

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on April 29, 2004 in Room 514-S of the Capitol.

All members were present except:

Representative Dean Newton- excused
Representative Larry Campbell- excused

Committee staff present:

Amy VanHouse, Legislative Research
Michele Alishahi, Legislative Research
Audrey Dunkel, 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:

Others attending:

See Attached List.

- Attachment 1 Memo from Jim Wilson, Revisor of Statutes
- Attachment 2 Draft copy of legislation relating to assessments on certain hospital providers and health maintenance organizations

Discussion and Action on HB 2947 - Motor vehicle license plates, reenacting 2004 Substitute for HB 2143; and HB 2948 -Redesignation of Department of Human Resources as Department of Labor as required by ERO 31.

Jim Wilson, Revisor of Statutes, explained a need to re-enact **Substitute for HB 2143** because the legislation contained an engrossing error, causing the legislation signed by the governor to be different from the legislation that passed the legislature. The bill relates to the issuance of distinctive license plates, decals for U.S. military license plates, helping schools license plates and firefighter license plates. **HB 2947** will re-enact **Substitute for HB 2143** to correct the error (Attachment 1).

Mr. Wilson explained that Executive Reorganization Order No. 31 (ERO 31) changed the name of the Department of Human Resources (KDHR) to the Department of Labor and transferred some functions of KDHR to the Department of Commerce. **HB 2948** amends a number of statutes to make name changes and other amendments to conform to the ERO (Attachment 1).

Representative Minor moved to recommend **HB 2947** and **HB 2948** favorable for passage. The motion was seconded by Representative Schwartz. Motion carried.

Jim Wilson, Revisor of Statutes, explained the need for another piece of legislation directed at technical corrections to reconcile amendments to statutes which were amended more than once during this session or a prior session (Attachment 1).

Representative Feuerborn moved to recommend to the Speaker of the House that the legislation for the technical corrections to reconcile amendments to statutes, be referred directly to the Committee of the Whole as opposed to being referred to the Committee. The motion was seconded by Representative Klein. Motion carried.

Discussion and action on Senate Sub for HB 2912 - by Committee on Ways and Means -- Health care provider assessments.

Chairman Neufeld stated that in order to expedite the legislative process, the Chair's intention is to remove the language of **SB 12** and insert the language of **Senate Sub for HB 2912** with additional technical

CONTINUATION SHEET

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adjustments, into **House Substitute for SB 12**.

Audrey Dunkel, Legislative Research Department, explained that legislation is needed to address a number of technical adjustments to **Senate Sub for HB 2912**:

1. Change payment dates to June 30 and December 31 instead of July 19 and January 18.
2. Change the assessment payment schedule to make payments due after 150 days of increased rates instead of two quarters. These changes still allow for two quarters of increased payments, but move the due date on the assessment up by approximately two weeks. In addition, the change guarantees budget neutrality if the plan is not approved until the middle of the fiscal year.
3. Add language to allow 80.0 percent of the hospital assessment payments and 53.0 percent of the health maintenance organization assessment payments as certified by the director of the budget to be credited to the health insurance access improvement fund by the state treasurer on the first day of each fiscal year. This change allows the funds to be distributed prior to the collection of the assessment, as required by the bill, and repaid when the assessment is collected on December 31 and June 30 of each fiscal year.
4. Add language making the start date for the assessment plan on either the July 1 or January 1 following Center for Medicare and Medicaid Services (CMS) approval of the assessment plan, whichever is closer to the approval date. This change guarantees that the increased rates paid to providers will be reimbursed to the state each year without creating a shortfall of state funds.
5. Change the increased payment for health maintenance organizations from an increased "Medicaid rate" to an increased "Medicaid capitation payment" to more accurately reflect the payment structure to health maintenance organizations, which is a contractual, per person per month rate instead of a fee for service rate.

Ms. Dunkel presented a copy of the draft bill (Attachment 2). The Committee expressed a concern with the July 1 or January 1 "start date" after approval of the assessment plan.

Scott Brunner, Medicaid Director, Department of Social and Rehabilitation Services, stated that the intent was to place the start date after CMS approval and give some flexibility to the start date; however, this date could be changed to incorporate an effective date to be designated in the application submitted to CMS.

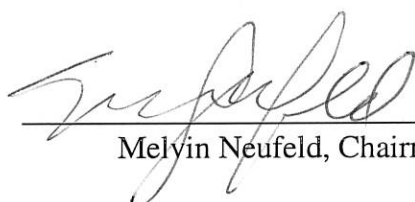
Jim Wilson, Revisor of Statutes, suggested the language in **Substitute for SB 2912** in Section 1; Item (d) be removed and new language inserted reading "The effective date for the payment methodology applicable to hospital providers approved by the centers for medicare and medicaid services shall be the date of July 1 or January 1, whichever date is designated in the state plan submitted by the department of social and rehabilitation services for approval by the centers for medicare and medicaid services".

Representative Landwehr moved to remove the language from SB 12, insert the new language of the draft bill relating to Senate Sub for HB 2912 into House Substitute for SB 12 and to incorporate the revised language in Section 1; Item (d) as proposed. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Landwehr moved to recommend House Substitute for SB 12 favorable for passage and allow for technical adjustments as necessary. The motion was seconded by Representative Ballard. Motion carried.

Representative Landwehr moved to introduce legislation creating the oversight committee on death of children in state custody. The motion was seconded by Representative McCreary. Motion carried.

The next meeting will be held on April 30, 2004. A presentation will be given by the Research and Development Enhancement Corporation on the status of the construction of research facilities. The meeting was adjourned at 9:45 a.m.


Melvin Neufeld, Chairman

Office of Revisor of Statutes

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MEMORANDUM

From: Mary Torrence, Senior Assistant Revisor of Statutes
Date: April 28, 2004
Subject: Technical Bills Recommended by the Revisor of Statutes Office

HB 2948 [3rs2184] - - ERO 31 Trailer Bill

Executive Reorganization Order No. 31 changed the name of the Department of Human Resources (KDHR) to the Department of Labor and transferred some functions of KDHR to the Department of Commerce. This bill amends a number of statutes to make name changes and other amendments to conform to the ERO.

HB 2947 [3rs2191] - - Reenactment of Substitute for House Bill No. 2143

This bill reenacts legislation that contained an engrossing error, causing the legislation signed by the governor to be different from the legislation that passed the legislature. The bill relates to the issuance of distinctive license plates, decals for U. S. military license plates, helping schools license plates and firefighter license plates.

HB _____ [3rs2203] - - Reconciliation of Amendments to Statutes Amended More Than Once

This bill reconciles amendments to statutes which were amended more than once during this session or a prior session.

- § 1: Fees for inspection of commercial fertilizers; statute amended in House Bill No. 2622 and Senate Bill No. 524.
- § 2: Certificates of title for antique vehicles; statute amended twice in 2003.
- § 3: Requirements for notice to lienholders of towed vehicles and requirements for recovery of

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- impounded vehicles; statute amended in Senate Bill No. 380 and House Bill No. 2633.
- § 4: County home rule; statute amended in House Substitute for Substitute for Senate Bill No. 153 and Senate Bill No. 461.
- § 5: Authority of law enforcement officers; statute amended in House Substitute for Senate Bill No. 9 and House Substitute for Senate Bill No. 136.
- § 6: Prohibited acts for real estate licensees; statute amended in Senate Bill No. 534 and Senate Bill No. 404.
- § 7: Docket fees; statute amended in House Bill No. 2293 and Senate Bill No. 297.
- § 8: Definitions, licensure of critical access hospitals; statute amended in House Bill No. 2760 and House Bill No. 2813.
- § 9: Liability of health care providers for emergency care; statute amended in House Bill No. 2813 and House Bill No. 2737.
- § 10: Statewide levy for school finance; statute amended three times in 2003.
- § 11: State officer's election to be member of KPERs; statute amended twice in 2003.
- § 12: Definitions, law enforcement training act; amended in House Substitute for Senate Bill No. 136 and Senate Bill No. 400.
- § 13: Annual report and questionnaire, effectiveness of tax credits and exemptions to encourage economic development; amended twice in 2003.
- § 14: Procedures for requesting property tax exemptions; amended twice in 2003.
- § 15: Definitions for division of income for tax purposes; amended three times in 2003.
- § 16: Apportionment of special city and county highway fund and county equalization and adjustment fund; amended in House Bill No. 2675 and Senate Bill No. 524.
- § 17: Licensure of companies servicing scales; amended in House Bill No. 2622 and Senate Bill No. 524.
- § 18: Licensure of companies servicing dispensing devices; amended in House Bill No. 2622 and Senate Bill No. 524.
- § 19: Repeal of sections reconciled in bill; also repeal of sections containing amendments conflicting with or identical to other amendments passed this year (K.S.A. 2003 Supp. 2-2906, as amended by Senate Bill No. 524, K.S.A. 2003 Supp. 82a-734, as amended by Senate Bill No. 524 and K.S.A. 2003 Supp. 79-34,147, as amended by House Bill No. 2675) or last year (K.S.A. 2003 Supp. 79-201y and 79-2977a).

AN ACT relating to assessments on certain hospital providers and health maintenance organizations; amending sections 4, 8, 11 and 13 of 2004 Senate Substitute for House Bill No. 2912 and repealing the existing sections.

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

Section 1. Section 4 of 2004 Senate Substitute for House Bill No. 2912 is hereby amended to read as follows: (a) The assessment imposed by section 2, and amendments thereto, for any state fiscal year to which this statute applies shall be due and payable in equal installments ~~on~~~~-or-~~~~on-the-state-business-day~~ ~~nearest-to,~~~~July-19-and-January-18~~ or before June 30 and December 31, commencing with whichever date first occurs after the hospital has received payments for 150 days after the effective date of the payment methodology approved by the centers for medicare and medicaid services. No installment payment of an assessment under this act shall be due and payable, however, until after:

(1) The hospital provider receives written notice from the department that the payment methodologies to hospitals required under this act have been approved by the centers for medicare and medicaid services of the United States department of health and human services under 42 C.F.R. 433.68 for the assessment imposed by section 2, and amendments thereto, has been granted by the centers for medicare and medicaid services of the United States department of health and human services; and

(2) in the case of a hospital provider, the hospital has received payments for ~~two-quarters~~ 150 days after the effective date of the payment methodology approved by the centers for medicare and medicaid services.

(b) The department is authorized to establish delayed payment schedules for hospital providers that are unable to make installment payments when due under this section due to financial difficulties, as determined by the department.

(c) If a hospital provider fails to pay the full amount of an installment when due, including any extensions granted under

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AN ACT relating to assessments on certain hospital providers and health maintenance organizations; amending sections 4, 8, 11 and 13 of 2004 Senate Substitute for House Bill No. 2912 and repealing the existing sections.

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

Section 1. Section 4 of 2004 Senate Substitute for House Bill No. 2912 is hereby amended to read as follows: (a) The assessment imposed by section 2, and amendments thereto, for any state fiscal year to which this statute applies shall be due and payable in equal installments on ~~7-or-on-the-state-business-day nearest-to-7-July-19-and-January-18~~ or before June 30 and December 31, commencing with whichever date first occurs after the hospital has received payments for 150 days after the effective date of the payment methodology approved by the centers for medicare and medicaid services. No installment payment of an assessment under this act shall be due and payable, however, until after:

(1) The hospital provider receives written notice from the department that the payment methodologies to hospitals required under this act have been approved by the centers for medicare and medicaid services of the United States department of health and human services under 42 C.F.R. 433.68 for the assessment imposed by section 2, and amendments thereto, has been granted by the centers for medicare and medicaid services of the United States department of health and human services; and

(2) in the case of a hospital provider, the hospital has received payments for ~~two-quarters~~ 150 days after the effective date of the payment methodology approved by the centers for medicare and medicaid services.

(b) The department is authorized to establish delayed payment schedules for hospital providers that are unable to make installment payments when due under this section due to financial difficulties, as determined by the department.

(c) If a hospital provider fails to pay the full amount of an installment when due, including any extensions granted under

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and amendments thereto, has been granted by the centers for medicare and medicaid services of the United States department of health and human services; and

(2) the health maintenance organization has received payments for ~~two--quarters~~ 150 days after the effective date of the payment methodology approved by the centers for medicare and medicaid services.

(b) The department is authorized to establish delayed payment schedules for health maintenance organizations that are unable to make installment payments when due under this section due to financial difficulties, as determined by the department.

(c) If a health maintenance organization fails to pay the full amount of an installment when due, including any extensions of time for delayed payment granted under this section, there shall be added to the assessment imposed by section 7, and amendments thereto, unless waived by the department for reasonable cause, a penalty assessment equal to the lesser of:

(1) An amount equal to 5% of the installment amount not paid on or before the due date plus 5% of the portion thereof remaining unpaid on the last day of each month thereafter; or

(2) an amount equal to 100% of the installment amount not paid on or before the due date.

For purposes of this subsection (c), payments shall be credited first to unpaid installment amounts, rather than to penalty or interest amounts, beginning with the most delinquent installment.

(d) The effective date for the payment methodology applicable to health maintenance organizations approved by the centers for medicare and medicaid services shall be the date of July 1 or January 1, whichever date first occurs after the date of such approval by the centers for medicare and medicaid services.

Sec. 3. Section 11 of 2004 House Bill No. 2912 is hereby amended to read as follows: (a) There is hereby created in the state treasury the health care access improvement fund, which

shall be administered by the secretary of social and rehabilitation services. All moneys received for the assessments imposed by section 2 and section 7, and amendments thereto, including any penalty assessments imposed thereon, shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the health care access improvement fund. All expenditures from the health care access improvement fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of social and rehabilitation services or the secretary's designee.

(b) The fund shall not be used to replace any moneys appropriated by the legislature for the department's medicaid program.

(c) The fund is created for the purpose of receiving moneys in accordance with this act and disbursing moneys only for the purpose of improving health care delivery and related health activities, notwithstanding any other provision of law.

(d) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the health care access improvement fund interest earnings based on:

(1) The average daily balance of moneys in the health care access improvement fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) The fund shall consist of the following:

(1) All moneys collected or received by the department from the hospital provider assessment and the health maintenance organization assessment imposed by this act;

(2) any interest or penalty levied in conjunction with the administration of this act; and

(3) all other moneys received for the fund from any other

source.

(f) (1) On July 1 of each fiscal year, the director of accounts and reports shall record a debit to the state treasurer's receivables for the health care access improvement fund and shall record a corresponding credit to the health care access improvement fund in an amount certified by the director of the budget which shall be equal to the sum of 80% of the moneys estimated by the director of the budget to be received from the assessment imposed on hospital providers pursuant to section 2 of 2004 House Bill No. 2912, and amendments thereto, and credited to the health care access improvement fund during such fiscal year, plus 53% of the moneys estimated by the director of the budget to be received from the assessment imposed on health maintenance organizations pursuant to section 7 of 2004 House Bill No. 2912, and amendments thereto, and credited to the health care access improvement fund during such fiscal year, except that such amount shall be proportionally adjusted during such fiscal year with respect to any change in the moneys estimated by the director of the budget to be received for such assessments, deposited in the state treasury and credited to the health care access improvement fund during such fiscal year. Among other appropriate factors, the director of the budget shall take into consideration the estimated and actual receipts from such assessments for the current fiscal year and the preceding fiscal year in determining the amount to be certified under this subsection (f). All moneys received for the assessments imposed pursuant to sections 2 and 7 of 2004 House Bill No. 2912, and amendments thereto, deposited in the state treasury and credited to the health care access improvement fund during a fiscal year shall reduce the amount debited and credited to the health care access improvement fund under this subsection (f) for such fiscal year.

(2) On June 30 of each fiscal year, the director of accounts and reports shall adjust the amounts debited and credited to the state treasurer's receivables and to the health care access improvement fund pursuant to this subsection (f), to reflect all

moneys actually received for the assessments imposed pursuant to sections 2 and 7 of 2004 House Bill No. 2912, and amendments thereto, deposited in the state treasury and credited to the health care access improvement fund during the current fiscal year.

(3) The director of accounts and reports shall notify the state treasurer of all amounts debited and credited to the health care access improvement fund pursuant to this subsection (f) and all reductions and adjustments thereto made pursuant to this subsection (f). The state treasurer shall enter all such amounts debited and credited and shall make reductions and adjustments thereto on the books and records kept and maintained for the health care access improvement fund by the state treasurer in accordance with the notice thereof.

Sec. 4. Section 13 of 2004 House Bill No. 2912 is hereby amended to read as follows: (a) Assessment revenues generated from the hospital provider assessments shall be disbursed as follows:

(1) Not less than 80% of assessment revenues shall be disbursed to hospital providers through a combination of medicaid access improvement payments and increased medicaid rates on designated diagnostic related groupings, procedures or codes;

(2) not more than 20% of assessment revenues shall be disbursed to providers who are persons licensed to practice medicine and surgery or dentistry through increased medicaid rates on designated procedures and codes; and

(3) not more than 3.2% of hospital provider assessment revenues shall be used to fund health care access improvement programs in undergraduate, graduate or continuing medical education, including the medical student loan act.

(b) Assessment revenues generated from the health maintenance organization assessment shall be disbursed as follows:

(1) Not less than 53% of health maintenance organization assessment revenues shall be disbursed to health maintenance

organizations that have a contract with the department through increased medicaid ~~rates~~ capitation payments;

(2) not more than 30% of health maintenance organization assessment revenues shall be disbursed to fund activities to increase access to dental care, primary care safety net clinics, increased medicaid rates on designated procedures and codes for providers who are persons licensed to practice dentistry, and home and community-based services;

(3) not more than 17% of health maintenance organization assessment revenues shall be disbursed to pharmacy providers through increased medicaid rates.

(c) For the purposes of administering and selecting the disbursements described in subsections (a) and (b) of this section, the health care access improvement panel is hereby established. The panel shall consist of the following: Three members appointed by the Kansas hospital association, two members who are persons licensed to practice medicine and surgery appointed by the Kansas medical society, one member appointed by each health maintenance organization that has a medicaid managed care contract with the department of social and rehabilitation services, one member appointed by the Kansas association for the medically underserved, and one representative of the department of social and rehabilitation services appointed by the governor. The panel shall meet as soon as possible subsequent to the effective date of this act and shall elect a chairperson from among the members appointed by the Kansas hospital association. A representative of the panel shall be required to make an annual report to the legislature regarding the collection and distribution of all funds received and distributed under this act.

Sec. 5. Sections 4, 8, 11 and 13 of 2004 Senate Substitute for House Bill No. 2912 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.