fee)

<u>University of Nebraska:</u>

- Seats Available: 4
- Tuition/year: $25,940 out-of-state/$15,512 in-state
- Agreement: State pays difference between in and out-of-state tuition ($10,428) + 20% ($2,086) of difference administration fee*
- Total Cost to State (Year 1) Around $50,000

The KDA would suggest some effort be given to subsidize Creighton student's tuition beyond the administrative fee.

The KDA hopes you will give favorable attention to this bill, and I will be happy to discuss it with you further when it reaches your Committee.

Thank you for your time. I'll be happy to answer any questions you may have.

WORKFORCE INFORMATION
Dentists

STUDENTS

Dental school graduates

1976 - 5,336	1983 - 5,274
1977 - 5,177	1984 - 5,047
1978 - 5,324	1985 - 4,843
1979 - 5,424	1988 - 4,581
1980 - 5,256	1990 - 4,312
1981 - 5,550	1996 - 3,810
1982 - 5,371	1998 - 4,041

Dental Education

- There are 55 dental schools in the United States. One dental school, Nova Southeastern University, opened in 1997 and will graduate its first class next year. A new school is planned to open next year in Nevada.

- Since the 1989-90 academic year, tuition and fees have risen annually by an average of 5.8% per year for residents and 6.2% for non-residents. Tuition and fees for residents in 1997-98 were 56.3% higher than in 1989-90, while non-resident tuition and fees for 1997-98 were 61.3% more than those of 1989-90.

- Average first-year tuition and fees (1997-98 academic year)

State residents	$14,504
Out-of-state residents	22,512

- Average indebtedness of dental school graduates

Class of 1998	$84,089	Class of 1994	62,776
Class of 1997	81,688	Class of 1993	59,387
Class of 1996	75,748	Class of 1992	55,550
Class of 1995	67,772		

DENTISTS

Number of Active Dentists (Private Practitioners) by Category

Total # of general practitioners in United States	112,190	in Kansas	1,001
Total # of oral & maxillofacial surgeons in U.S	5,169	in Kansas	35
Total # of endodontists in U.S.	3,003	in Kansas	15
Total # of orthodontics & dentofacial orthopedics	8,095	in Kansas	70
Total # of pediatric dentists in U.S.	3,305	in Kansas	20
Total # of periodontics in U.S.	3,973	in Kansas	22 / 1163

1275 According to Dental Board

An active private practitioner is a dentist engaged in the private practice of dentistry on a full- or part-time basis.

The Dentist/Population ratio in 1996 was .58/1000

Estimated number of private dental practices (1998)

Total number of practices	108,784
Number of solo practices	69,622
Number of two-dentist practices	23,715
Number of three-or-more dentist practices	15,447

Sources for dentist workforce data: ADA 1998 *Survey of Dental Practice*, 1998 *Distribution of Dentists in the U.S. by Region and State,* American Dental Education Association. *Survey of Dental Seniors, Summary Report, 1998* ; ADA Survey Center's *Key Dental Facts*, July 2000; and ADA 1997-98 *Survey of Predoctoral Dental Educational Institutions.*

Average total expenses per dentist owning primary practice (1997)

All independent dentists (weighted)	$254,200
General practitioners	248,740
Specialists	285,760

Overhead (percentage of independent dentist's primary practice gross income accounted for by expenses in 1997)

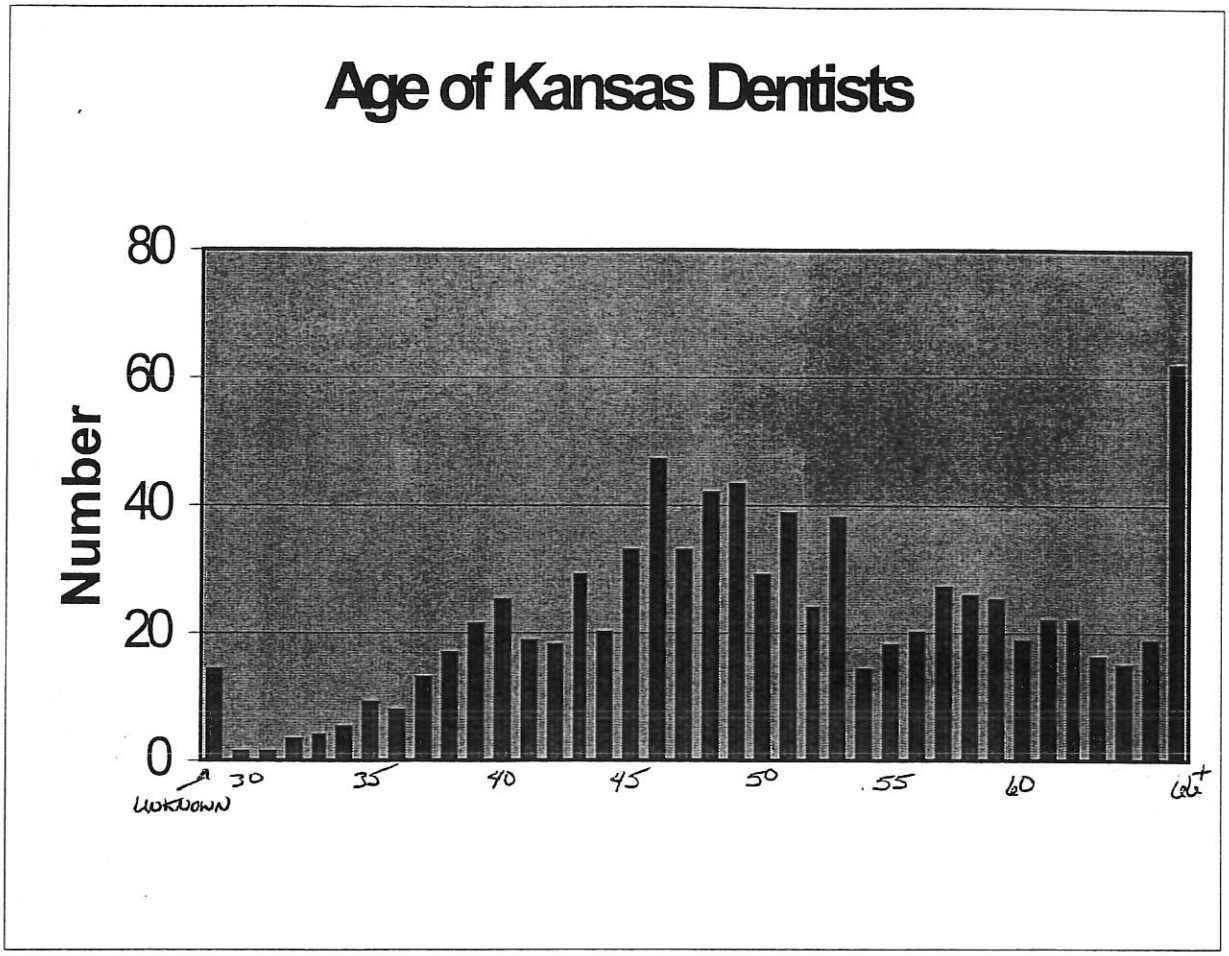
All independent dentists (weighted)	59.4%
General practitioners	59.8
Specialists	56.9

An independent dentist is one who owns or shares in the ownership of the practice. Ownership may be as a sole proprietor or partner, and the practice may be incorporated or unincorporated.

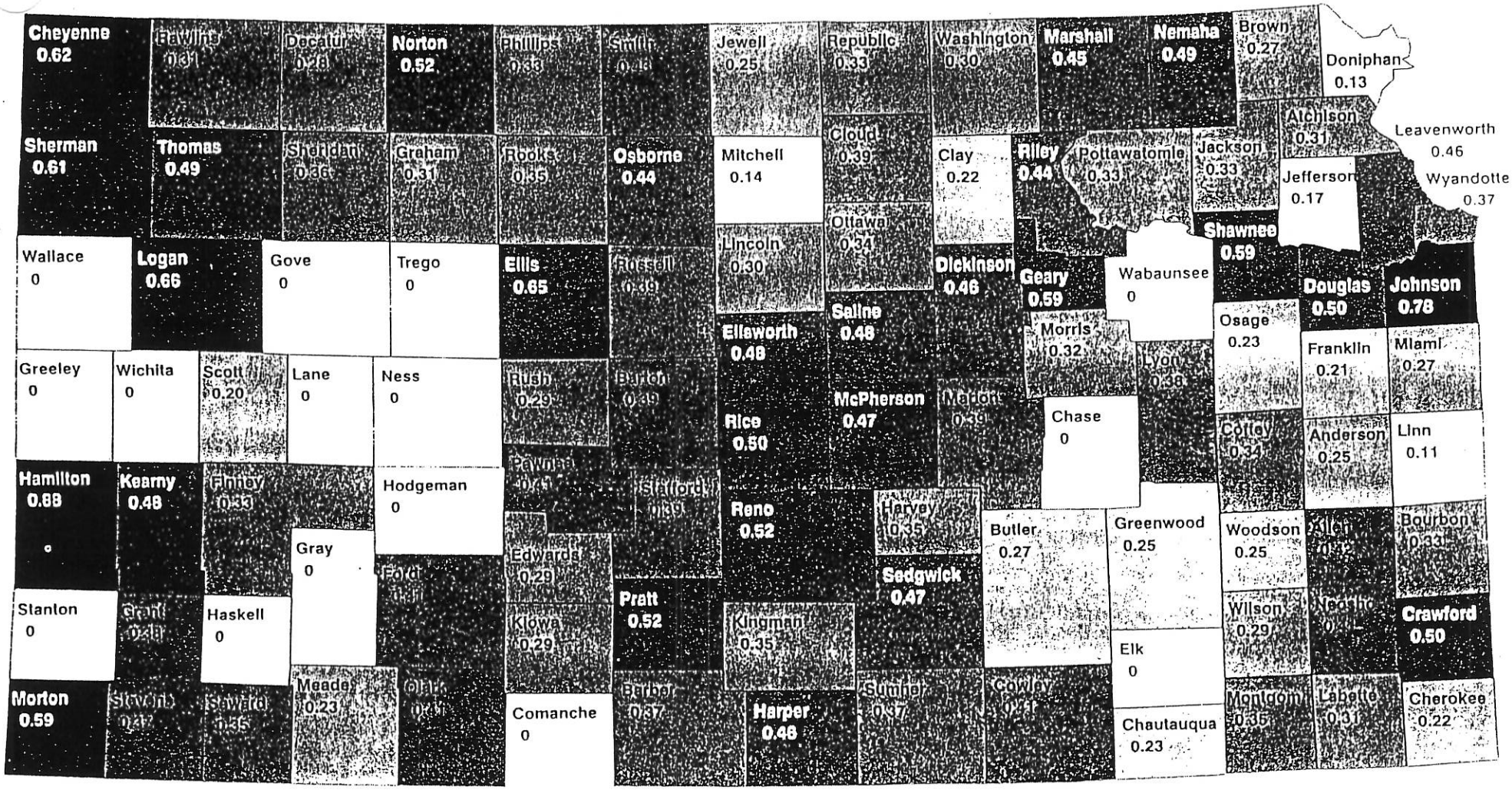
PATIENTS

- According to the ADA Survey Center's 1998 *Survey of Dental Practice,* in 1997, responding private practitioners estimated that 63% of their patients were covered by private insurance, 5.4% were covered by a public assistance program and 30.7% had no insurance.
- The average annual number of visits to a general practitioner by a typical patient was 3.3 to 3.9 visits (during period from 1993-97).
- According to the survey, the average number of annual patient visits to dentists who employ dental hygienists (all practices) is 4,312.5 (90.3 per week).
- The survey reports that of employed general practitioners in 1997, 63.2% were 35-years-old or older; 36.8% were younger than 35-years-old. Of the same respondents, 52.5 % work in offices with three or more dentists; 47.5% practice with just one other dentist.

American Dental Association
Department of State Government Affairs
September 20, 2000


Age of Kansas Dentists
Number
80
60
40
20
0
30
35
40
45
50
55
60
LOCKDOWN

Dentists Per 1,000 People, 1997



Source: Institute for Public Policy and Business Research; data from Kansas Department of Health and Environment, Office of Health Care Information.

KAMU

Kansas Association
for the
Medically Underserved
The State Primary Care Association

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January 28, 2001

Mr. Chairman and members of the Senate Ways and Means Committee.

My name is Joyce Volmut. I am Executive Director for the Kansas Association for the Medically Underserved. This is an Association of approximately 30 primary care clinics and Federally Qualified Health Centers who serve as medical home for uninsured, underinsured and other clients who have difficulty accessing care in this state. Today I am here in support of SB 65.

Access to Dental Health Care is an urgent need in Kansas. As the State Primary Care Association, we ask three questions where access to dental care is concerned:

Are there sufficient numbers of dentists available?
Are dentists located in the area of the state's greatest need
Are there barriers that keep individuals from seeking services in areas where there appear to be sufficient numbers of dentists?

For the past few years our Association has identified access to dental care as one of the greatest concerns of the clients we serve. This year we have been working with KDHE to update Dental Health Professional Shortage areas across the state. To date, 12 have been approved as Dental Health Professional Shortage Areas 7 more await approval and several more are currently being processed for submission. This means, in these areas, the ratio of population to Dentist is greater than 5000:1. The norm is less than 1:1200. Many of these areas simply do not have enough dentists to cover the general population. In some areas however, such as Topeka, Emporia, Lawrence, Salina, Pittsburg and Garden City, the problem exists for select populations, Medicaid and Health Wave children, the elderly, adults who are without dental health insurance, or whose incomes do not allow them to pay for services upfront.

Of the 30 clinics who are our members, five currently provide dental services on site. But recruitment has been difficult, just as it has for many other areas in the state where dental shortage areas exist.

In general, study's report that people of all ages lack access to dental care.
According to the KDHE, 1996 - Behavioral Risk Factor Surveillance System (KDHE) report, 32% of all respondents surveyed had not seen a dentist in the last year. Most at risk for not seeking dental care were:

Those with household incomes below $35,000
Hispanic and African- American populations

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1-26-01
Attachment 2

15-25% of all age groups reported they were currently in need of dental wo
(identifiedas fillings, dentures, partials, teeth pulled, caps, crowns or root canals).
30-40% of all age groups stated they were without dental insurance.
Most at risk for being without dental insurance were elderly (70%) and young adults,(40%).

We found similar findings in our other studies, in 1997, in a study of AIDS patients in Kansas, the greatest discrepancy was found in dental care, where 65% of respondents stated they were in need of dental care while only 25% were able to access care. The most common reason was lack of a provider. Of those who were able to access care, 18% received care in Community Health Centers, 13% stated they had to travel more than 60 miles to receive care. Overall this group rated the need for dental care as the third priority of need with medical primary care, #1 and medications, #2. This means they rated this as a critical need.

We found similar results in surveying our own clients, in 1997, 457 patients were surveyed. Sixty percent of these clients also ranked dental care as the most urgent need. For these families, the mean income was $1,002.00/ month. Fifty eight percent of the clients worked full time. This study was repeated in 1998, where 2200 clients were surveyed and again in 2000 where 800 family households were surveyed. Each time we found similar results.

What do we see as problems?

- There is no official voice for dental care in the state - nor are we aware of any state plan to resolve dental issues, nor is there baseline data to fully identify the current status of dental health in the state. This year KDHE has requested such a position and we are supportive.

- There is clearly need to review why dentists are not participating in Medicaid and Health Wave as well as to study how other health professionals, such as dental hygienists, family practice physicians, advanced practice nurses and physician assistants can be used to alliviate some of the backlog of care by providing dental assessments in routine exams and by performing some procedures that may not need direct dental supervision.

- There is also a need to improve dental care for the uninsured, especially for all pregnant women who are most at risk for transmitting dental caries to their newborn infant. Currently no state dollars go into dental care for the uninsured or for adult medicaid clients.

- Most importantly, as a state we must work to increase the number of dental providers (dentists and hygienists) who practice in this state.

In our conversations with dentists statewide, we have been told repeatedly that even if all providers suddenly agreed to take all clients, the simple fact is that there would still be an access issue. As far as these dentists were concerned, their practices were simply at full capacity:

SB 65 is one method of alleviating this problem. We believe these scholarships should

be directed toward Underserved areas and for Underserved populations - even wh the underserved populations are in urban areas.

There is a need to develop dental training sites within the state. For the past 10 years, KAMU has been coordinated health professional training in Underserved areas - both geographically Underserved as well as population Underserved areas. The program (SEARCH) has been in operation long enough that we are now seeing the effectiveness of this training on recruitment. This summer we will be working with the Dental Association to place 1st year dental students in some of these areas in Kansas. We're encouraged by this and by the dentists who will agree to serve as preceptors.

We are also supportive of other activities to encourage the recruitment of dentists to this state, including additional Kansas slots in neighboring states dental schools. As an Association we will continue to support these efforts and to work with the Dental Association and others to improve Access to dental care with special emphasis on removing the barriers to care and improve overall oral health status of all Kansans.

Kansas Association for the Medically Underserved
112 SW 6th St. Topeka, KS 66603 785-233-8483

Senate Ways and Means
1-29-01
Attachment 3

Senate Committee on Ways & Means

Briefing by

Stephen S. Richards, Secretary

Kansas Department of Revenue

January 29, 2001

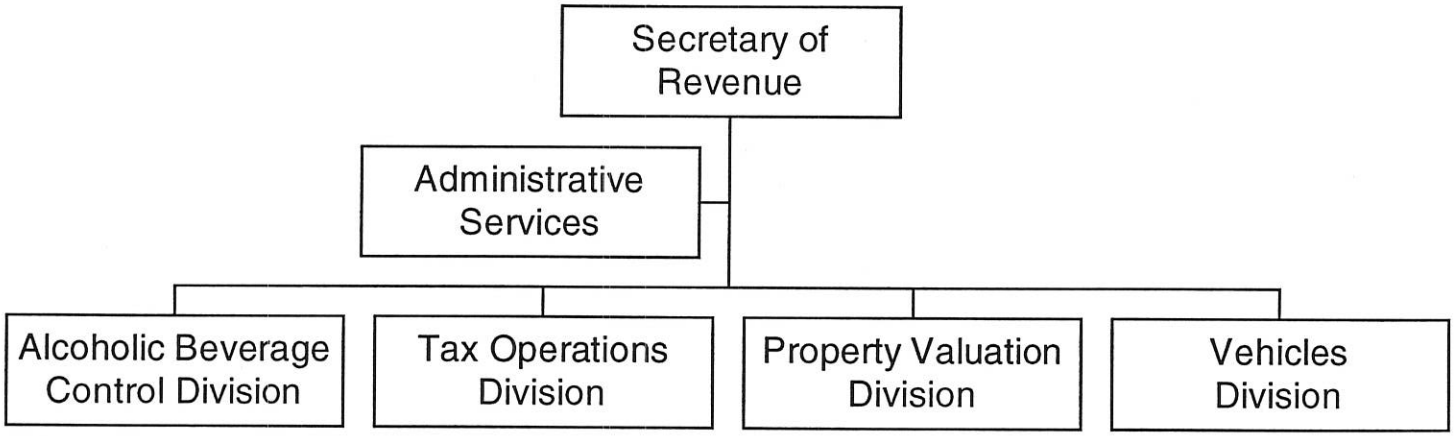
The Mission of the Kansas Department of Revenue is to administer Kansas laws by providing these key services:

- Facilitate and enable voluntary compliance with tax laws and Alcoholic Beverage Control laws
- Achieve and maintain uniform and equitable property values
- Provide vehicle information and individual customer assistance to ensure public safety
- Research and provide public policy analysis and management information

KDOR Customers

- We serve every Kansan that files a personal tax return
- We serve every Kansas Business
- We serve every Kansan that owns property
- We serve every Kansan that owns a vehicle
- We serve every Kansan that drives a vehicle or rides in a vehicle by ensuring safe drivers
- We serve all Kansans by collecting the funds that are used for state government programs
- We serve city and county governments by collecting funds used for their operations

Kansas Department of Revenue
FY 2001



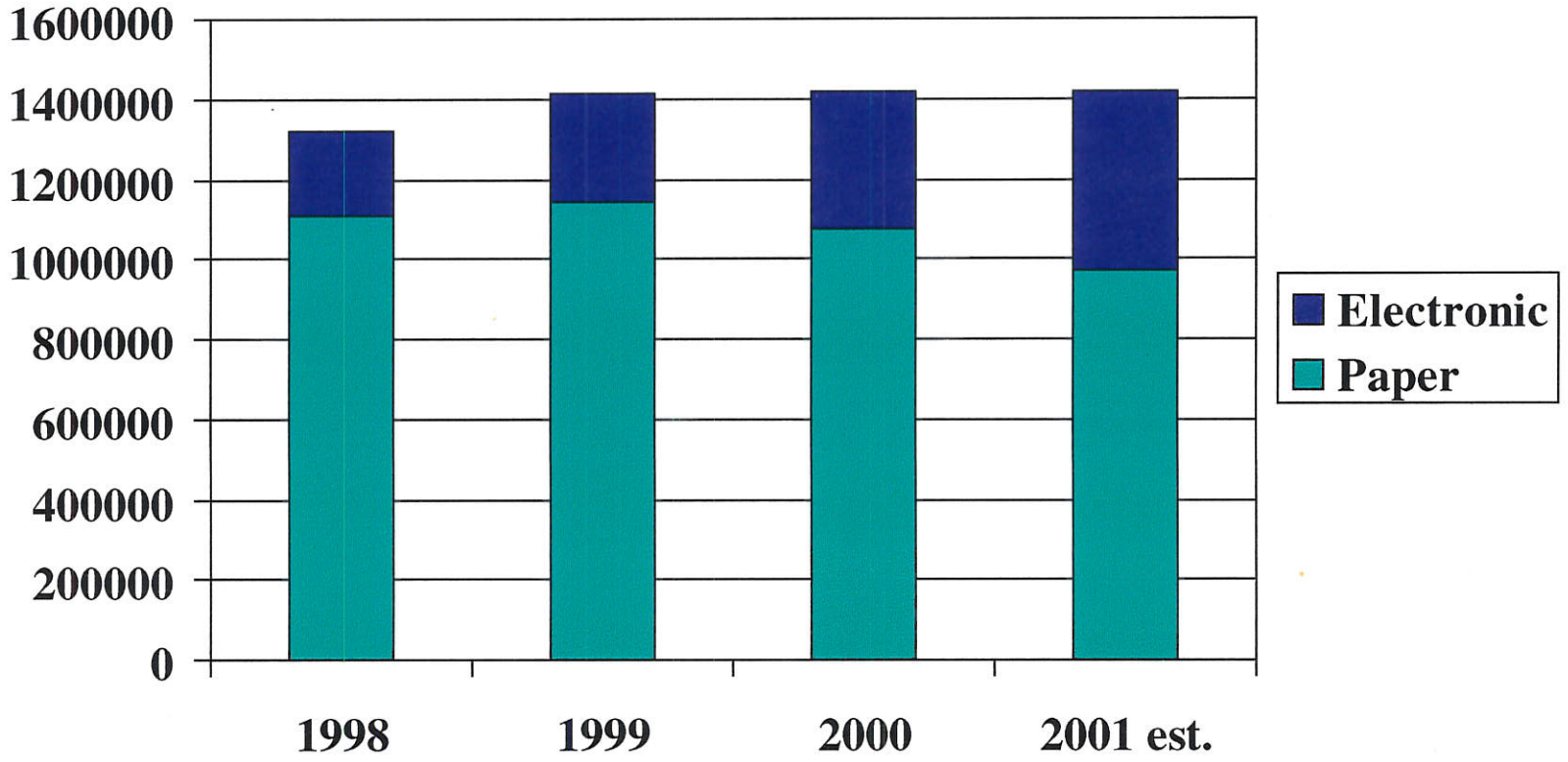
Authorized FTE = 1162

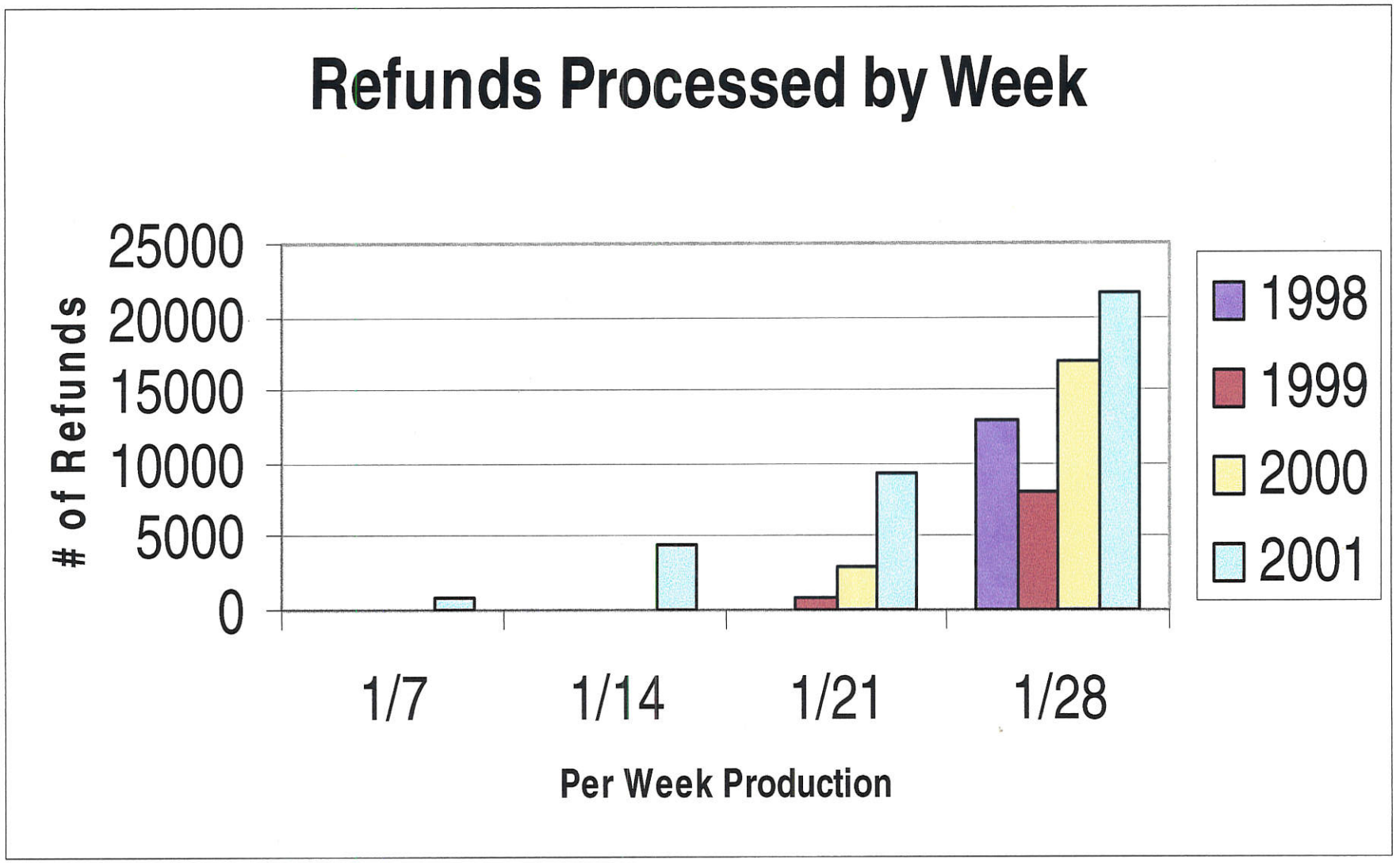
Approved Budget = $79,547,875

2001 Income Tax Processing Status

- Earliest start in agency history
- First refunds issued January 4
- As of January 28, 34,779 refunds issued for total of $10,184,582
- Goal for completing error-free refunds is May 1st
- Telephone response rate remains high - 89% of all calls (39,417) answered in January

Individual Income Tax Return Volumes




Refunds Processed by Week
# of Refunds
25000
20000
15000
10000
5000
0
1/7
1/14
1/21
1/28
Per Week Production
1998
1999
2000
2001

2001 Income Tax Processing Status

Two areas of risk:

- Aging Channel infrastructure: software no longer supported by vendor, key equipment nearing 5 years old, replacement funding not yet identified
- Availability of temp workers to open mail, enter data

Local Sales Tax Distribution

- Converted Sales Tax to new system in October of 1999
- Local portion and fund balances estimated during conversion period, then adjusted to actual
- One-time adjustment from State General Fund and Highway Fund to local funds = $19,549,884.80

Local Sales Tax Distribution

- Currently undergoing Legislative Post Audit to validate system accounting rules and work procedures
- Working with Local Government Advisory Council to ensure clear communications with City/County officials
- Reviewing KDOR service delivery to focus specifically on needs of Local Government

Homestead Refund Program

- Faster refund processing exhausts available funds prior to end of fiscal year
- In 2000, refunds were stopped on May 24, causing many to wait until after July 1.
- Legislation needed to allow 2002 refunds to be processed as revenue events rather than expenditures (SB 44)
- Supplemental requested to close the 2001 gap, maintain service to customers

Homestead Refund Program

- Recently identified error in current year instructions
- Corrected information provided to agency staff, tax preparers and media
- Internal solution will not require filing of amended returns
- Forms development and approval process under review

Status of 1999 LPA Recommendations

Recommendation	Status
Design, produce and periodically review "exception reports" of account adjustments made by staff	Design and coding of new Security and Activity Tracking System complete – implementation planned after Corporate release in July
Recover erroneous duplicate refunds issued during '99 tax season	All accounts have been resolved
Clean up 1998 income and withholding accounts and bill for balances due	Income billing completed in July, 2000. Withholding activity pending remaining data cleanup
Ensure sufficient data cleanup prior to conversion of Corporate tax to new system	Phase I reports completed, Phase II in progress

Motor Fuel Refund Claims Process

- Periods outside the statute of limitations (1 year) are filed through legislative claims process
- Steps used to validate claim:
  - Check customer for valid refund permit
  - Ensure claim form is complete, including required supporting documents, i.e., fuel invoices, fuel usage explanation, notarized, etc.
  - Review invoices to ensure that fuel is eligible for refund (clear diesel, not dyed)
  - Verify fuel was purchased in Kansas from a licensed retailer or distributor.