

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on March 18, 2004 in Room 514-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research
J. G. Scott, Legislative Research
Amy VanHouse, Legislative Research
Leah Robinson, Legislative Research
Michele Alishahi, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Representative Nancy Kirk, Kansas Legislature
Andy Sanchez, Kansas Association of Public Employees
Keith Haxton, State Employees Association of Kansas
Frank Henderson, Crime Victims Compensation Board

Others attending:

See Attached List.

- Attachment 1 Testimony on **HB 2850** by Representative Nancy Kirk
- Attachment 2 Testimony on **HB 2850** by Andy Sanchez, Kansas Association of Public Employees
- Attachment 3 Testimony on **HB 2850** by Keith Haxton, State Employees Association of Kansas
- Attachment 4 Testimony on **HB 2927** by Frank Henderson, Crime Victims Compensation Board

Representative Light moved to introduce legislation concerning recodification of criminal statutes. The motion was seconded by Representative Campbell. Motion carried.

Hearing on HB 2850 - State health care benefits program, premium reduction for medicare-eligible persons.

Leah Robinson, Legislative Research Department, explained that **HB 2850** concerns state employees or state retirees who are Medicare-eligible and participants in the State's group health insurance plan. Currently, Medicare-eligible participants pay 100 percent of the premium. **HB 2850** would reduce this cost for state employees or retirees who are Medicare-eligible. The fiscal note on **HB 2850** is estimated at \$1.7 to \$2.3 million for FY 2005, plus possible federal penalties of approximately \$500,000 and \$700,000.

Chairman Neufeld recognized Representative Nancy Kirk, who presented testimony in support of **HB 2850** and a proposed amendment addressing the issue of avoiding federal penalties (Attachment 1). Representative Kirk stated that **HB 2850** would reduce the impact of premium increases on employees or retirees receiving a pension.

The Committee noted concern that the adoption of this legislation could result in a tax increase to other Kansas citizens who are not recipients of the state health care insurance.

The Chair recognized Andy Sanchez, Executive Director, Kansas Association of Public Employees (KAPE), who presented testimony in support of **HB 2850** including a work place economics report on all fifty states (Attachment 2).

The Committee indicated that it might be beneficial to state employees for the State to conduct a study of the possibility of giving retirees choices on pension, health care and other issues at the time of retirement.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on March 18, 2004 in Room 514-S of the Capitol.

Chairman Neufeld recognized Keith Haxton, State Employees Association of Kansas, who presented testimony in support of **HB 2850** (Attachment 3).

Chairman Neufeld recognized Terry Bernatis, Department of Administration, who stated that the Department does not know at this time, what impact the implementation of the federal prescription drug law will have on the cost of health care premiums for Medicare-eligible employees or retirees.

The Chair closed the hearing on **HB 2850**.

Hearing on HB 2927 - Increasing percentage of fines, penalties and forfeitures credited to the crime victims compensation fund and the crime victims assistance fund.

J. G. Scott, Legislative Research Department, explained that **HB 2927** would increase by 1 percent, fines, penalties and forfeitures received from clerks of the district court and credited to the crime victims compensation fund and the crime victims assistance fund.

The Committee noted that **SB 552** is an identical bill to **HB 2927**, and has passed out of the Senate and is being referred to the Appropriations Committee.

The Chair recognized Frank Henderson, Executive Director, Crime Victims Compensation Board, who presented testimony in support of **HB 2927** (Attachment 4).

Responding to a question from the Committee regarding the VOCA grant funds, Mr. Henderson stated that the Board expects to receive about \$1 million in FY 2004; however, the amount for FY 2005 has not been determined. Mr. Henderson indicated that the 1 percent increase authorized by the proposed legislation, would generate approximately \$180,000 - \$190,000. Mr. Henderson stated that the Board needs approximately \$1 - \$1.2 million to bring funds back to the original funding level.

Chairman Neufeld closed the hearing on **HB 2927**.


Hearing on HB 2926 - Authorizing transfers between certain funds of the attorney general.

J. G. Scott, Legislative Research Department, explained that **HB 2926** gives the director of accounts and reports authority to transfer an amount certified by the attorney general not to exceed \$100,000 from the crime victims compensation fund to the crime victims assistance fund. There is no fiscal impact with this legislation.

The Committee noted that **SB 557** is the companion bill to **HB 2926**. The Chair indicated that action on **HB 2926** will be delayed until the Senate has acted on **SB 557**.

With no conferees on **HB 2926**, the Chair closed the hearing.

The meeting was adjourned at 9:55 a.m. The next meeting will be held at 9:00 a.m. on March 19, 2004.



Melvin Neufeld, Chairman

STATE OF KANSAS

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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING DEMOCRAT: HEALTH & HUMAN SERVICES
MEMBER: INSURANCE
TAXATION

HB 2850
March 18, 2004

Mr. Chairman and Committee Members,

Thank you for holding this hearing on HB2850 which is an effort to offer some relief to Medicare eligible state employees. As most of you are aware, we have not been able to offer a COLA for retirees for the past five years. We have given 13th checks, but even these have been eliminated in recent years.

Without increases in their retirement checks, the increases in their health insurance premiums have been doubly painful. We know that the numbers of those retirees who have stopped participating in the state health plan have increased. We also know that it costs more than \$600 to cover an employee and a spouse. We also know that many retirees do not have enough money in their checks to cover the costs of the insurance premiums.

HB2850 requires the state of Kansas to pay for all Medicare eligible state retirees who are eligible for the health insurance, 75% of the increases in health insurance premiums in the lowest cost state plan. The cost of this plan beginning July 1, 2004 will be \$1.7 million. Beginning in January 2006, the Medicare prescription drug program would become effective and should result in a decrease in the insurance premiums. It is not possible to have an accurate picture of the costs until the Federal regulations are written.

The 75% of the increase will be based on the cost of health insurance December, 2003. If there is a decrease in the premium costs, there will be no state supplement until the premiums reach the 2003 level again.

The bill requires an amendment which I am presenting to the committee today. It is necessary to assure the Feds that no federal dollars are going into the supplement. In order to accomplish this and prevent a substantial federal penalty, the amendment establishes a premium assistance fund into which all the necessary state general fund dollars will flow. The fund will then be used to pay the costs of the premium reduction program.

HOUSE APPROPRIATIONS

DATE 3-18-2004
ATTACHMENT 1

PremiumReductionFund.wpd

PROPOSED AMENDMENT TO HB 2850

On page 1, in line 19, by striking all after "including"; in line 20, by striking all before "any";

On page 2, by striking all in lines 13 through 16 and by inserting:

"(3) The Kansas state employees health care commission shall determine the total cost for of the premium reduction for all persons who are eligible for the premium reduction under paragraph (1) of this subsection for each monthly premium payment period of the plan year beginning January 1, 2004, during the period from July 1, 2004, through December 31, 2004, and for each monthly premium payment period of each plan year thereafter, and shall certify such amount for such monthly premium payment period to the director of accounts and reports. Upon receipt of each such certification, the director of accounts and reports shall transfer the amount certified by the commission from the state general fund to the health care premium assistance fund in the state treasury which is hereby created and which shall be administered by the secretary of administration. All moneys credited to the health care premium assistance fund shall be used to pay for the costs to the state health care benefits program of the premium reduction for those persons participating in the program who are designated by the commission therefor under paragraph (2) of this subsection and shall not be used for any other purpose.";



The Kansas Association of Public Employees

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Joe Gonzalez, Technical Unit
Jimmie Stark, KDOC Unit
Darrin Moege, KSU
Kenneth McKenzie, KDOT
Judy Napier, SRS

KAPE/AFT Staff:

Andy Sanchez, Executive Director
Marty Vines, Director of Negotiations
Scott Stone, Association Attorney
Lisa Worley, Director of Public Relations
Bill Gonzalez, Service/Grievance Rep.
Dawn Fiedler, KAPE Account Specialist
Monica Shane, AFT Account Specialist
Cindy Lovell, Data Control

Testimony on HB 2850 Before the House Appropriations Committee March 18, 2004

Presented by Andy Sanchez, Executive Director
Kansas Association of Public Employees

Thank you Mr. Chairman and members of the Committee. I appreciate the opportunity to speak in regards to HB 2850 and offer the support of our organization for the bill.

We commend Representative Kirk for her efforts in trying to address what is a continually worsening situation on a national scale, rising health insurance costs for our seniors. HB 2850 is a good bill for several reasons. First, with the approval of the legislature it sends a challenge to the Healthcare Commission (HCC) to address a serious problem amongst state retirees. Second, it lays a foundation for the HCC to begin their work in developing a policy. Third, the bill goes to great lengths to be conscientious to our state's fiscal problems with a moderate fiscal note.

With all the demands and requirements that are being placed on states (unfunded mandates) it is difficult for states to respond with policy. As a state legislator you are left with the chore of, in a sustaining budget crisis to not jeopardize financial assistance from the federal government. However, more changes will surely come forcing both the legislature and your constituents to "roll with the punches". But here comes this opportunity, HB 2850, a proactive approach to help those who could use the help. This could be a viable program in response to something that is out of our control. This is a good start to begin preparing for the inevitable, and that is healthcare costs being driven up.

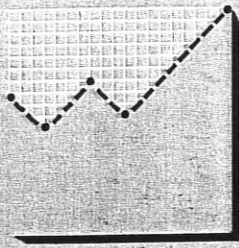
Again, we believe this bill reflects some hope to some Kansans for the national problem of rising health insurance. Those on a fixed income are in a particularly dire position. We ask for your favorable support of HB 2850.

Thank you.

Working Together,
We Make A Difference!

HOUSE APPROPRIATIONS

DATE 3-18-2004
ATTACHMENT 2



WORKPLACE
ECONOMICS, INC.

2003
STATE EMPLOYEE BENEFITS
SURVEY

P.O. Box 33367
Washington, DC 20033-0367

(202) 223-9191



2-2

Table 10. Health Insurance

State	ACTIVE EMPLOYEES				RETIRED EMPLOYEES Under Age 65 Without Medicare Employee Only Coverage		RETIRED EMPLOYEES Age 65 or Older With Medicare Employee Only Coverage	
	MONTHLY COST TO STATE		MONTHLY COST TO EMPLOYEE		monthly cost to state	monthly cost to retiree	monthly cost to state	monthly cost to retiree
	employee only coverage	family coverage	employee only coverage	family coverage				
Alabama	\$490.00	\$490.00	\$0	\$164.00	\$110.00	\$138.00(1)	\$110.00	\$0(1)
Alaska	\$630.00(2)	\$630.00(2)	\$162.00(2)	\$162.00(2)	\$485.00(3)	\$0	\$485.00(3)	\$0
Arizona(4)	\$269.98	\$549.92	\$25.00(5)	\$125.00(5)	\$0(6)	\$269.97(6)	\$0(6)	\$165.14(6)
Arkansas	\$192.20	\$581.60	varies(7)	varies(7)	\$176.10	varies(8)	\$0(9)	varies(8)
California	\$226.00(10)	\$589.00(10)	\$33.21(10)	\$84.95(10)	\$288.00(11)	\$0(11)	\$288.00(11)	\$0(11)
Colorado	\$147.86	\$310.62(12)	varies(12)	varies(12)	\$0	---(13)	\$0	---(13)
Connecticut	\$295.94(14)	\$723.10(14)	\$19.24(14)	\$127.90(14)	---	\$0(15)	---	\$0(15)
Delaware	\$293.62	\$753.48	varies(16)	varies(16)	\$293.62(17)	\$38.50(17)	\$273.00(17)	\$0(17)
Florida	\$248.86	\$508.88	\$41.96	\$150.98	\$0(18)	\$290.82(19)	\$0(18)	\$154.67(19)
Georgia	\$305.65	\$566.45	\$49.38	\$150.78	\$255.27(20)	\$49.38(20)	\$255.27(20)	\$49.38(20)
Hawaii	60%	60%	40%	40%	\$312.34(21)	\$0	\$198.08(21)	\$0
Idaho	\$389.42	\$389.42	\$8.08	\$56.11	\$0	\$333.72(22)	\$0	\$157.90(22)
Illinois	\$431.99(23)	\$858.45(23)	\$40.50(23)	\$209.50(23)	varies(24)	\$0(24)	varies(24)	\$0(24)
Indiana	\$295.26	\$826.83	\$20.52(25)	\$57.49(25)	\$0	\$315.76(26)	---(27)	---(27)
Iowa	\$400.29(28)	\$693.79(28)	\$0(28)	\$242.90(28)	\$0	\$419.62(29)	\$0	\$226.59(29)
Kansas	\$311.58(30)	\$520.38(30)	\$19.88(30)	\$407.70(30)	\$0	\$338.94(31)	\$0	\$288.74(31)
Kentucky	\$269.44(32)	\$269.44(32)	varies(32)	varies(32)	\$269.44(33)	varies(33)	varies(34)	\$0(35)
Louisiana	\$228.64	\$417.74	\$123.12	\$312.22	\$601.46	\$123.12	\$154.02	\$51.34
Maine	\$456.00	varies(36)	\$0	varies(36)	\$456.20	\$0	\$219.86	\$0
Maryland	\$211.15(37)	\$529.85(37)	\$41.98(37)	\$105.30(37)	\$211.15(38)	\$41.98(38)	---(38)	---(38)
Massachusetts	\$396.86(39)	\$895.10(39)	\$70.04(39)	\$157.96(39)	\$396.86(40)	\$70.04(40)	\$274.18(40)	\$56.54(40)
Michigan	\$272.85	\$752.61	\$14.37	\$39.61	\$272.85(41)	\$14.37(41)	\$272.85(41)	\$0(41)
Minnesota	\$304.16	\$590.28	\$0	\$59.03	\$0	\$304.16	\$0	\$368.50
Mississippi	\$219.00	\$356.00	\$0	\$325.00	\$0	\$252.00	\$0	\$164.00
Missouri	\$290.00(42)	\$735.00(42)	\$40.00(43)	\$246.00(43)	\$270.00(44)	\$248.00(45)	\$131.00(44)	\$141.00(45)

Table 10. Health Insurance—continued

State	ACTIVE EMPLOYEES				RETIRED EMPLOYEES Under Age 65 Without Medicare Employee Only Coverage		RETIRED EMPLOYEES Age 65 or Older With Medicare Employee Only Coverage	
	MONTHLY COST TO STATE		MONTHLY COST TO EMPLOYEE		monthly cost to state	monthly cost to retiree	monthly cost to state	monthly cost to retiree
	employee only coverage	family coverage	employee only coverage	family coverage				
Montana	\$334.60(46)	\$334.60(46)	\$0(47)	varies(47)	\$0	varies(48)	\$0	varies(48)
Nebraska	\$233.03	\$827.27	\$61.95	\$219.91	\$0	\$294.98	---(49)	---(49)
Nevada	\$465.78(50)	\$465.78(50)	\$0	\$256.59(51)	\$263.89(52)	\$104.55(52)	\$263.89(52)	\$0(52)
New Hampshire	\$380.63(53)	\$1,027.71(53)	\$0	\$0	\$540.16(53)	\$0	\$308.21	\$0
New Jersey	\$255.11	\$661.83	\$0(54)	\$0(54)	\$0-\$564.20(55)	\$0-\$564.20(55)	\$0-\$325.96(55)	\$0-\$325.96(55)
New Mexico	varies(56)	varies(56)	varies(56)	varies(56)	---(57)	---(57)	---(57)	---(57)
New York(58)	\$280.36(59)	\$575.02(59)	\$30.14(59)	\$129.36(59)	\$304.54(60)	\$33.84(60)	\$304.54(60)	\$33.84(60)
North Carolina	\$244.38	\$244.38	\$0	\$365.36	\$244.38	\$0	\$186.04	\$0
North Dakota	\$409.09(61)	\$409.09(61)	\$0	\$0	\$0	\$285.25(62)	\$0	\$173.45(62)
Ohio(63)	\$257.39	\$707.54	\$28.60	\$78.61	\$0(64)	\$0(64)	\$0(64)	\$0(64)
Oklahoma	---(65)	---(65)	\$---(65)	---(65)	\$105.00	\$252.68(66)	\$105.00	\$142.96(67)
Oregon	\$387.14(68)	\$531.97(68)	\$0	\$0	\$0(69)	varies(69)	\$60.00(70)	varies(70)
Pennsylvania	\$410.91(71)	\$410.91(71)	\$0	\$0	\$445.81(72)	\$0	\$445.81(72)	\$0
Rhode Island	\$322.67	\$904.96	\$0	\$0	\$569.17(73)	\$0(73)	\$124.18(73)	\$0(73)
South Carolina	\$206.70	\$466.72	\$50.46(74)	\$196.60(74)	\$206.70(75)	\$50.46(75)	\$206.70(75)	\$35.74(75)
South Dakota	\$336.36	\$336.36	\$0	\$267.26(76)	\$0	\$199.86	\$0	\$137.58
Tennessee	\$295.28	\$737.21	\$73.82(77)	\$184.30(77)	\$295.28(78)	varies(78)	varies(79)	varies(79)
Texas	\$306.61(80)	\$600.96(80)	\$0	\$294.34(80)	\$306.61(80)	\$0	\$306.61(80)	\$0(80)
Utah	\$250.60	\$689.82	\$18.87	\$51.91	\$250.60(81)	\$18.87(81)	\$0	\$93(82)
Vermont(83)	\$371.76	\$1,022.34	\$92.94	\$255.59	\$371.96	\$92.94	\$158.94	\$39.74
Virginia(84)	\$274.00	\$557.00	\$21.00	\$240.00	\$120.00(85)	\$175.00	\$120.00(85)	\$116.00
Washington	\$285.00	\$515.00	\$36.00(86)	\$109.00(86)	\$186.00	\$303.46(87)	\$93.00	\$132.62(87)
West Virginia	\$273.00(88)	\$549.00(88)	varies(88)	varies(88)	\$0	varies(89)	\$0	\$52(89)
Wisconsin	\$363.52(90)	\$902.57(90)	\$16.57(90)	\$31.02(90)	\$0	\$428.60(91)	\$0	\$330.50(91)
Wyoming(92)	\$352.00	\$352.00	\$43.00	\$518.58	\$0	\$416.47	\$0	\$265.59

**NOTES FOR TABLE 10:
HEALTH INSURANCE**

1. Alabama: Retiree pays \$164.00 for dependents under 65 and \$110.00 for dependents over 65.
2. Alaska: Rate for active employees includes dental, audio and vision insurance.
3. Alaska: Composite or "pooled" rate shown.
4. Arizona: Costs shown are for plan with highest number of enrollees (HMO).
5. Arizona: Cost varies by plan chosen: \$25.00 to \$197.30 for employee only and from \$125.00 to \$558.26 for family coverage.
6. Arizona: Costs shown are for pre-Medicare retirees enrolled in HMO and Medicare-eligible retirees enrolled in Medicare plus Choice HMO. For individual coverage of retirees with 10 service years, the retirement system contributes \$150.00/mo. for retirees under 65 and \$100.00/mo. for Medicare-eligible retirees.
7. Arkansas: One PPO, two Point-Of-Service (POS) and two HMOs available. Employee cost under PPO is \$164.80 for single coverage and \$560.50 for family coverage. Employee cost under POS is \$81.40 for single coverage and \$285.30 for family coverage. Under HMO option, employee cost for single coverage is \$73.90 and \$260.70 for family coverage.
8. Arkansas: Individual coverage for retirees under age 65 (no Medicare) is \$347.60 under the BC/BS PPO, \$213.10 for the Health Advantage POS plan, \$216.80 for the QualChoice POS plan, \$202.20 under the Health Advantage HMO and \$192.30 for the QualChoice HMO. Individual coverage for retirees age 65 or older is \$138.70 under the BC/BS PPO, \$102.80 under Health Advantage POS plan, \$103.80 under the QualChoice POS plan, \$99.90 under the Health Advantage HMO and \$97.30 for the QualChoice HMO.
9. Arkansas: Subsidy of \$54.90 provided through retirement system.
10. California: For most bargaining units. Also, employer pays \$450/mo. for employee plus one. Employee rate shown is for Kaiser Permanente (most popular plan). Multiple health plan options available. Health insurance administered through CALPERS (California Public Employee Retirement System). In addition, employees in several bargaining units may opt for Consolidated Benefits, under which state contributes \$266 single, \$515 employee plus one or \$679 family out of which employee selects and pays for health, dental and vision coverage. If total selection costs less than state contribution, employee receives difference as taxable income; if total selection costs more than state contribution, employee pays difference out of pre-tax dollars.
11. California: Reflects maximum state subsidy. Retiree pays \$0 for single coverage under Kaiser Permanente and most plans.

12. Colorado: Employer cost for employee + one is \$220.90. Employee costs vary by plan selected; 4 HMOs, 1 PPO and 1 EPO available. Employee costs for individual coverage vary from \$76.04 to \$197.02, and employee costs for employee + one vary from \$168.04 to \$465.96. Employee costs for family coverage vary from \$272.34 to \$598.52.
13. Colorado: Public Employees Retirement Association contributes \$230.00/mo. for retirees with at least 20 years service without Medicare and up to \$115.00/mo. for retirees with at least 20 years service with Medicare. Rates vary by region; for Denver metro area, pre-Medicare retirees pay \$143-\$469/mo. depending on health plan selected; Medicare-eligible retirees pay \$12-\$112/mo.
14. Connecticut: Rates shown for active employees are Anthem Blue Care point of service plan.
15. Connecticut: State pays full cost for those retiring before 7/1/97, and pays full cost of most plans for those retiring between 7/1/97 and 7/1/99. Most popular plan is Blue Cross, for which retiree pays \$0.
16. Delaware: State pays full cost of BCBS basic coverage for full-time permanent employees.
17. Delaware: Pension office pays state share for those retiring before 7/1/91 or for those retiring with at least 20 years service. For retirees with less than 20 years service, pension office pays 75% for 15-20 years service, 50% for 10-15 years service, and 0% for retirees with less than 10 years; retiree pays remainder. Rates shown in table for Medicare-eligible retirees are for special Medicfill supplement plan.
18. Florida: For retired public and state employees who participate in the Florida Retirement System, the state pays a retiree's subsidy which provides \$5.00/month per year of service (up to 30 years of service) toward the retiree's premium which offsets the cost of the premium. Retirees not on Medicare must provide certification that they are purchasing health insurance.
19. Florida: Retirees over 65 with dependents under 65 pay \$445.65 for family coverage (\$309.35 if both retiree and spouse are Medicare eligible). Retirees under 65 pay \$583.96 for family coverage.
20. Georgia: For family retiree coverage, state pays \$414.65 and employee pays \$150.78 (composite rate for all retirees).
21. Hawaii: Includes medical, dental, drug and vision. Over 65 premium requires retiree enrollment in Medicare Part B.
22. Idaho: For family coverage, \$690.84 without Medicare, \$590.73 with one family member on Medicare and \$403.92 with 2 family members on Medicare.
23. Illinois: Employee contribution rates vary by salary (annual deductibles also vary by salary). Rates in table are for mid-salary range employee (\$40,201-\$53,500) under indemnity plan.

Family contribution rates are for two or more dependents plus employee. State and employee contribution rates vary by salary as follows (indemnity plan):

Salary range	State Monthly Contribution		Employee Monthly Contribution	
	Individual	Family	Individual	Family
\$26,700 or less	\$439.49	\$865.95	\$33.00	\$202.00
\$26,701-\$40,200	434.49	860.95	38.00	207.00
\$40,201-\$53,500	431.99	858.45	40.50	209.50
\$53,501-\$67,000	429.49	855.95	43.00	212.00
\$67,001 and over	426.99	853.45	45.50	214.50

24. Illinois: Varies by service; state pays 100% for retirees with 20 or more yrs service. Effective 1/1/98, for those retiring with less than 20 yrs service, state pays 5% of premium per year of service, retiree pays remainder. For pre-Medicare retirees, total premium varies from \$283.28 to \$521.26 for single coverage; for Medicare-eligible retirees, total premium varies from \$179.68 to \$249.50.
25. Indiana: Employee contribution rates in table apply to indemnity plan. Employees may also select from one of six HMOs, but choices may be limited due to restrictions on service areas. For the HMOs, the employee contribution varies from \$43.94/month to \$191.02/month for single coverage and from \$189.01/month to \$419.77/month for family coverage.
26. Indiana: Table shows retiree contribution for single coverage under indemnity plan; family coverage costs retiree \$884.31/month. Retiree-only coverage under HMOs varies from \$339.19/month to \$486.27/month; family coverage varies from \$915.83/month to \$1,246.59/month.
27. Indiana: No coverage under state plan past age 65. Retiree may purchase Medicare complementary plan through state.
28. Iowa: Rates shown in table are for most expensive indemnity plan.
29. Iowa: For family coverage, retiree under 65 pays \$981.90/mo; over 65 retiree pays \$453.18 for self and spouse if both on Medicare, or \$646.21/mo if spouse not Medicare-eligible.
30. Kansas: Health insurance contribution rates vary according to employee's salary range, full-time or part-time status, and the medical plan and coverage level selected. Rates shown in table represent typical full-time employee in middle salary range on Kansas Choice (managed indemnity; includes medical and prescription drug coverage).
31. Kansas: Retiree rates vary by plan and coverage selected. Rates shown in table are typical and include both medical and prescription drug coverage.
32. Kentucky: Maximum employer supplement varies by county (from \$269.44 to \$397.08/mo.). Depending on plan selected, cost to employee varies from \$0 to \$198.32 for employee-only

coverage, and from \$404.16 to \$860.00 for family coverage. Employees choosing a plan costing less than the employer contribution may put the balance into a Section 125 medical reimbursement account (see Table 11).

33. Kentucky: Options for retirees under age 65, not Medicare-eligible, are same as for active employees. Maximum supplement varies by county from \$269.44 to \$397.08/mo.
34. Kentucky: State cost varies from \$82.70/month for retiree-only coverage in the low-cost plan to \$286.53/month for retiree-only coverage in the high-cost plan.
35. Kentucky: Retirement system pays a portion of retiree's premium based on service: less than 4 years - 0%, 4-9 years - 25%, 10-14 years - 50%, 15-19 years - 75%, and 20 or more years - 100%.
36. Maine: State cost for family coverage ranges from \$762.00 to \$870.00 and employee cost for family coverage ranges from \$190.00 to \$263.00.
37. Maryland: Costs shown in table are composite of all plans, including PPO, POS and HMOs. In general, state pays 80% of premium.
38. Maryland: State subsidizes health care for retirees with 16 or more yrs service same as for active employees. For those with less than 16 yrs service, state subsidy is 0.52% for each month of creditable service; retiree pays remainder. Eight plans available. For single coverage, pre-Medicare retiree with at least 16 years of service pays from \$31.58/month for Kaiser HMO to \$65.12/month for MLH-Eagle PPO. Medicare-eligible retiree with at least 16 years of service pays from \$16.66/month for BlueChoice HMO to \$32.57/month for MLH-Eagle PPO.
39. Massachusetts: Costs shown are for indemnity plan without catastrophic illness coverage (CIC). HMO plans available at lower cost. State pays 85% of premium for active employees and for those retiring after 7/1/94. For family coverage for under age 65 retirees who retired after 7/1/94, state pays \$895.10 and retiree pays \$157.96.
40. Massachusetts: Costs shown in table are for individual coverage for those retiring after 7/1/94. The state pays 90% of premium for retirees who retired before 7/2/94, as follows: for Medicare-eligible retirees (65 or older), retiree pays \$32.26 and state pays \$290.31 for individual coverage. For under age 65 retirees with no Medicare, employee pays \$46.69 for individual coverage (\$93.38 for 2) and state pays \$420.21 for individual coverage (\$947.75 family).
41. Michigan: For employees hired after 4/1/97, state pays 3% of retiree health premium for each year of service. For retirees hired before 4/1/97, state pays 95% premium if under age 65 and 100% of premium for age 65 and older.
42. Missouri: State costs shown are average contribution amounts. State contribution is based on the low cost plan available in the region. Contribution amounts vary by region, as follows: For single coverage state pays \$263-\$387/mo.; for family coverage state pays \$653-\$970/mo.

43. Missouri: Employee costs shown are average monthly employee contributions. Employee contribution amounts vary by region and plan selected. Employee contribution amounts vary as follows: For single coverage employee pays \$15-\$149/mo.; for family coverage employee pays \$179-\$598/mo.
44. Missouri: State costs shown are average contribution amounts. State contribution is based on retiree's years of service and the low cost plan available in the region. State contribution is calculated as follows: $2.5\% \times \text{low cost plan} \times \text{years of service}$.
45. Missouri: Retiree costs shown are average retiree contribution amounts. Retiree contribution amounts vary by retiree's years of service, region and plan selected. For low-cost pre-Medicare plan, retiree pays \$174.00/month for single coverage. For low-cost plan for Medicare-eligible retiree, retiree pays \$93.00/month for single coverage.
46. Montana: State contributes \$366/mo., of which up to \$334.60 can be applied to medical (which includes employee assistance, vision exams and prescription drugs under most plans), up to \$28.60/mo. for core dental and \$2.80/mo. for core life. Total premium under 5 available plans (traditional, basic and 3 HMO's) varies from \$308/mo. to \$335/mo. for individual coverage. Employee can apply any excess of state's contribution to elective options or dependent coverage.
47. Montana: Monthly cost to employee for family coverage is \$195/mo. under traditional plan, \$172/mo. under basic plan, \$191/mo. under Peak HMO, \$202/mo. under Blue Choice HMO and \$195 under New West HMO.
48. Montana: Plan costs and options for pre-Medicare retirees are same as for active employee; retiree pays 100% of premium (\$308 to \$335/month for single coverage). Medicare-eligible retirees pay from \$177 to \$209/month for single coverage.
49. Nebraska: No coverage under state plan past age 65.
50. Nevada: Health insurance rates reflect total cost of medical, dental, vision, life, AD&D, LTD and travel accident coverage.
51. Nevada: Three plans available. Family rates vary from \$256.35 for state self-funded plan to \$404.34 for Pacificare. Employee plus spouse, employee plus child/children and employee plus family coverage levels also available.
52. Nevada: State and retiree contributions vary by years of service and plan selected. "Base" state contribution rate is \$263.89/month; state pays 25% of base amount (\$65.97) for retiree with 5 yrs service, plus another 7.5%/year for each additional year of service to maximum of 137.5% of base (\$362.85); retiree pays remainder. For retirements prior to 1/1/94, state pays \$263.89; retiree pays remainder. Amount shown in table is for retiree with 15 years service under state self-funded health plan.

53. New Hampshire: Rates in table are for point-of-service plan. Active employees may select HMO for which state pays \$355.61/mo. for individual coverage and \$960.13/mo. coverage.
54. New Jersey: Varies by plan selected. For NJ POS (most popular) employee pays \$ HMO, employee pays 5% and for indemnity plan employee pays 25%. State also \$89.04/mo. single and \$213.75/mo. family for separate prescription drug plan for employees.
55. New Jersey: State/retiree share depends on health plan selected, years of service, type of retirement and collective bargaining agreement. Eight plans offered; costs shown are for Traditional plan.
56. New Mexico: Health insurance contribution rates vary with employee's salary. Multiple plans available. Rates shown, below, are for highest participation plan.

Salary	Monthly Cost to State			Monthly Employee Cost		
	Employee	Empl. + One	Family	Employee	Empl. + One	Family
Less than \$15,000	\$176.54	\$406.38	\$483.60	\$58.85	\$135.46	\$161.11
\$15,000 - \$19,999	164.78	379.30	451.36	70.61	162.54	193.11
\$20,000 - \$24,999	153.01	352.19	419.12	82.38	189.65	225.11
\$25,000 +	141.22	325.11	386.88	94.16	216.73	257.11

57. New Mexico: State pays 1.3% of active employee's salary towards retiree health insurance coverage and active employees pay 0.65% of salary towards retiree health insurance coverage. Retiree coverage varies by plan; state subsidizes retiree health care premiums, but does not match specific costs. Subsidy ranges from 6.25% (of approved subsidy) for an employee with 5 years of service (meeting age requirements) to 100% (of approved subsidy) with 20 years of service. There are three non-Medicare and six Medicare plans. The state subsidy for each is as follows:

	Maximum State Subsidy					
	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
Non-Medicare						
State Subsidy:	\$307.16	\$294.48	\$211.49			
Retiree pays:	\$86.31	\$101.32	\$211.49			
Medicare Plans						
State Subsidy:	\$171.69	\$132.42	\$61.70	\$32.95	\$43.20	\$2.00
Retiree pays:	\$68.23	\$129.25	\$61.70	\$32.95	\$43.20	\$2.00

58. New York: Rates shown are for workers represented by Civil Service Employees Association (AFSCME).

59. New York: Figures in table for active employees are for Empire Plan which covers 78.5% of enrollees and includes prescription drugs. Remainder are in HMOs.
60. New York: Figures shown are for individual coverage of employees retiring after 1/1/83 and includes prescription drug coverage. State reimburses retirees for their portion of the Medicare premium. State pays 90% of individual coverage and 75% of dependent coverage. For employees retiring prior to 1/1/83, the State pays 100% of the cost of individual coverage and 75% of the cost of dependent coverage.
61. North Dakota: State pays flat rate of \$409.09 per contract, which breaks down to \$190.33 single and \$469.78 family.
62. North Dakota: Family coverage cost to retiree over age 65 is \$339.30 and \$570.00 for retiree under age 65. State Retiree Health Credit Fund pays additional \$4.50 per yr of service.
63. Ohio: Costs shown for active employees are for the state's self-insured comprehensive medical plan; employer contribution is 90%. HMO option available for most active employees.
64. Ohio: Retiree health care provided by PERS. PERS pays \$627.74/mo for retiree under 65 and \$273.22 for Medicare-eligible retiree. Retiree rates shown are for Medical Mutual; retiree under 65 pays \$15.23/mo. for Aetna.
65. Oklahoma: State provides monthly benefits allowance of \$319.51 for employee-only and \$735.15 for family (spouse and 2 or more children) out of which employee purchases health, dental, life and disability insurance. State pays 75% of the average cost of dependent insurance. Individual rates vary from \$238.50/mo. to \$324.14; family (member, spouse and children) from \$532.32 to \$904.36.
66. Oklahoma: Health Choice high option plan.
67. Oklahoma: Health Choice Medicare high option plan.
68. Oregon: Full-time active employees receive a subsidy ranging from \$77.38/mo. to \$266.45/mo. *in addition to* the state contribution, so that medical, dental and \$5,000 of basic life insurance are fully paid.
69. Oregon: Rate varies depending on applicability and amount of RHIPA state subsidy. Maximum state subsidy for pre-Medicare retiree with 30 years service is \$177.99/month; retiree pays \$175.72 to \$375.19/month for single coverage. Total premiums without subsidy range from \$353.71 to \$553.18.
70. Oregon: Retiree health insurance provided through Oregon Public Employee Retirement System (PERS). Eligible retirees over 65, with Medicare, receive \$60/mo. subsidy. Retiree monthly premium for individual coverage (after subsidy) is \$47.41 for Kaiser Permanente, \$92.02 for Clear Choice Health and \$114.55 for ODS PPO plan.
71. Pennsylvania: State pays Pennsylvania Employee Benefit Trust Fund which provides benefits.

72. Pennsylvania: State pays into Pennsylvania Employee Benefit Trust Fund which administers separate retiree plan. Contribution rates shown based on actuarial projections of retiree benefit costs, including Medicare eligible retirees (i.e., composite rate shown).
73. Rhode Island: State pays from 50% to 100% of the premium based on age and service years. Rates shown in table reflect maximum state payment for a retiree at age 60 or more with at least 28 years of service (or at any age with 35 years). Family rate is \$699.45 for pre-Medicare retirees. Medicare rate shown in table is for Blue Cross Plan 65; BlueCHIP Plus also available for \$72.00/month.
74. South Carolina: Standard coverage; other plans available at both higher and lower premiums.
75. South Carolina: Standard coverage for eligible retiree.
76. South Dakota: Spouse plus 2 or more children in most popular plan.
77. Tennessee: Amounts in table are for Blue Cross PPO. For POS option, employee pays \$57.14 for single coverage and \$142.67 for family coverage. For HMOs (availability varies by location) employee pays \$48.17-\$52.87 for single coverage or \$119.29-\$132.03 for family.
78. Tennessee: Varies by service and plan selected. Plan options and state contributions for single and family coverage for retirees under 65 are same as for active employees.

Retiree Cost, Under 65						
	30 + years		20 - 29 years		Less than 20 years	
	Single	Family	Single	Family	Single	Family
Blue PPO	\$73.82	\$184.30	\$110.73	\$276.45	\$147.64	\$368.60
POS plans	\$70.48	\$175.98	\$105.73	\$263.96	\$140.97	\$351.95

Three HMOs also available.

79. Tennessee: Retirees age 65 and older select from 3 Medicare supplement plans. For retiree-only coverage, state pays \$40/mo. for retirees with 30 or more yrs service, \$30/mo. for retirees with 20-29 yrs service, \$20/mo. for retirees with 15-19 yrs service and \$0 for retirees with under 15 yrs service. State pays \$0 for dependent coverage for retirees age 65 and over. Retiree costs for single coverage vary by service and plan selected as follows:

Retiree Cost, Single Coverage, age 65+ (with Medicare)				
	30+ years	20-29 years	15-19 years	Less than 15 yrs
Plan 1	\$ 44.00	\$ 54.00	\$ 64.00	\$ 84.00
Plan 2	126.00	136.00	146.00	166.00
Plan 3	206.00	216.00	226.00	246.00

80. Texas: Rates shown in table are for HealthSelect; other plans available. Retiree pays \$262.84 for family coverage. Includes \$5,000 basic life insurance coverage (\$2,500 for retirees) and AD&D. Rates subsidized by Employee Retirement System of Texas for both active and retired employees.
81. Utah: If retired before age 65, state continues to pay health insurance cost on same basis as for active employees until age 65 or for 5 years, whichever occurs first. The retiree may then use up to 8 hrs accrued sick leave per month to pay for health coverage.
82. Utah: For low option. For high option, retiree pays \$275/mo. for individual coverage.
83. Vermont: Rates in table are for PPO (similar to indemnity); other options available at lower rates.
84. Virginia: Basic Blue Cross Blue Shield benefits only under Point-of-Service plan. HMO and PPO also available.
85. Virginia: Commonwealth contributes \$4.00/month/year of service for retirees with at least 15 years of service, up to a maximum of 30 years of service. Costs shown are for low-option plan.
86. Washington: Costs shown in table are for Uniform Medical Plan (indemnity plan with largest number of participants). Costs include medical, dental and life insurance.
87. Washington: Costs shown in table are for Uniform Medical Plan (indemnity plan with largest number of participants). Costs vary by plan chosen, number of dependents and Medicare eligibility. Seven medical plans, four Medicare supplement plans and three dental plans available for retirees and dependents. For retiree under age 65, retiree costs for medical coverage vary from \$279.35/mo. to \$334.46/mo. for individual coverage and from \$807.59/mo. to \$909.91/mo. for family coverage. For retirees 65 or older with Medicare, rates vary from \$84.13/mo. to \$275.38/mo. for individual coverage and from \$162.63/mo. to \$545.13/mo. for retiree plus Medicare-eligible spouse.
88. West Virginia: Employee costs based on salary and plan selected. Under standard plan, employee pays \$23-\$146/mo., depending on salary for individual, or \$40-\$434/mo. for family coverage. Deductibles and out-of-pocket maximums also vary by salary.
89. West Virginia: Retiree health care rates vary by years of service at retirement. Retiree-only pre-Medicare coverage for retiree with 25 years of service varies by plan selected from \$158-\$253/mo. Medicare-eligible retiree with 25 years of service pays \$52/mo.
90. Wisconsin: Rates shown in table reflect average cost. State pays 90% of the standard plan or 105% of least costly alternative qualifying plan in county of residence or actual cost, whichever is less. Due to formula, employer-employee cost share varies by county.
91. Wisconsin: Rates shown are for standard plan; family rate is \$1,033.30/mo. for retirees under age 65, and \$637.00 for retirees over age 65 (coverage for 2 persons with Medicare). Variety

of other options available. (For example, for Medicare-eligible plan with highest enrollment Medicare Plus \$100,000 plan--the retiree-only cost is \$360/month.)

92. Wyoming: Costs shown are for \$350 deductible plan (\$750 deductible for retirees) and include preventive dental care.

Retirement Analysis

Criteria used for the retirement charts:

- * All data includes classified regular, unclassified regular, and unclassified temporary employees.
- * All retirement data includes early retirements.
- * Retirement buy back options were not considered in retirement calculations.
- * The data for this section was generated by SHARP as of June 24, 2002.
- * All retirement calculations are based on the service date and birthdate as reported in SHARP. This does not account for employees who might have other KPERS eligible service.
- * Employees not contributing to the Kansas Public Employees Retirement System (KPERS) are not included in this data.

The retirement eligibility criteria:

- * Employees age 65 or over;
- * Employees age 62 or over with 10 years of qualifying state employment;
- * Employees qualifying under the "85-point" plan; QR
- * Employees age 55 or over with 10 years of service (not qualifying under any of the previous three criteria) taking *early* retirement with reduced benefits.

State of Kansas Retirement Averages

- * 61 years is the average age a male retires from state service.
- * 62 years is the average age a female retires from state service.
- * The average employee retires with 24 years of state service.
- * The average employee retires 28 months after becoming retirement eligible.

**Testimony to the
House Appropriations Committee
by
Keith Haxton
State Employees Association of Kansas
March 18, 2004
Regarding
HB 2850—Premium Reductions for Medicare Eligible Persons**

Mr. Chairman and members of the Committee, thank you for the opportunity to furnish testimony today. My name is Keith Haxton, and I am with the State Employees Association of Kansas (SEAK).

Retirees under the KPERS system have not received any increases in benefits for over five (5) years from KPERS, if they are under the state Health Care Program they have experienced significant increases in premiums, and if they invested in a tax sheltered program or stocks they have seen their savings dwindle. Many on Social Security saw their increase this year over shadowed by the increase in their Part B Medicare premium. Basically everything cost more today—and yet many of these seniors live on a fixed income if not a shrinking income.

The proposal before you today is a tool to help these people. One of the things we keep hearing is “every little bit helps”.

We appreciate you considering this proposal and encourage you to pass this bill.

Thank you for your time and consideration on this issue. I stand for questions.

HOUSE APPROPRIATIONS

DATE 3-18-2004
ATTACHMENT 3



PHILL KLINE
ATTORNEY GENERAL

State of Kansas

Office of the Attorney General

CRIME VICTIMS COMPENSATION BOARD

120 S.W. 10th Avenue, 2nd Floor

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GLENDAL. CAFER, CHAIR
LOUIS JOHNSON
PAULA S. SALAZAR

**Testimony of Frank S. Henderson, Jr.
Executive Director, Crime Victims Compensation Board
Before House Appropriations
Re: House Bill 2927**

March 18, 2004

Chairman Neufeld and Members of the Committee:

I am Executive Director of the Crime Victims Compensation Board, a division of the Office of Attorney General Phill Kline. The Crime Victims Compensation Board was established by the 1978 Legislature, as a payer of last resort, to assist victims of violent crime with out of pocket losses. I sincerely thank you for the opportunity to address the committee today and express my support for House Bill 2927.

The largest source of funding for the program has been 22% of the fines, penalties and forfeitures remitted from the district courts in Kansas. In an attempt to generate additional funds for the state general fund the 2001 Legislature tripled traffic fines. In turn, they reduced the percentage to be submitted to the Crime Victims Compensation Board. Receipts from fines, penalties and forfeitures were then distributed as follows: 7.99% to the crime victim compensation fund, 1.45% to the crime victim assistance fund, 2.01% to the community alcoholism and intoxication programs fund, 2.01% to the department of corrections alcohol and drug abuse treatment fund, and the remainder to be credited to the state general fund. In the 2003 legislative session, a proviso was passed for an additional 1% to be deposited into the compensation and assistance funds.

I believe the legislative intent in reducing the percentage was not to harm the Crime Victims Compensation Board, however, the loss of revenue to us has been substantial. As shown in the attached chart for revenue, the loss from FY 2001 to FY 2002 was in excess of one million dollars! Even though there has been a slight increase in the preceding years, the deficit still remains quite significant.

HOUSE APPROPRIATIONS

DATE 3-18-2004
ATTACHMENT 4

The Board also receives a U.S. Department of Justice, Office for Victims of Crime annual grant. This grant amount is equal to 60% of the amount awarded in claims paid with state funds in the federal fiscal year prior to the application year. Utilization of a larger amount of state funds results in a larger federal grant. However, the reduction in state funding has necessitated an increase in expenditures from the federal funds, which means a smaller match amount, and ultimately a smaller federal grant.

As indicated in the attached chart, the amount awarded on claims has continued to increase. In 2000 the Board implemented a cost-saving measure by paying medical expenses at the rate of 80%. That reduced the total awards by approximately \$900,000 since medical expenses comprise 70 -75 percent of the total payout. However, in subsequent years, the awards have continued to increase in response to needs of victims. An additional 7% of the fines, penalties and forfeitures from the district courts would generate sufficient revenue to meet the awards granted each year.

If adequate funding for the Board is not provided, the simplest way to reduce the total payout is to reduce the rate at which medical expenses are paid. Unfortunately, due to funding issues, some states have reduced their medical awards to 30 percent. I would not recommend such drastic action for us. Medical providers would become very reluctant to render needed services to victims, with the knowledge of only receiving 30% of their billed charges. If the Board does not have adequate funds to meet the medical expenses, they are eventually written off, all the costs are ultimately passed on to all tax payers.

My desire is that additional funds be made available through the court system. One of the unique aspects about this program is that it is fully funded through offender-based sources; in other words, the offenders pay the victims. I encourage your support to adequately fund the Crime Victim Compensation Board which was established to fulfil a specific need for Kansans who are victimized through violent crime.

CRIME VICTIMS COMPENSATION BOARD

REVENUE

	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999
Fines/Penalties	\$1,509,035	\$1,269,802	\$2,328,815	\$2,297,471	\$2,184,006
Restitution	144,240	98,101	117,031	123,322	84,055
Subrogation	13,443	20,480	32,352	20,796	24,493
Refunds	0	0	350	0	3,649
Department of Corrections					
Parole Supervision Fees	166,211	139,771	134,687	158,778	100,147
Inmate Contributions	189,666	174,017	176,611	135,089	127,472
Administration Fees	102,511	96,384	96,860	97,462	86,095
Department of Justice VOCA Grant	1,058,000	1,074,000	911,000	580,000	694,000
TOTAL	\$3,183,106	\$2,872,555	\$3,797,706	\$3,388,225	\$3,303,917

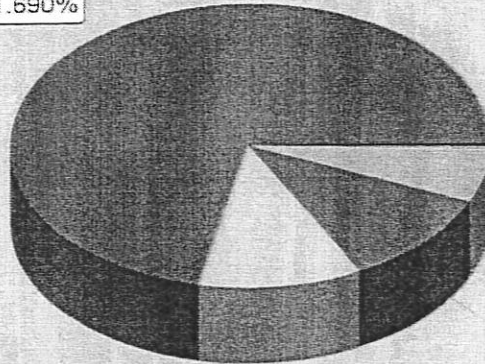
CRIME VICTIMS COMPENSATION CLAIMS

FY 2003

	FY 2003	FY 2002	FY 2001	FY2000	FY1999
NEW CLAIMS RECEIVED	1319	1277	1272	1176	1019
CLAIMS RESOLVED	1404	1325	1101	1116	1011
CLAIMS PENDING AT YEAR END	415	500	548	377	317
TOTAL NUMBER OF ORIGINAL CLAIMS	710	653	544	599	688
TOTAL AMOUNT AWARDED ON ORIGINAL CLAIMS	\$2,285,719	\$2,095,498	\$1,520,827	\$1,753,612	\$2,540,051
AVERAGE AMOUNT AWARDED ON ORIGINAL CLAIMS	\$3,219	\$3,209	\$2,796	\$2,928	\$3,691
TOTAL NUMBER OF SUPPLEMENTAL CLAIMS	520	449	459	436	471
TOTAL AMOUNT AWARDED ON SUPPLEMENTAL CLAIMS	\$888,440	\$866,243	\$920,982	\$837,711	\$926,182
AVERAGE AMOUNT AWARDED ON SUPPLEMENTAL CLAIMS	\$1,709	\$1,929	\$2,007	\$1,921	\$1,966
TOTAL AMOUNT AWARDED ON CLAIMS	\$3,174,159	\$2,961,744	\$2,441,809	\$2,591,324	\$3,466,233

EXPENDITURES BY AWARD CATEGORY

Medical 71.690%



Attorney Fees 0.005%

Other (Miscellaneous) 0.309%

Mental Health 6.322%

Funeral 10.729%

Economic Support 10.944%

EXPENDITURES by Award Category FY 2003

<u>Expense</u>	<u>Total</u>
Medical	2,275,568
Economic Support	347,391
Funeral	340,570
Mental Health	200,669
Other (Miscellaneous)	9,812
Attorney Fees	149

TOTAL	3,174,159
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