

Approved: May 10, 2002  
Date

MINUTES OF THE SENATE PUBLIC HEALTH AND WELFARE COMMITTEE.

The meeting was called to order by Chairperson Senator Susan Wagle at 1:30 p.m. on March 12, 2002 in Room 231-N of the Capitol.

All members were present except: Senator Chris Steineger  
Senator Nick Jordan

Committee staff present: Mr. Norm Furse, Revisor of Statutes  
Ms. Lisa Montgomery, Revisor of Statutes  
Ms. Emalene Correll, Kansas Legislative Research Department  
Ms. Margaret Cianciarulo, Administrative Assistant

Conferees appearing before the committee: Ms. Sally Finney, Executive Director,  
KS Public Health Assoc.  
Mr. William Sneed, Legislative Counsel,  
University of Kansas Hospital Authority  
Mr. Rob Browning, KPERS

Others attending: See attached guest list.

**Hearing on HB2809 - an act concerning public health departments; relating to tests and inoculation for pupils enrolling or enrolled in schools**

Chairperson Susan Wagle opened the meeting by announcing there would be a hearing on HB2809, as stated above, and asked Ms. Emalene Correll, Kansas Legislative Research Department to give a brief overview of the bill.

Ms. Correll summarized the bill:

1. Clarifies that a county, city-county, or multi county health department must provide vaccines for inoculations only to the extent that funds designated by such health departments for the purchase of vaccines are available for such purchases;
2. The amendment retains the word "may" in current law pertaining to the use of sliding fee scales for the payment of administrative charges associated with the inoculations; and,
3. The bill was introduced because of the dispute of its original meaning;

As there were no questions of Ms. Correll, the Chair recognized the one proponent conferee, Ms. Sally Finney, Executive Director, Kansas Public Health Association. Ms. Finney stated that KPHA supports the bill because it would protect the limited resources of local health departments, clarify the current statute related to the obligation of local health departments to pay for immunizations required for school entry, and clarify the law's intent to have local governments use of funds earmarked for the purchase of vaccine related to the state's school health requirements rather than for general operations or other purposes. A copy of her testimony is (Attachment 1) attached hereto and incorporated into the Minutes by reference.

As there were no opponents, written testimony was next on the agenda. A copy of Ms. Terri Roberts, Executive Director, Kansas State Nurses Association's, was presented as (Attachment 2) attached hereto and incorporated into the Minutes by reference.

As there were no questions for Ms. Finney or further discussion on the bill, the Chair announced the hearing was closed.

**Hearing on SB642 - an act concerning the university of Kansas hospital authority act**

Next on the agenda was a hearing on SB642 as stated above. The Chair again requested Ms. Correll give an overview of the bill.

Ms. Correll summarized the bill as follows:

1. Sec. 1 - refers to mandatory language (ex. Hospital or authority employees shall not be considered state employees), new language changes (ex. "authority employee"); and retroactive to the date of the original enactment of K.S.A. Supp. 76-3303 (1998);
2. Sec. 2 - amends "members", number changes (ex. page 3, from "8" to "13" and can serve 12 years), policy change in sub. (J), termination date clarification regarding the general public members of the boards, reappointment not to count regarding term limits, occurrence of vacancies, compensation, removal of board of directors, president can vote on salary, to governor "shall" appoint (now does not have to choose"); and
3. Sec. 3 - preservation of government records, Kansas public employees retirement System, language changes (provided for faculty and added "if transferred)." and as it reads now, would be stricken if the Committee acts on the bill, because it did not get amended prior.

As there were no questions of Ms. Correll, the Chair then recognized Ms. Lisa Montgomery, Revisor of Statutes, who stated she had found the amendments to Sec. 3, but will check the statutes. The Chair thanked Ms. Montgomery, then introduced the only proponent to testify, Mr. William "Bill" Sneed, Legislative Counsel for the University of Kansas Hospital Authority ("UKHA").

Mr. Sneed began by introducing 3 of the members of UKHA and a lawyer from his firm, Mr. Rob Browning, who handles the employee benefit section of KPERS and who will give a quick overview of its routines. He then stated that in 1998, the Kansas Legislature separated the hospital from the University of Kansas system and placed it under the independent University of Kansas Hospital Authority, thus adopting the name, KU Med, but still affiliates itself with the University of Kansas Schools of Medicine, Nursing and Allied Health. He clarified that, even after the separation, their employees are not state employees, UKHA no longer receiving state money so asking for extended term limits, and the Board is still confirmed by the Senate. He also provided a listing of their Board of Directors and Officers, an organizational charge of the UKHA, and a copy of their 2001 Annual Report. A copy of his testimony and his attachments regarding the listing and the organizational charge are (Attachment 3) attached hereto and incorporated into the Minutes by reference. The copy of their 2001 Annual Report is filed in Chairperson Wagle's office.

As there was no opponents or written testimony, the Chair called upon the Committee for questions or comments. Questions were asked by Senators Wagle and Haley ranging from reimbursement, is the Governor forced to pick from the list of possible appointees, will the appointments come from the Kansas City metro area, to the hospital having its own expense policy.

Next on the agenda was an overview of KPERS given by Mr. Rob Browning stated:

1. that in the proposed amendments, there is no new law or changes, they are just trying to clarify the original statute;

2. of the over 2500 employees of the med center who transferred over to the hospital authority, a large number belonging to KPERS and a smaller number were members of an alternate plan or the board of regents plan, which is the section 403b.

3. the intent of the statute was to protect both groups, but at the same time give the hospital some flexibility in its benefits structures and the ability to compete in the for-profit and tax exempt hospital world without some of the limitations that would be imposed if all employees were simply in the KPERS plan.

Unfortunately, the hospital as a separate governmental entity is not eligible to sponsor a 403b annuity plan, but has provided a 401b plan which is similar to the board of regents plan. And finally, all of the language change is just to clarify flexibility, saying that the hospital *shall* affiliate with KPERS with respect to all of its transferred employees, provide a benefit system *similar* to the board of regents plan, and for future employees the hospital can *choose* and designate what it feels best for its employees. There was no written testimony available.

The Chair then recognized Mr. Glen Deck, Executive Director of KPERS to comment on the bill. Mr. Deck said that KPERS is neither a proponent or opponent of the bill, but did have concern regarding the original House version of the bill that was introduced because of the "retroactive" language, but the Senate bill does incorporate the language that they think makes it clear so that they can properly administer. No written testimony was available.

A question and answer discussion followed between Senator Haley and Mr. Browning regarding the effect on current employees, additional benefits, deferred benefits, ongoing hired after the separation to those in KPERS stay in KPERS.

As there was no further discussion, the Chair closed the hearing.

**Final Action on SB642 - an act concerning the university of Kansas hospital authority act**

The Chair then asked the Committee what there will is. Senator Barnett motioned that they strike Sec. 3, a title change, and the repealer on page 8 and advance the bill favorably. Seconded by Senator Praeger and the motion carried.

Senator Barnett moved that the bill be advanced as amended. Senator Praeger seconded the motion. The motion carried.

**Final Action on HB2809 - in schools an act concerning public health departments; relating to tests and inoculation for pupils enrolling or enrolled**

Senator Barnett motioned that the bill be passed favorably as is on the consent calendar. Senator Haley seconded. The motion carried

**Adjournment**

Adjournment time was at 2:30 p.m.

The next meeting is scheduled for March 13, 2002.

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

24 in att.

GUEST LIST

DATE: Tues 8-12-02

NAME	REPRESENTING
Bill SNEED	UKNA
Dennis McCulloch	UKHA
Rob Browning	UKHA
Hally Finney	Ks. Public Health Assn.
Dave Hattaway	Hein Law Off.
Jeff Botterberg	UKHA
Minda Reel	KDHE
Sharon Patnode	"
KEITH R LANDIS	CHRISTIAN SCIENCE COMMITTEE ON PUBLICATION FOR KANSAS
Chris Collins	KMS
Dr Josseland	KY
Cathy McMoran	RTUA
Jon Jackson	UKHA
Irene Cumming	UKHA
Michelle Peterson	Ks. Governmental Consulting



**KANSAS PUBLIC HEALTH ASSOCIATION, INC.**

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Testimony presented to the Senate Committee on Public Health and Welfare  
by Sally Finney, Executive Director  
on March 12, 2002

I am here today representing the 500 members of the Kansas Public Health Association. KPHA is an individual membership association whose mission is to support sound public health programs and policies in Kansas. KPHA supports HB 2809 because it will protect the limited resources of local health departments as they struggle to provide an ever-expanding array of essential health services to their communities.

House Bill 2809 clarifies current statute related to the obligation of local health departments to pay for immunizations required for school entry. Kansas' current school entry requirements for immunizations do not meet national standards. Last fall, I met with KDHE representatives to try to reach agreement over the fiscal impact that updating the state's standards might have. Mike Moser, M.D., director of health at KDHE, and Gianfranco Pezzino, M.D., state epidemiologist, explained that KDHE has been interpreting K.S.A. 72-5210 to require local health departments to use local funds designated for any purpose, not just the purchase of vaccine to provide school entry immunizations, to support immunization of these children. They further explained their belief that under this interpretation adding any immunization to the list of school entry requirements would constitute an un-funded mandate on local governments.

This legislation will clarify the law's intent to have local governments use funds earmarked for the purchase of vaccines related to the state's school health requirements rather than for general operations or other purposes. I ask your support for House Bill 2809.

*Senate Public Health & Welfare Committee  
Note: March 12, 2002  
Attachment 1*



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THE VOICE AND VISION OF NURSING IN KANSAS

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For More Information Contact  
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March 12, 2002

## **H.B. 2809 Public Health Departments** *Duties, tests and inoculations of pupils enrolled in schools*

*Written Testimony-Support*

Chairperson Wagle and members of the Senate Public Health and Welfare Committee, the KANSAS STATE NURSES ASSOCIATION supports the intent of H.B. 2809 (as amended by the House) to clarify the statutory role/responsibility of local health departments regarding school entry vaccine provision.

We are fortunate in this state to have passed (several years ago now) a "first dollar, no-copay" provision for childhood immunizations covered by private insurance carriers. We now have Healthwave that provides health insurance to medically indigent that do not qualify for Medicaid, and both of these programs provide coverage for age-appropriate immunizations for Kansas children enrolled in them. The burdens on local health departments to assume the costs of vaccine for children has been reduced significantly with these programs, however, this bill is to statutorily clarify that the local health departments are not liable to pay for vaccines to immunize children beyond those amounts allocated in their respective budgets.

We believe this to be an important provision, particularly as the immunization schedule recommended by CDC and the AMERICAN ACADEMY OF PHYSICIANS continues to evolve through the addition of new vaccines. Proper immunization status for school entry is one public health function that serves to prevent disease from vaccine preventable deaths. Meeting this goal requires a public/private partnership with parents. This statutory clarification further acknowledges this joint responsibility.

*Thank you* for this opportunity to support this legislation today.

*Senate Public Health & Welfare Committee  
Date: March 12, 2002  
Attachment 2*

The mission of the Kansas State Nurses Association is to promote professional nursing, to provide a unified voice for nursing in Kansas and to advocate for the health and well-being of all people.

CONSTITUENT OF THE AMERICAN NURSES ASSOCIATION

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## Memorandum

**TO:** SENATOR SUSAN WAGLE, CHAIR  
SENATE PUBLIC HEALTH & WELFARE COMMITTEE

**FROM:** WILLIAM W. SNEED

**RE:** S.B. 642

**DATE:** MARCH 12, 2002

Madam Chairm, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the University of Kansas Hospital Authority ("UKHA"). S.B. 642 was introduced at our request. This bill represents several technical changes to the statutes that govern the operation of UKHA.

In 1998, the Kansas Legislature separated the hospital from the University of Kansas system and placed it under the independent University of Kansas Hospital Authority. The hospital adopted the name the public had called it for years, KU Med.

KU Med's governing structure has allowed it to invest in quality patient care while operating in a competitive marketplace. The hospital continues its affiliation with the University of Kansas Schools of Medicine, Nursing and Allied Health in supporting education and research.

In addition to our written testimony, I am attached several items: first, a listing of our Board of Directors and Officers; second, an organizational chart of the UKHA; and finally, a copy of our 2001 Annual Report.

As we stated in our bill introduction, over the last several months, the University of Kansas Hospital Authority's Board of Directors has analyzed certain provisions of the University of Kansas Hospital Authority Act (the "Act") to propose possible amendments to the Act to the 2002 Kansas Legislature.

Those discussions have led to the language found in S.B. 642. Further, the proposed changes have been unanimously approved by our executive board. With that, please accept the following as an explanation of the proposed changes incorporated in S.B. 642.

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*Senate Public Health & Welfare Committee  
Date: March 12, 2002  
Attachment 3*

1. **State Employees: KSA § 76-3303(h)**. This is found on page 2, lines 3-7.

*This provision defines a “state employee” as a person employed by the State of Kansas, whether or not a classified or unclassified employee in the state personnel system.*

Issue: Nothing in the Act currently specifies that all Authority employees and other personnel are not state employees. If any Authority employee would ever be deemed a state employee, such an interpretation would conflict with the general intent of creating the Authority as an entity that is independent of the laws that generally apply to state employees.

Proposed Revisions: Revise K.S.A. 76-3303(h) and clarify provision to specify that the definition of “state employee” does not include any employee or other personnel of the Authority.

2. **Hospital Employees: KSA § 76-3303(n)**. This is found on page 2, lines 21-30.

*This provision defines a “Hospital employee” as an individual that performs services for the Hospital and whose salary is paid in whole or in part from the Hospital revenue fund.*

Issue: This Act provision does not clearly specify that a “Hospital employee” does not include any “state employee.” In addition, the defined term “Hospital employee” is not technically accurate because the Authority, not the Hospital, is the entity that employs applicable individuals performing services at the Hospital.

Proposed Revisions: Revise K.S.A. 76-3303(n) to specify that a “Hospital employee” shall not include any state employee. In addition, for clarification, revise provision to specify that a Hospital employee is an employee of the Authority.

3. **Board of Directors: KSA § 76-3304(b)**. This is found on page 2, lines 40-41, and on page 3, lines 2-3 and 7-8.

*This provision provides a description of the Authority’s Board of Directors (the “Board”). The Board consists of fourteen (14) members, including eight (8) representatives of the general public (with at least one member from each Kansas congressional district), three (3) ex officio voting members consisting of the Chancellor of the University of Kansas, the Executive Vice Chancellor of the University and the Executive Dean of the University School of Medicine, and three (3) ex officio non-voting members consisting of the Chief of Staff of the Hospital, the President of the Authority and the Dean of the University School of Nursing.*

Issue: When the Hospital Authority Act was originally proposed in 1997, the governance structure of a public authority operating a university hospital was a new concept nationally. In fact, there were only four examples of such governing structures and three had been recently enacted by their respective states: Colorado (1991), Wisconsin (1995), Oregon (1995), and Medical College of Virginia (1996). Two of these had a three-year term for directors while the other two had a four-year term. Three had a



two-term limit on board service; one had no term limitation. As we looked at these examples, we wanted to be prudent in establishing the governing structure for the new authority in Kansas. Because the concept was new, we attempted to be conservative in suggesting a three-year term of service with a limitation of two consecutive terms. Shortly after the first meeting of the Board, the Board adopted bylaws which provided for the establishment of several Board committees. Since the adoption of the bylaws, the Board has established numerous committees, including the Executive Committee, the Nominating Committee, the Executive Compensation Committee, the Finance Committee, the Strategic Planning Committee, and the Quality Committee. In addition, certain ad hoc committees have been appointed to deal with specific situations, including the recent Task Force for the Cardiology Program. As the Board has matured, and will continue to mature in the years to come, it is very likely that more and more of the Board's groundwork will be done in the committee setting.

With the understanding that more time and commitment will be expected from Board members, we examined whether the present size of the Board was adequate for the future. With the exception of the president of the Authority, all other 13 members of the Board have full-time careers and responsibilities that are unrelated to the Authority. With respect to those Board members who represent the general public, the Authority has been able to attract community and business leaders, all of whom have significant and busy careers. The Authority should want to attract and needs to attract such leaders in the future. As such, there has to be some concern as to whether it is reasonable to expect more time commitment from Board members, especially those Board members who represent the general public, or whether it would be preferable to increase the size of the Board.

In order to compare the Authority's situation with other hospitals in the metropolitan area, we have studied the board size of the following hospitals. In some instances, the hospital is also a member of a larger health system. In such event, the health system has a holding company board of directors that also takes part in the governance of the hospital. The results of our review showed the following:

St. Luke's Hospital of Kansas City	- 76 directors*
Shawnee Mission Medical Center	- 19 directors*
Stormont - Vail Health Center (Topeka)	- 26 directors
Providence Medical Center	- 21 directors*
St. Joseph Health Center	- 53 directors*
Research Medical Center	- 24 directors*
Baptist Medical Center	- 22 directors*
Truman Medical Center	- 84 directors

\* - Holding company system with an additional board of directors.

For all of these reasons, which are critical to the continued timely and efficient operation of the Board, we propose that the Board of Directors be increased by five (5) additional members, from the current fourteen (14) Board members to nineteen (19) Board members. The five (5) additional members would be representatives of the general public. A side benefit of the addition of five (5) additional members would be added flexibility for the Board's Nominating Committee in the selection of nominees. The Act

requires that certain members of the Board represent the congressional districts in Kansas. Sometimes such a requirement may prove to be inflexible if the Board is in need of certain skill sets or in need of additional representatives from the Kansas City metropolitan area, the Authority's principal marketplace.

One additional proposed change to the Act would be to extend voting rights to all members of the board.

Proposed Revisions:

Revise K.S.A. 3304(b) to increase the number of Board members representing the general public to thirteen (13). Further, provide voting rights for the President of the Authority, the Dean of the School of Nursing, and the Chief of the Medical Staff.

4. **Board Member Appointment: K.S.A. § 76-3304(d).** This is found on page 3, lines 32-43.

*This provision retires the terms of the current Board members and allows the Governor to appoint all Board members for terms of a specific amount of years.*

Issue: Due to the confusion and overlap in Board member terms that would result with the addition of five (5) new members to the Board, the Authority has decided that the existing Board member terms should expire and all members should be appointed at the same time. Therefore, all Board Members will be appointed to a term with a specific number of years by the Governor, and the Governor may choose who will get the longest and shortest terms based upon current years of service on the Board. The method and language of this amendment is nearly identical to what the Legislature did with the terms of the Board of Regents when it reconstituted that Board in 1999. This amendment also confirms that any member who is serving on the Board at the time of the enactment of this legislation will not have to be officially "appointed" to the Board in the same manner as first time appointees.

Proposed Revisions: Revise K.S.A. 76-3304(d) to officially expire the terms of the current Board members on the effective date of this legislation, and have the Governor, in his discretion, appoint all current and new members to terms of a specific amount of years.

5. **Board Member Tenure: KSA § 76-3304(e).** This is found on page 4, lines 3 and 7-10.

*This provision specifies that the term of Board members who represent the general public is limited to three (3) years each and no more than two (2) consecutive three (3)-year terms.*

Issue: Based upon input from the Board and the Authority executive team, a three (3)-year term may be insufficient for a Board member who represents the general public

to effectively become acquainted with the Authority and the special needs of a hospital/academic medical center and to participate in and carry out business plans and objectives of the Board. For numerous reasons, it seems Board members who represent the general public generally require several months to start up their activities related to participation on the Board and Board committees. Allowing for an additional year of tenure would help create more stability and efficiency on the Board. By comparison, other state governing boards, for example the Kansas Turnpike Authority and the Kansas Board of Regents, have four (4) year terms for members who represent the general public. In addition, the term limitation imposed by the Act should be changed as well. There should still be a limitation on the number of terms a Board member may serve. In this instance, a member should be limited to three (3) consecutive four (4) year terms. This change would help bring more stability to the Board and would allow the Authority to retain the services of outstanding Board members.

Proposed Revisions: Revise K.S.A. 76-3304(e) to increase Board member tenure from three-year terms to four-year terms and change limitation on number of terms allowable for each Board member.

6. **Appointment of Board Members: KSA § 76-3304(f).** This is found on page 4, lines 11-20.

*This provision describes the process for Board appointment. In general, the Board's nominating committee forwards a slate of candidates to the Governor for consideration and appointment, subject to Senate confirmation.*

Issues: The Act's current requirement that the Nominating Committee forward a slate of candidates to the Governor for appointment is ambiguous, in that the Act does not specify the number of candidates to include in each slate or the obligation, if any, of the Governor to choose at least one (1) candidate from each slate. Instead, a clearer and more efficient method would be to revise the appointment process in a manner that is similar to a process that is currently in place, the judicial appointment process, so that the Board's Nominating Committee forwards a slate of two (2) or three (3) candidates to the Governor for each vacancy on the Board. The Governor would then be required to appoint one (1) member from each slate and forward the appointed members to the Senate for confirmation. This process should create a fair and impartial appointment procedure and deal with the current ambiguity.

In addition, the Act should be amended so that the Board must give input to the Nominating Committee and that the Board confer with the Nominating Committee during the nominating process.

Proposed Revisions: Revise K.S.A. 76-3304(f) to specify that the Board's Nominating Committee after receiving input from the Board of Directors and after being consulted by the Board of Directors shall forward to the Governor a slate of two (2) or three (3) candidates for each vacancy on the Board and the Governor shall appoint a Board member from each slate.

7. **Board Member Expense Reimbursement: KSA § 76-3304(i).** This is found on page 4, lines 37-41.

*This provision specifies that Board members attending meetings of the Board or meetings of subcommittees of the Board shall be paid subsistence allowances in compliance with applicable state law for state employee expense reimbursement.*

Issue: The provision is in direct conflict with KSA § 76-3304(j), which specifies that the Authority may make reasonable payments for expenses incurred on its behalf relating to any of its lawful purposes. Therefore, the Authority should be able to reimburse Board members for reasonable expenses, and should not be subject to the limitations applicable to state employees. Because Board members are not state employees, the state laws currently referenced in the Act arguably should not apply. Instead, the Authority should retain discretion to provide reimbursement to the Board and other Authority employees for reasonable costs and expenses, as deemed appropriate by the Authority. This revision will help clarify the discrepancy in the Act and help avoid the time-consuming process of determining whether any expenses incurred by Board members appropriately fit within the limitations provided for state employees.

Proposed Revisions: Revise K.S.A. 76-3304(i) to clarify that the Authority may provide reasonable expense reimbursement to the Board.

8. **President of the Authority: K.S.A. 76-3304(m).** This is found on page 5, lines 32-33.

*This provision authorizes the board to appoint a president and CEO of the Authority.*

Issue: With the president being authorized as a voting member of the board, there is an issue as to whether the president could vote on his or her salary.

Proposed Revision:

For clarification, K.S.A. 76-3304(m) is amended to state affirmatively that the president cannot vote on his or her salary.

9. **Record Retention Policies: KSA § 76-3321.** This is found on page 7, line 34.

*K.S.A. 76-3308(a)(9) should allow the Authority to establish its own record retention policies and procedures. However, the Act does not specifically exclude the Authority from the Kansas law that provides specific requirements for record retention by state agencies.*

Issue: Applying the state record retention policies to the Authority could restrict the Authority's ability to develop document retention policies that best suit the Authority's business and legal needs.

Proposed Revisions: Revise the K.S.A. 76-3321 to specifically exempt the Authority from KSA § 45-401 through KSA § 45-413, governing record retention of state agencies. To accomplish this revision, the statutes listed above should be added to the

list of statutory provisions which specifically do not apply to the Authority, as provided under the Act (KSA § 76-3321).

10. **Duty to Affiliate with KPERS: KSA § 76-3322.** This is found on page 8, lines 9-12, 22-30, 33-43 and on page 9, lines 1-3.

*This section provides that the Authority shall affiliate with the Kansas Public Employees Retirement System (KPERS, a statewide defined benefit pension plan with a 10-year vesting schedule and required employee contributions) with respect to current and future employees. Continued participation in KPERS is required for those former employees of the University whose employment transferred to the Authority upon its creation. For those transferred faculty members who were in the alternative Board of Regents 403(b) program rather than KPERS, the Authority was to either (i) provide a 403(b) program of its own, or (ii) adopt a retirement plan providing substantially similar benefits. (The Authority was not eligible to sponsor a 403(b) program, so it adopted a section 403(a) qualified retirement plan for those employees that provides substantially similar benefits.) The Authority is required to provide death and disability benefits for transferred employees through KPERS.*

*For employees hired by the Authority after the transfer date, the Authority is to designate whether those employees will (i) participate in KPERS, (ii) participate in a 403(b) program sponsored by the Authority, or (iii) participate in another retirement plan sponsored by the Authority. (As noted above, the Authority is not eligible to sponsor a 403(b) program, so there are really only two options: KPERS or a qualified plan sponsored by the Authority. Currently, certain employees (generally director level and above) participate in a section 403(a) plan sponsored by the Authority, and the remaining employees are members of KPERS.) The statute does not specifically require death and disability benefits for employees hired after the transfer date. However, those employees are currently receiving death (life insurance) and long-term disability benefits under KPERS.*

#### Proposed Revisions

a. The statute makes reference to 403(b) plans sponsored by the Authority, even though the Authority is not eligible to sponsor such plans (which are limited to public schools and section 501(c)(3) organizations). Therefore, for clarification, any of the provisions which refer to a 403(b) program sponsored by the Authority is being deleted.

b. The statute currently requires all transferred employees (whether faculty or otherwise) to receive death and disability benefits under KPERS, but does not specifically require such benefits for employees hired after the transfer date. The Authority feels that it should be free to purchase life insurance and long-term disability insurance from the vendor of its choice (rather than the single vendor which underwrites the death/disability benefits under KPERS), and that it should be able to provide such benefits to all employees (whether they are transferred employees or employees hired after the transfer date). Therefore, the statute is being amended to delete the requirement that all transferred employees participate in the death and disability benefits provided through KPERS, and to clarify that employees hired after the transfer date are not required to participate

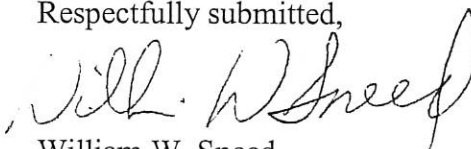
in the KPERS death and disability benefits and, instead, may participate in plans offered by the Authority.

c. The statute provides that the Authority shall “designate” whether employees hired after the transfer date shall participate in KPERS or a retirement plan sponsored by the Authority. KPERS is not an appropriate retirement plan for the Authority’s employees, as its defined benefit feature provides no portability, and its 10-year cliff vesting schedule puts its benefits out of reach for the majority of the Authority’s employees (who do not typically remain employed for the requisite 10 years). Although a literal reading of the statute is that all employees hired after the transfer date could participate in a plan sponsored by the Authority (rather than KPERS), the title of this section (“Affiliation with KPERS”) and the references to “designating” whether employees shall be members of KPERS or whether they shall participate in an Authority-sponsored plan imply that at least some employees must be in the KPERS retirement program. The statute is being amended to clarify that affiliation with KPERS is required only for the transferred employees, who were not in the Board of Regents Plan, and is clearly optional with respect to employees hired after the transfer date.

12. The remaining changes found in the bill are clean-up relating to changes already discussed.

We believe the amendments found in S.B. 642 provide good public policy and offer to assist our board in its daily governance. We respectfully request your favorable action on S.B. 642. Again, thank you for your time, and if you have any questions, please feel free to contact me.

Respectfully submitted,



William W. Sneed

WWS:kjb

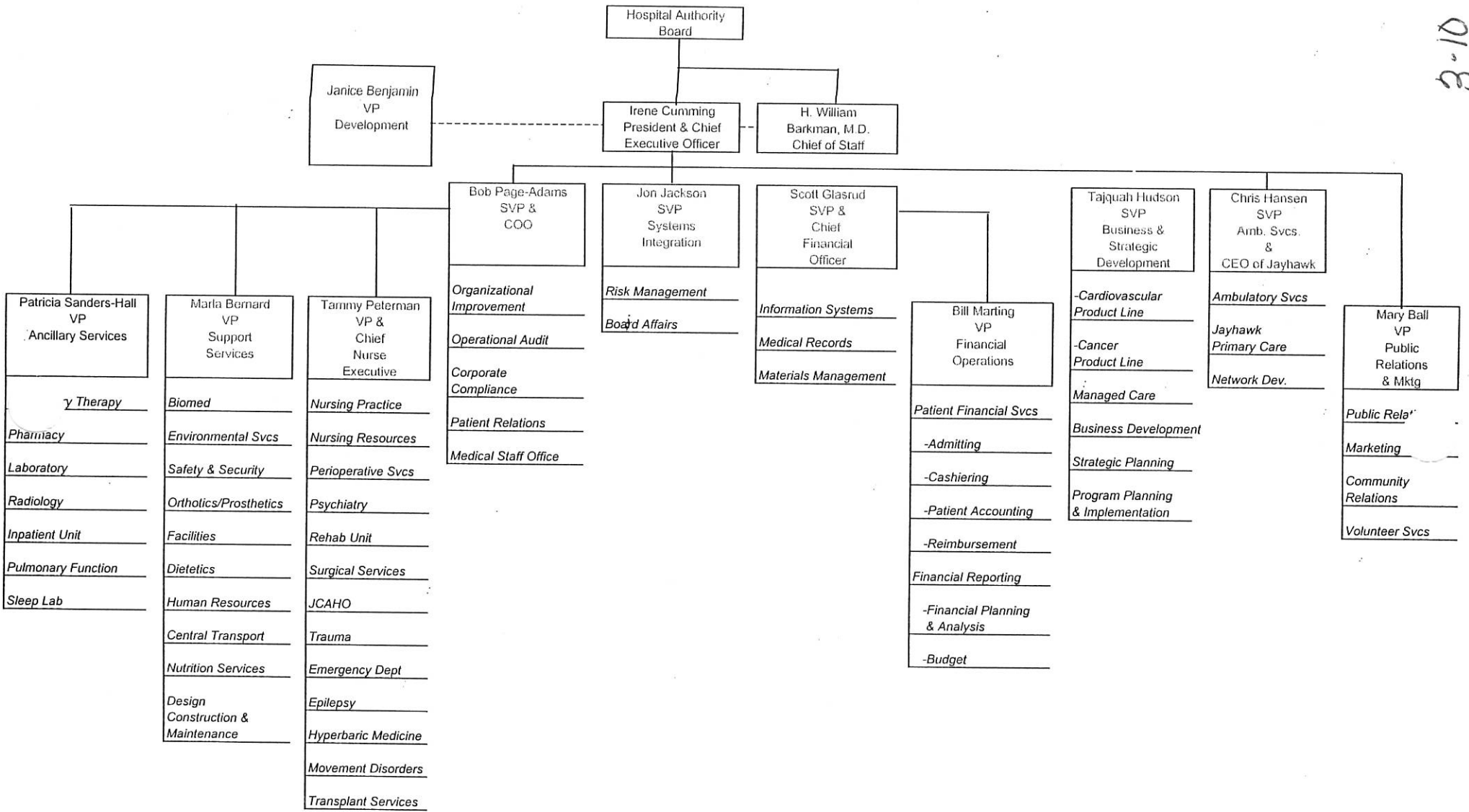
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**University of Kansas Hospital Authority  
FY 2002**

<b>Board of Directors</b>	<b>Board of Directors Officers</b>
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# The University of Kansas Hospital Organizational Chart

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