

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Nancey Harrington at 10:45 a.m. on March 28, 2003 in Room 245-N of the Capitol.

All members were present except: Senator Lyon, excused
Senator Gooch, excused
Senator O'Connor, excused

Committee staff present: Dennis Hodgins, Legislative Research Department
Audrey Nogle, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Senator Stan Clark
Candy Shively, Deputy Secretary, Social and Rehabilitative Services
Matt Goddard, Heartland Community Bankers Assn.
Chuck Stones, The Kansas Bankers Association

Others attending: Please see attached.

Chairperson Harrington opened the public hearing on:

SB 272-Recovery of previous paid medical assistance

Senator Clark presented testimony in favor of the bill. (Attachment 1) Senator Clark also presented an article entitled, "Getting Poor on Purpose" by Michelle Higgins of the Wall Street Journal, Tuesday, February 25, 2003 section D1. He presented a sheet entitled, "Executive Summary" from the President's Task Force on Medicaid Reform. (Attachment 2) Senator Clark concluded with an attachment concerning the State of Kansas Medicaid program printed by the Department of SRS. (Attachment 3)

Following a review of these materials, Chairperson Harrington thanked Senator Clark for his attention to detail. The committee discussed the testimony, clarifying the terms non-licensed provider.

Senator Teichman expressed concern about the effects this might have on farmers who are trying to retain the farm for family. Senator Clark stated that there would be a lien against their property in their estate.

Candy Shively presented testimony in favor of the bill. (Attachment 4) In response to some of the discussion, Ms. Shively stated that a trust should not be used as a shelter for assets and stated that the amendment was not aimed at adult disabled children

In response to a question from Senator Vratil, Ms. Shively deferred to her assistant Brian Vasquez, Director of State Recovery, to describe the term "full discretion."

Mr. Vasquez stated that full discretion referred to a line of case law that says what a trustee can do with a trust; that is considered complete discretion and medicaid cannot use that line of trust because the trustee is not obligated.

In response to additional questions, Mr. Vasquez stated that if the funds exceed \$2,000, then the person is ineligible.

Following further discussion, Senator Barnett stated that the bill needed an amendment to prevent loopholes

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 28, 2003 in Room 245-N of the Capitol.

that might be taken advantage of by lawyers.

Chairperson Harrington agreed and said that might be something the committee might come back and consider.

Senator Vratil stated that he was not sure what Senator Barnett meant, but that this is what the Legislature does in an attempt to create good policy, but that it was impossible to close all loopholes and that there is a lot of money as motivation for people. He stated that the committee may have to put it out there and then revisit it in the future to close loopholes. He went on to say that he believed Senator Barnett may be saying that they need to put in a statutory direction about which the committee would be updated periodically.

Matthew Goddard presented testimony in opposition to **SB 272** in its present form. (Attachment 5) He also presented suggested amendments to the bill. (Attachment 6)

Following discussion, Chuck Stones presented testimony in opposition to the bill in its present state and in agreement with Mr. Goddard. (Attachment 7)

The committee discussed the issue of more people relying on the state to take care of their parents instead of doing that themselves and that it was a rare case for a family to have enough money to be able to afford long-term care.

Senator Teichman made a motion to amend **SB 272** with the balloon amendment from Heartland Community Bankers' Association. Senator Brungardt seconded the motion to amend. The motion to amend passed.

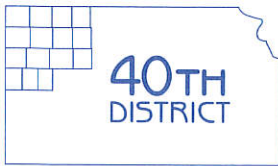
Chairperson Harrington pointed out that Senator Barnett had wanted a change in the residency requirements from one year to six months.

Senator Brungardt made a motion to amend **SB 272** as amended to change the residency requirement from one year to six months. Senator Barnett seconded the motion to amend the bill as amended. The motion to amend passed.

Senator Barnett made a motion to make a conceptual amendment to **SB 272** as amended to deal with the issue of loopholes. Senator Teichman seconded the motion to amend. The motion to amend passed.

Senator Barnett made a motion to pass **SB 272** favorably as amended. Senator Brungardt seconded the motion to pass the bill favorably as amended. The amended bill was recommended favorable for passage.

The meeting adjourned at 1:23 p.m.



Stan Clark

COMMITTEE ASSIGNMENTS

- CHAIR: UTILITIES
MEMBER: ASSESSMENT & TAXATION, ELECTIONS & LOCAL GOVERNMENT, ORGANIZATIONS, CALENDAR, & RULES, RULES & REGULATIONS

Testimony before the Senate Federal and State Affairs Committee
Senate Bill 272
March 28, 2003

Chairman Harrington and members of the committee:

The Feb. 25, 2003 article in the Wall Street Journal (attachment 1) states very succinctly: Getting Poor On Purpose: States Crack Down on Families That Shed Assets to Get Free Nursing-Home Care. The article tells about the contortions families go through to spend, shelter or give away assets so that the State can pick up the tab.

Senate bill 272 addresses five immediate Legislative action items identified in the President's Task Force on Medicaid Reform executive summary (attachment 2). They are the first five listed on the executive summary page. These same specific initiatives have been identified by the Legislative Post Audit and several joint and interim committees of the legislature. These specific legislative initiatives tighten the eligibility requirements before a person becomes eligible for Medicaid assistance and to avenues to pursue to recover assets owned or controlled by the recipient of Medicaid upon their death.

Specifically, on page 5, lines 1 through 7 address the practice that some use where some specific fractional interest in property is jointly owned by the Medicaid applicant and some other party. If this happens, all of the property is considered an available resource to the applicant. There are currently instances where a one percent interest to property is given to someone and since the property is then jointly owned it is not a countable asset in determining eligibility for the Medicaid applicant.

Page 5, lines 8-21 addresses discretionary trusts which are created to be supplemental to any public assistance received.

Page 5, lines 22-43 addresses contracts that are drawn that bear no relationship to the value of services provided or are prepaid. An example provided to Task Force was an agreement to pay your granddaughter \$50,000 to visit you once a week for the rest of your life or \$30,000 for your grandson to mow your lawn.

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Attach #1

Page 6, lines 1-8 is essentially the same scenario except it is for prepaid professional services.

Page 8, lines 12-21 expand the list of assets that a claim may be filed against the individual's estate. The primary targets are jointly owned property, annuities and trusts.

Page 8, line 22 through lines 29 on page 9 allows a lien to be placed on real property after the recipient had been in a nursing home for one year. Currently, Kansas law provides that SRS is to collect from the individual's estate the costs of the Medicaid services provided but with no lien on any property, many times the surviving spouse sells the asset and thereby outmaneuvers the state's recovery efforts. This provision attaches the property and clouds the title.

Madame Chairman, Medicaid currently in terms of recipients and dollars, is larger than the Medicare program. Within 5 years, at current growth rates, Medicaid will be larger than the retirement benefits paid by Social Security. If State budgets would increase tax receipts by 5% annually and Medicaid costs would increase at their current rate, by 2020 Medicaid would consume the entire budgets of every state in the union. Doing nothing is not an option. Last year the Kansas Medicaid program (attachment 3) paid over \$1.5 billion dollars for these services which was an increase of over \$220 million from the previous year. It is estimated that 15 to 22 percent of long-term health care costs goes to families with adequate assets that can pay for their own nursing home care. If this estimate is accurate, the potential savings in the all funds budget will be from \$50 million to \$75 million annually and the State General Fund budget will be \$20 million to \$30 million.

I will gladly stand for questions.

EXECUTIVE SUMMARY

Stan Clark
Attach 2

The Task Force recommends the following items for immediate action:

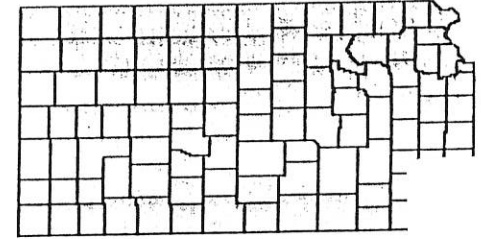
Legislative Action Items

- Allow the state to establish a lien on the real property of Medicaid recipients.
- Change the definition of estate to include jointly-owned property.
- Prohibit property owners applying for Medicaid from specifying a percentage ownership of jointly-owned property.
- Require that discretionary trusts be considered a countable resource for public assistance.
- Limit the scope of life contracts established between Medicaid recipients and family members.
- Institute a refundable tax credit for long-term care insurance premiums.

Regulatory Action Items

- Extend the look-back period for transfers of non-trust property to five years and apply any resulting penalty period to begin with month of application.
- Adopt current federal minimum limits on the exempted value of non-business property and the value of vehicles.
- Replace the blanket exemption of all personal effects and furnishings with a \$15,000 limit.
- Request a Cash and Counseling Section 1115 Waiver from the federal government.
- Install requested edits on the new Medicaid Management Information System:
 - ◇ Undertake a study of care management for multiple diagnosis and dual eligible recipients; and
 - ◇ Additional actions on completion of the edits should be pursued.
- Undertake a study of prescription drug use in Kansas nursing homes.

State of Kansas



**KANSAS DEPARTMENT OF
SOCIAL and REHABILITATION SERVICES**

Central Office:

Office of the Secretary
915 SW Harrison, Room 603 N
Topeka, Kansas 66612
(785) 296-3271

2000 STATEWIDE DEMOGRAPHICS

Population	2,688,418
Under 20	798,418
20-64	1,533,681
65 Plus	356,229
Male	1,328,474
Female	1,359,944

Note: 2000 demographics are not certified as the official population.

AREA OFFICES

- Chanute
- Emporia
- Garden City
- Hays
- Hutchinson
- Kansas City
- Lawrence
- Manhattan
- Overland Park
- Topeka
- Wichita

ABBREVIATIONS

- HIPPS: Health Insurance Premium Payment System
- HCBS: Home and Community Based Services
- LIEAP: Low Income Energy Assistance Program

Senate Fed & State
 Date: 03 / 28 / 2003
 Attachment # 3

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	31,792	34,461	\$44,731,166	\$48,201,402
Number of Children in Program	22,628	24,259	N/A	N/A
General Assistance	2,616	3,160	\$5,013,944	\$5,929,205
Refugee Assistance	15	10	\$21,155	\$16,622
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	288,015	301,377	\$1,279,536,328	\$1,500,654,119
HealthWave Beneficiaries	32,540		\$28,567,754	
Major Categories of Service (See Note 2)				
Adult Care Home	19,547	18,498	\$327,124,936	\$334,868,704
Home and Community Based Services				
Head Injury	129	171	\$3,607,953	\$3,974,400
Technology Assisted Children	48	42	\$153,088	\$149,637
Mental Retardation/Developmental Disability	6,247	6,386	\$176,469,200	\$190,003,000
Severe Emotional Disturbance	1,553	1,675	\$8,844,967	\$8,545,010
Physically Disabled	4,968	4,971	\$57,526,375	\$60,467,730
Inpatient Hospital	38,310	35,787	\$147,728,205	\$161,104,317
Outpatient Hospital	98,281	92,608	\$20,518,465	\$21,425,242
Pharmacy	164,489	156,838	\$188,124,050	\$213,054,599
Physician	167,854	161,723	\$58,521,644	\$60,582,279
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	117,241	131,726	\$89,007,787	\$107,186,250
Child Care	15,312	16,158	\$46,648,941	\$50,827,245
Employment Preparation Services	8,692	11,346	\$7,263,579	\$7,781,360
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	80,201	72,239	\$16,275,345	\$8,786,702
Rehabilitation Services	11,717	12,451	\$11,217,179	\$13,507,337
Burial	879	846	\$466,454	\$458,390
Family Preservation	14,635	15,650	N/A	N/A
Children in SRS Custody	8,592	9,276	N/A	N/A
Child Support Enforcement		308,239	\$105,793,339	\$107,457,005
Number of Children in Program		173,500	N/A	N/A

Statewide information includes adjustments and recoupments and may not be a summary of the county level information.

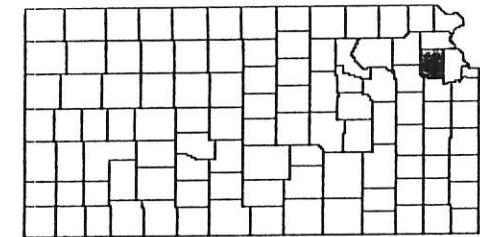
- Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.
- Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive
- Note 3: This is not an exhaustive listing of all programs available within SRS.
- N/A: Not applicable.

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 03/28/03
 attach # 3

JEFFERSON



**KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES**



2000 COUNTY DEMOGRAPHICS

Population	18,426
<i>Under 20</i>	5,549
<i>20-64</i>	10,519
<i>65 Plus</i>	2,358
<i>Male</i>	9,333
<i>Female</i>	9,093

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

HIPPS:	Health Insurance Premium Payment System
HCBS:	Home and Community Based Services
LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE <i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	111	149	\$177,403	\$206,915
Number of Children in Program	79	100	N/A	N/A
General Assistance	13	19	\$23,016	\$34,691
Refugee Assistance	0	0	\$0	\$0
MEDICAL ASSISTANCE (See Note 1) <i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	1,421	1,701	\$6,212,916	\$7,622,340
HealthWave Beneficiaries	195		\$141,531	
Major Categories of Service (See Note 2)				
Adult Care Home	164	171	\$2,600,005	\$2,877,262
Home and Community Based Services				
Head Injury	0	1	\$0	\$3,234
Technology Assisted Children	0	0	\$0	\$0
Mental Retardation/Developmental Disability	23	26	\$368,925	\$522,714
Severe Emotional Disturbance	3	3	\$9,902	\$11,275
Physically Disabled	20	24	\$186,092	\$245,617
Inpatient Hospital	110	112	\$354,083	\$436,255
Outpatient Hospital	368	397	\$79,821	\$126,345
Pharmacy	740	775	\$1,169,671	\$1,352,767
Physician	754	751	\$198,837	\$213,739
OTHER ASSISTANCE (See Note 3) <i>(Fiscal Year Average Per Month)</i>				
Food Stamps	510	614	\$377,221	\$496,263
Child Care	52	49	\$133,069	\$148,892
Employment Preparation Services	34	47	\$43,316	\$63,093
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	481	436	\$100,337	\$51,074
Rehabilitation Services	64	65	\$34,513	\$42,802
Burial	3	5	\$1,650	\$2,750
Family Preservation	127	101	N/A	N/A
Children in SRS Custody	46	41	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive.

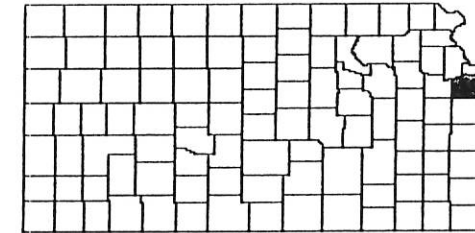
Note 3: This is not an exhaustive listing of all programs available within SRS.

N/A: Not applicable.

JOHNSON



KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES



2000 COUNTY DEMOGRAPHICS

Population	451,086
<i>Under 20</i>	132,194
<i>20-64</i>	273,823
<i>65 Plus</i>	45,069
<i>Male</i>	220,329
<i>Female</i>	230,757

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

HIPPS:	Health Insurance Premium Payment System
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LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	958	1,106	\$1,549,308	\$1,721,096
Number of Children in Program	691	801	N/A	N/A
General Assistance	95	129	\$200,239	\$259,118
Refugee Assistance	1	2	\$1,862	\$3,602
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	15,685	18,525	\$102,841,617	\$118,752,241
HealthWave Beneficiaries	2,228		\$1,705,565	
Major Categories of Service (See Note 2)				
Adult Care Home	1,819	1,833	\$38,213,973	\$39,092,495
Home and Community Based Services				
Head Injury	26	34	\$1,032,862	\$1,033,954
Technology Assisted Children	10	8	\$24,415	\$28,475
Mental Retardation/Developmental Disability	646	678	\$15,484,078	\$16,438,693
Severe Emotional Disturbance	166	218	\$715,530	\$782,158
Physically Disabled	263	304	\$3,988,805	\$4,146,532
Inpatient Hospital	1,932	2,172	\$9,141,919	\$11,735,340
Outpatient Hospital	4,272	4,434	\$892,533	\$959,700
Pharmacy	7,975	8,436	\$12,630,470	\$14,929,640
Physician	8,078	8,777	\$2,682,538	\$3,002,388
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	3,899	4,883	\$2,834,373	\$3,836,809
Child Care	846	952	\$3,220,889	\$3,834,224
Employment Preparation Services	267	344	\$258,492	\$247,583
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	2,732	2,662	\$477,043	\$263,571
Rehabilitation Services	1,175	1,382	\$1,594,946	\$1,906,608
Burial	38	32	\$18,150	\$17,361
Family Preservation	653	719	N/A	N/A
Children in SRS Custody	476	513	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive.

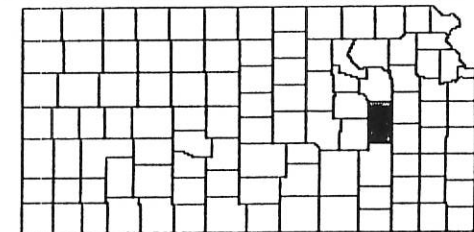
Note 3: This is not an exhaustive listing of all programs available within SRS.

N/A: Not applicable.

LYON



KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES



2000 COUNTY DEMOGRAPHICS

Population	35,935
<i>Under 20</i>	10,988
<i>20-64</i>	20,764
<i>65 Plus</i>	4,183
<i>Male</i>	17,732
<i>Female</i>	18,203

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

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HCBS:	Home and Community Based Services
LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	383	423	\$530,942	\$557,534
Number of Children in Program	276	305	N/A	N/A
General Assistance	30	37	\$60,532	\$72,225
Refugee Assistance	0	0	\$512	\$0
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	4,294	4,813	\$18,361,315	\$22,002,956
HealthWave Beneficiaries	465		\$409,911	
Major Categories of Service (See Note 2)				
Adult Care Home	246	300	\$5,068,583	\$4,790,665
Home and Community Based Services				
Head Injury	0	2	\$0	\$10,751
Technology Assisted Children	0	0	\$0	\$0
Mental Retardation/Developmental Disability	106	112	\$2,990,029	\$3,421,106
Severe Emotional Disturbance	26	22	\$226,638	\$196,547
Physically Disabled	73	71	\$729,005	\$747,447
Inpatient Hospital	454	453	\$1,493,459	\$2,113,769
Outpatient Hospital	1,070	997	\$176,560	\$237,255
Pharmacy	2,037	1,935	\$2,276,852	\$2,889,078
Physician	2,205	2,120	\$581,921	\$719,894
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	1,630	1,940	\$1,243,299	\$1,623,855
Child Care	125	144	\$314,244	\$353,346
Employment Preparation Services	127	162	\$75,038	\$62,667
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	1,373	1,305	\$278,750	\$155,048
Rehabilitation Services	240	256	\$209,333	\$243,668
Burial	11	11	\$5,485	\$6,050
Family Preservation	66	87	N/A	N/A
Children in SRS Custody	112	128	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive.

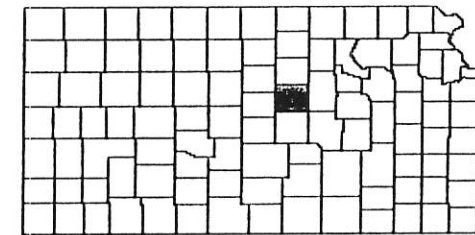
Note 3: This is not an exhaustive listing of all programs available within SRS.

N/A: Not applicable.

SALINE



KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES



2000 COUNTY DEMOGRAPHICS

Population	53,597
<i>Under 20</i>	15,693
<i>20-64</i>	30,424
<i>65 Plus</i>	7,480
<i>Male</i>	26,449
<i>Female</i>	27,148

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

HIPPS:	Health Insurance Premium Payment System
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LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	593	600	\$830,165	\$835,475
Number of Children in Program	403	406	N/A	N/A
General Assistance	36	46	\$69,181	\$85,182
Refugee Assistance	0	0	\$0	\$0
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	6,185	6,773	\$25,049,185	\$29,836,684
HealthWave Beneficiaries	734		\$661,421	
Major Categories of Service (See Note 2)				
Adult Care Home	328	320	\$4,837,811	\$5,749,226
Home and Community Based Services				
Head Injury	7	9	\$273,953	\$168,173
Technology Assisted Children	1	1	\$4,180	\$3,085
Mental Retardation/Developmental Disability	166	189	\$4,105,352	\$5,165,026
Severe Emotional Disturbance	55	63	\$502,692	\$459,213
Physically Disabled	95	94	\$903,819	\$932,247
Inpatient Hospital	822	978	\$2,545,984	\$3,334,370
Outpatient Hospital	2,326	2,242	\$525,804	\$548,071
Pharmacy	3,664	4,065	\$3,891,556	\$4,713,017
Physician	3,948	4,211	\$1,406,723	\$1,559,443
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	2,273	2,505	\$1,637,857	\$1,975,959
Child Care	438	463	\$981,390	\$1,127,467
Employment Preparation Services	199	225	\$86,972	\$102,863
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	1,707	1,735	\$331,285	\$216,364
Rehabilitation Services	371	377	\$253,588	\$201,982
Burial	26	20	\$14,300	\$11,000
Family Preservation	384	642	N/A	N/A
Children in SRS Custody	102	125	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

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Note 3: This is not an exhaustive listing of all programs available within SRS.

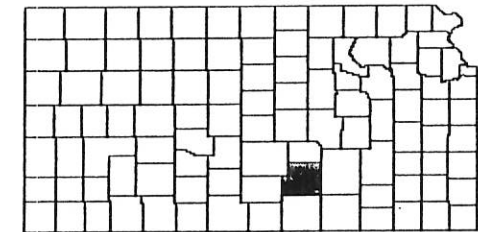
N/A: Not applicable.

SC

SEDGWICK



KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES



2000 COUNTY DEMOGRAPHICS

Population	452,869
<i>Under 20</i>	139,837
<i>20-64</i>	261,458
<i>65 Plus</i>	51,574
<i>Male</i>	223,870
<i>Female</i>	228,999

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

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LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	8,505	9,621	\$12,106,849	\$13,649,235
Number of Children in Program	6,110	6,831	N/A	N/A
General Assistance	767	903	\$1,487,216	\$1,731,554
Refugee Assistance	8	1	\$12,032	\$2,552
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	59,598	63,229	\$217,219,262	\$254,833,580
HealthWave Beneficiaries	5,351		\$5,111,307	
Major Categories of Service (See Note 2)				
Adult Care Home	1,911	1,842	\$35,179,355	\$35,789,243
Home and Community Based Services				
Head Injury	17	26	\$302,593	\$398,969
Technology Assisted Children	9	7	\$40,305	\$29,525
Mental Retardation/Developmental Disability	868	950	\$21,037,939	\$23,349,583
Severe Emotional Disturbance	258	278	\$1,464,020	\$1,514,824
Physically Disabled	758	724	\$9,713,055	\$9,491,821
Inpatient Hospital	9,088	7,384	\$35,837,438	\$36,431,610
Outpatient Hospital	20,037	17,867	\$3,794,692	\$3,460,189
Pharmacy	34,680	30,627	\$31,366,844	\$35,529,834
Physician	38,522	34,373	\$16,355,909	\$14,680,701
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	28,846	32,493	\$24,188,196	\$29,281,450
Child Care	3,483	3,665	\$12,297,131	\$13,193,810
Employment Preparation Services	1,967	2,695	\$1,907,693	\$1,507,774
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	13,908	12,414	\$2,234,505	\$1,447,934
Rehabilitation Services	1,410	1,493	\$1,432,902	\$1,625,181
Burial	167	197	\$90,270	\$106,185
Family Preservation	3,717	3,537	N/A	N/A
Children in SRS Custody	2,169	2,230	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive.

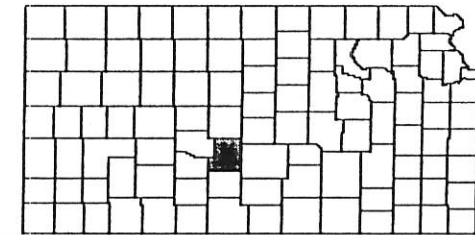
Note 3: This is not an exhaustive listing of all programs available within SRS.

N/A: Not applicable.

STAFFORD



KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES



2000 COUNTY DEMOGRAPHICS

Population	4,789
<i>Under 20</i>	1,362
<i>20-64</i>	2,412
<i>65 Plus</i>	1,015
<i>Male</i>	2,336
<i>Female</i>	2,453

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

HIPPS:	Health Insurance Premium Payment System
HCBS:	Home and Community Based Services
LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	50	46	\$49,388	\$61,826
Number of Children in Program	30	29	N/A	N/A
General Assistance	5	2	\$9,293	\$4,015
Refugee Assistance	0	0	\$0	\$0
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	654	775	\$4,215,535	\$4,114,747
HealthWave Beneficiaries	104		\$101,499	
Major Categories of Service (See Note 2)				
Adult Care Home	43	57	\$529,600	\$722,306
Home and Community Based Services				
Head Injury	0	1	\$0	\$1,436
Technology Assisted Children	0	0	\$0	\$0
Mental Retardation/Developmental Disability	38	36	\$2,049,576	\$1,847,579
Severe Emotional Disturbance	3	2	\$976	\$997
Physically Disabled	7	4	\$71,552	\$70,137
Inpatient Hospital	81	66	\$258,610	\$175,146
Outpatient Hospital	277	258	\$52,224	\$45,204
Pharmacy	479	473	\$497,757	\$575,777
Physician	414	393	\$143,140	\$103,344
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	279	320	\$182,745	\$224,980
Child Care	39	46	\$71,968	\$108,274
Employment Preparation Services	32	36	\$28,427	\$18,802
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	191	161	\$47,614	\$23,283
Rehabilitation Services	18	17	\$12,035	\$25,235
Burial	0	2	\$0	\$1,100
Family Preservation	20	35	N/A	N/A
Children in SRS Custody	29	39	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive.

Note 3: This is not an exhaustive listing of all programs available within SRS.

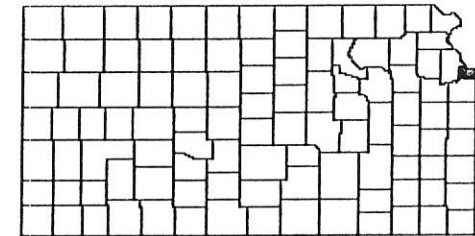
N/A: Not applicable.

tc

WYANDOTTE



KANSAS
DEPARTMENT OF SOCIAL
AND REHABILITATION
SERVICES



2000 COUNTY DEMOGRAPHICS

Population	157,882
<i>Under 20</i>	49,808
<i>20-64</i>	89,554
<i>65 Plus</i>	18,520
<i>Male</i>	77,071
<i>Female</i>	80,811

Note: 2000 demographics are not certified as the official population.

ABBREVIATIONS

HIPPS:	Health Insurance Premium Payment System
HCBS:	Home and Community Based Services
LIEAP	Low Income Energy Assistance Program

PROGRAM SERVICES	Customers		Annual Expenditures	
	FY 2001	FY 2002	FY 2001	FY 2002
CASH ASSISTANCE				
<i>(Fiscal Year Average Per Month)</i>				
Temporary Assistance for Families	4,777	4,655	\$6,726,780	\$6,539,351
Number of Children in Program	3,573	3,458	N/A	N/A
General Assistance	284	340	\$538,028	\$639,660
Refugee Assistance	3	3	\$3,425	\$6,148
MEDICAL ASSISTANCE (See Note 1)				
<i>(Fiscal Year Unduplicated)</i>				
Medical Assistance Beneficiaries	29,303	31,586	\$98,748,232	\$16,826,380
HealthWave Beneficiaries	3,291		\$2,552,161	
Major Categories of Service (See Note 2)				
Adult Care Home	932	926	\$14,250,623	\$15,380,179
Home and Community Based Services				
Head Injury	8	9	\$122,738	\$174,087
Technology Assisted Children	1	0	\$430	\$0
Mental Retardation/Developmental Disability	226	230	\$5,458,823	\$5,901,197
Severe Emotional Disturbance	142	88	\$515,253	\$320,708
Physically Disabled	466	472	\$6,865,739	\$6,460,685
Inpatient Hospital	3,775	3,704	\$21,330,536	\$24,907,604
Outpatient Hospital	8,305	7,527	\$2,235,089	\$2,128,937
Pharmacy	12,473	11,858	\$12,700,118	\$13,738,480
Physician	15,282	14,379	\$6,034,918	\$5,978,839
OTHER ASSISTANCE (See Note 3)				
<i>(Fiscal Year Average Per Month)</i>				
Food Stamps	11,631	12,625	\$9,060,790	\$10,432,076
Child Care	1,546	1,631	\$5,038,269	\$5,487,427
Employment Preparation Services	1,033	1,089	\$734,062	\$933,410
<i>(Fiscal Year Unduplicated)</i>				
LIEAP Heating	6,868	5,784	\$1,446,768	\$643,326
Rehabilitation Services	671	682	\$490,635	\$529,071
Burial	72	44	\$37,741	\$24,150
Family Preservation	1,875	1,840	N/A	N/A
Children in SRS Custody	948	949	N/A	N/A

Note 1: Does not include HIPPS, Medicare Buy-In or adjustments.

Note 2: Medical consumers can be counted in more than one category of service. Major Categories of Service are not all inclusive.

Note 3: This is not an exhaustive listing of all programs available within SRS.

N/A: Not applicable.

Kansas Department of

Social and Rehabilitation Services

Janet Schalansky, Secretary

Senate Federal and State Affairs Committee
March 28, 2003

SB 272 - Concerning repayment of medical assistance

Integrated and Service Delivery
Candy Shively, Deputy Secretary
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For additional information contact:
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Attach # 4

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Federal and State Affairs Committee
March 28, 2003

SB 272 - Concerning repayment of medical assistance

Madam Chair and members of the Committee, thank you for the opportunity to appear on SB 272. My name is Candy Shively, Deputy Secretary of the Department of Social and Rehabilitation Services. SB 272 makes a number of changes impacting Medicaid eligibility and the Department's estate recovery process. These changes originate from recommendations made by the President's Task Force on Medicaid Reform and are designed to help discourage asset sheltering with the intent to qualify for Medicaid coverage of long term care. We expect the full impact of these changes to both save state dollars as well as allow for increased recoveries of monies paid for coverage of medical costs that the State has shouldered. Although these changes are more restrictive in nature, in light of current budget realities, they are seen as critical to preserving the goal of the Medicaid program to serve those who are truly needy and to protect the State's right to recovery for its taxpayers.

There are two provisions that will directly impact eligibility for Medicaid coverage, particularly long term care. These are incorporated in 39-709, sections (e)(3) and (4). The first, in section (e)(3), regards availability of trust assets. Current Kansas case law holds that a Medicaid consumer who is the beneficiary of a trust may qualify for Medicaid if the trustee has any discretion to withhold funds from the consumer. Discretionary trusts are a common estate planning technique, but SRS contends that to use a trust as a shelter from the ordinary Medicaid eligibility rules is an abuse of the trustee's discretion. If a consumer needs medical care, and there is a trust that can pay for that care, the trust and not the State, should be the primary person responsible to pay those costs. This provision would view these trusts as available assets to the extent that the trustee by using his or her full discretion could make any of the income or principal available to the Medicaid consumer.

This amendment does not require a parent of an adult disabled child to disinherit the child. Instead, it specifically allows for a parent of an adult child to create a supplemental needs trust by making specific reference in the trust that the parent intends that the trust only supplement Medicaid.

The second change, in section (e)(4), regards placing of restrictions on use of what are called "life care" contracts. Recently, SRS has seen an increase in Medicaid planning, where typically family members devise methods to deplete the resources of a person

so as to gain eligibility for Medicaid without all the funds being spent down on nursing home bills.

One method used is to have the person enter into a "life care contract," where the relative would provide certain services, such as visiting the person in a nursing home. Such a contract might be written so that if the person dies, some part of the contract payment, even if it had not yet been earned by the person providing life care services, would be forfeited.

SRS believes that this practice is contrary to public policy. This practice allows a person to have a double advantage; he or she can pay a relative to perform functions that the relative might provide anyway, while the State pays for all the cost of the nursing home.

This amendment imposes criteria that have to be met in such contracts in order for them to be considered as unavailable resources. It affects only those contracts involving provision of services by a non-licensed individual and requires such things as a written contract, payment for services after they have been rendered, and revocability. There is also the added provision regarding contracts for services provided by licensed professionals that monies paid in advance of receipt of services be considered an available resource. The goal of these provisions is to discourage use of such contractual arrangements for purposes of sheltering assets to meet Medicaid eligibility guidelines.

The remaining provisions help to increase the effectiveness of the estate recovery program and these are contained in 39-709 (e)(2) and g(3) and (4). As background, the Estate Recovery Program was initially authorized by the Legislature in 1992 and has since become a federally mandated process. The program allows the agency to recover Medicaid expenses properly paid on behalf of a Medicaid recipient from his or her estate if the recipient was either 55 years of age or older or in a long term care arrangement. It provides a means of giving back a portion of the expenses paid which make up the greatest proportion of the Medicaid program. Most recoveries are from probate actions and family agreements. Per federal and state law, no recovery action is taken if there is a surviving spouse or a minor or disabled child. Recoveries in FY 2002 were approximately \$5 million in Kansas and over \$25 million since the program's inception. Approximately 40% of the recoveries are returned to Kansas.

In regards to the provisions of (e)(2), the state has begun seeing a practice of property being put into joint tenancy with a designated interest, specifically setting up 99% interest for the Medicaid consumer and 1% for the other owner. This practice is now being used by several private attorneys who specialize in estate planning. Such action

does not result in ineligibility for the consumer but would technically remove that property from being recovered as part of the estate. To discourage such practices, this provision would allow the agency to count the full value of that property for eligibility purposes if such an arrangement occurred.

The provisions of (g)(3) provide that the estate for purposes of medical assistance shall include all real and personal property and other assets in which the deceased Medicaid recipient had interest in, including assets that are conveyed to a survivor or heir. The purpose of this provision is to expand the assets that can be viewed as available for recovery purposes and thus help increase collections in instances where many of the deceased's assets are held in joint tenancy or would pass to other beneficiaries. Such a change is allowable under the federal estate recovery law and a number of states have adopted such provisions over the last few years. The Department strongly believes in the goal behind estate recovery and that assets that have been owned by the Medicaid consumer should be available for recovery of medical expenses paid on that person's behalf while on assistance.

The final provision in (g)(4) would implement medical assistance lien authority. The Department has noted that a number of states who have such lien authority have increased both the effectiveness of and the recoveries for their estate recovery programs. Also in light of increased use of joint tenancy property ownership and homestead actions on behalf of children of the medical assistance recipient as a way to avoid estate recovery, we feel it is critical to pursue such authority.

The proposal would impose a lien on the real property of a recipient of medical assistance for the purpose of recovering previously paid medical assistance. This lien would be imposed primarily on medical assistance clients who have been in long term care. This proposal would use a 1 year residency in a medical facility as a threshold for examination of cases. Federal law allows liens to be placed on real estate owned by medical assistance consumers who have entered long term care. Further, no lien can be imposed when any of the following persons reside in the consumer's residence: recipient's spouse, recipient's child under the age of 21, recipient's child who is blind or disabled or a sibling with an equitable interest and who resided in the house for 1 year before the recipient's admission to a medical facility. Once the state has determined the propriety for a lien, the state would provide notice to the consumer and opportunity for a fair hearing. At the fair hearing, the issue, as required by federal law, would be whether the recipient can reasonably be expected to return home from the medical institution. Once a lien is allowed, the state would make the recovery when the property is sold.

Lien authority currently exists in about 20 states including Missouri, Oklahoma, Iowa

and Colorado. In a survey of states with estate recovery programs conducted in 1997, the State of North Carolina found that lien authority was more common among the top 10 collection states than in the bottom 10 states. Of those 10 states, Minnesota, Oregon, Wisconsin, Iowa and North Dakota use both liens and probate recovery methods. Within our area, Missouri, Iowa and Colorado, also, use both methods.

In summary, the Department believes the changes made as a result of this bill will improve the integrity of the Medicaid program in Kansas by helping to prevent abuse of the system caused by Medicaid estate planning and increase the effectiveness of the estate recovery process. We ask for your support of these measures.

To: Senate Committee on Federal and State Affairs

From: Matt Goddard

Date: March 28, 2003

Re: Senate Bill 272

The Heartland Community Bankers Association appreciates the opportunity to share its concerns regarding **Senate Bill 272** with the Senate Federal and State Affairs Committee.

The Heartland Community Bankers Association represents thrifts in Kansas, Colorado, Nebraska and Oklahoma. Our members specialize in residential mortgage lending. In 2001, Kansas thrifts made more than \$2.4 billion in residential mortgage loans. For the first nine months of 2002, Kansas savings associations made more than \$1.7 billion in residential mortgage loans.

Senate Bill 272 authorizes the secretary of the Department of Social and Rehabilitation Services, or the secretary's designee, to file and enforce liens on the real property of certain aid recipients under certain circumstances. Our concern with SB 272 is that the bill does not reflect long-standing case law and common law governing mortgages and liens.

Most Kansans lack the financial wherewithal to purchase a home without assistance from a mortgage lender. Lenders are able to make such loans because the home, i.e. real property, being purchased serves as the collateral for the loan. The lender establishes this security by filing a mortgage with the register of deeds in the county where the real property is located. Filing the mortgage before any other mortgages or liens grants priority status to a purchase money mortgage. Any subsequent liens are considered to be junior or inferior liens.

In the event of default, proceeds from the foreclosure sale are used to pay off the debt to the priority lien holder. Any remaining proceeds are then distributed to other lien holders, based on the order in which their liens were filed. Each lien holder is fully paid before funds go to satisfy a subsequent lien. There is no guarantee all of the lien holders will be fully paid. All liens, regardless of whether or not they are satisfied, are discharged when the foreclosure process is completed.

Kansas law requires liens to be filed with the register of deeds in the county where real property is located so potential lenders know their standing when making a credit decision. Under existing case law and common law, a party cannot move ahead of previously filed liens in order to establish priority. To allow lien holders to "jump ahead" would jeopardize the security that enables lenders to make mortgage loans. This would in turn diminish the value of mortgage loans from Kansas when they are sold elsewhere on the secondary market.

The liens authorized in SB 272 are not classified as junior liens by the bill. While we are confident that a court would find any liens filed by SRS to be junior to those previously recorded, we would prefer to see this affirmed in statute. HCBA fails to see a rationale for intentionally leaving a statute ambiguous and in need of interpretation by the courts.

The other major concern HCBA has with SB 272 is that liens filed by the secretary remain in effect until one of three things happen: the lien is satisfied, the value of the property is consumed by the lien or the recipient leaves the nursing or medical facility. The bill does not discharge the lien upon foreclosure for a previous lien.

No other lien transcends the foreclosure process like this. Allowing the lien to remain in effect after foreclosure would make the prior lien holder, through a diminished property value at auction, or the subsequent homebuyer responsible for satisfying the recipient's debt to SRS. The SRS lien would effectively allow the Department to recoup the dollars it paid to the recipient at the expense of other parties not related to that recipient.

HCBA does not take a position on the broad issue of SRS filing and enforcing liens against the real property of recipients of medical assistance. Should this Committee find that this is a prudent public policy, HCBA would respectfully request the Committee adopt the attached amendatory language that addresses the concerns outlined in my testimony.

Thank you for your consideration of our concerns with Senate Bill 272.

enclosure

covery program under this subsection (g).

(3) By applying for or receiving medical assistance under the provisions of article 7 of chapter 39 of the Kansas Statutes Annotated, such individual or such individual's agent, fiduciary, guardian conservator, representative payee or other person acting on behalf of the individual consents to the following definitions of estate and the results therefrom:

(A) If an individual receives any medical assistance before July 1, 2003, pursuant to article 7 of chapter 39 of the Kansas Statutes Annotated, which forms the basis for a claim under subsection (g)(2), such claim is limited to the individual's probatable estate as defined by applicable law; and

(B) if an individual receives any medical assistance on or after July 1, 2003, pursuant to article 7 of chapter 39 of the Kansas Statutes Annotated, which forms the basis for a claim under subsection (g)(2), such claim shall apply to the individual's medical assistance estate. The medical assistance estate is defined as including all real and personal property and other assets in which the deceased individual had any legal title or interest at the time of death including assets conveyed to a survivor, heir or assign of the deceased individual through joint tenancy, tenancy in common, survivorship, transfer-on-death deed, payable-on-death contract, life estate, trust, annuities or similar arrangement.

(4) The secretary of social and rehabilitation services or the secretary's designee is authorized to file and enforce a lien against the real property of a recipient of medical assistance in certain situations. This lien is for payments of medical assistance made by the department of social and rehabilitation services to the recipient who is an inpatient in a nursing home or other medical institution. Such lien may be filed only after notice and an opportunity for a hearing has been given. Such lien may be enforced only upon competent medical testimony that the recipient cannot reasonably be expected to be discharged and returned home. A one-year period of compensated inpatient care at a nursing home, nursing homes or other medical institution shall constitute a determination by the department of social and rehabilitation services that the recipient cannot reasonably be expected to be discharged and returned home. To return home means the recipient leaves the nursing or medical facility and resides in the home on which the lien has been placed for a period of at least 90 days without being readmitted as an inpatient to a nursing or medical facility. The amount of the lien shall be for the amount of assistance paid by the department of social and rehabilitation services after the expiration of one year from the date the recipient became eligible for compensated inpatient care at a nursing home, nursing homes or other medical institution until the time of the filing of the lien and for any amount paid hereafter for such medical assistance to the recipient.

, subject to all prior liens of record in the office or the register of deeds of the county where the real property is located.

Senate Fed & State
Date: 03 / 28 / 2003
Attachment # 6

Attch # 6
S Fed St
1/28/03

1 (5) The lien filed by the secretary or the secretary's designee for med-
2 ical assistance correctly received may be enforced before or after the death
3 of the recipient. However, it may be enforced only:

- 4 (A) After the death of the surviving spouse of the recipient;
- 5 (B) when there is no child of the recipient, natural or adopted, who
6 is 20 years of age or less residing in the home;
- 7 (C) when there is no adult child of the recipient, natural or adopted,
8 who is blind or disabled residing in the home; or
- 9 (D) when no brother or sister of the recipient is lawfully residing in
10 the home, who has resided there for at least one year immediately before
11 the date of the recipient's admission to the nursing or medical facility,
12 and has resided there on a continuous basis since that time.

13 (6) The lien remains on the property even after a transfer of the title
14 by conveyance, sale, succession, inheritance or will unless one of the fol-
15 lowing events occur:

- 16 (A) The lien is satisfied. The recipient, the heirs, personal represen-
17 tative or assigns of the recipient may discharge such lien at any time by
18 paying the amount of the lien to the secretary or the secretary's designee;
- 19 ~~(B) the value of the real property is consumed by the lien, at which~~
20 ~~time the secretary or the secretary's designee may force the sale for the~~
21 ~~real property to satisfy the lien; or~~
- 22 ~~(C) after a lien is filed against the real property, it will be dissolved~~
23 ~~if the recipient leaves the nursing or medical facility and resides in the~~
24 ~~property to which the lien is attached for a period of more than 90 days~~
25 ~~without being readmitted as an inpatient to a nursing or medical facility,~~
26 ~~even though there may have been no reasonable expectation that this~~
27 ~~would occur. If the recipient is readmitted to a nursing or medical facility~~
28 ~~during this period, and does return home after being released, another~~
29 ~~90 days must be completed before the lien can be dissolved.~~

- (B) the lien is terminated by foreclosure of prior lien of record
- (C)
- (D)

30 (h) Placement under code for care of children or juvenile offenders
31 code; assignment of support rights and limited power of attorney. In any
32 case in which the secretary of social and rehabilitation services pays for
33 the expenses of care and custody of a child pursuant to K.S.A. 38-1501
34 et seq. or 38-1601 et seq., and amendments thereto, including the ex-
35 penses of any foster care placement, an assignment of all past, present
36 and future support rights of the child in custody possessed by either
37 parent or other person entitled to receive support payments for the child
38 is, by operation of law, conveyed to the secretary. Such assignment shall
39 become effective upon placement of a child in the custody of the secretary
40 or upon payment of the expenses of care and custody of a child by the
41 secretary without the requirement that any document be signed by the
42 parent or other person entitled to receive support payments for the child.
When the secretary pays for the expenses of care and custody of a child

0-2



The Kansas Bankers Association

March 28, 2003

To: Senate Committee on Federal and State Affairs

From: Chuck Stones, Kansas Bankers Association

Re: SB 272: SRS Liens on Real Estate

Madam Chair and Members of the Committee:

Thank you for the opportunity to appear today on **SB 272** concerning the authority of the SRS to impose a lien on real property.

As drafted, this bill would allow a lien to be filed and enforced against the real property of a recipient of medical assistance in certain situations. We have concerns with these provisions absent amendments to clarify those concerns.

First, it is highly likely that some of the property upon which the SRS will place liens will already have a prior mortgage or other lien against it. There is no language in the bill to establish the priority of the lien versus other prior-filed lienholders. The general rule with regard to liens filed on real property is the "first in time, first in right" rule. Those liens in existence at the time a new lien arises have priority over subsequently filed liens. We would respectfully request that the Committee favorably consider the amendment to subsection (g)(4) on Page 8, that is being proposed by the Heartland Community Bankers Association. It should be statutorily established that this lien will be subject to all prior liens of record.

Secondly, we have some concerns with subsection (g)(6) on Page 9. This section indicates that the lien will remain with the property even beyond a transfer of title – with limited exceptions. We believe that there may be instances when a foreclosure upon the real property by prior lienholders should terminate this lien. For example, there may be cases where the proceeds from a foreclosure sale of the property would only be enough to pay some of the lienholders. This happens frequently when the value of the liens placed on the property exceed the market value of the property. Should the forced sale of the property not be enough to cover this lien, we believe the lien should not remain in the property to burden the purchasers. We would respectfully request that the Committee favorably consider the amendment to subsection (g)(6) that is being proposed by the Heartland Community Bankers Association.

In conclusion, if the Committee should act favorably on **SB 272**, we would urge the Committee to favorably consider the amendments discussed above.