Approved: May 20, 2005
Date

MINUTES OF THE HOUSE HEALTH SELECT COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 7:00 A.M. on March 30, 2005, in Room 514-S of the Capitol.

All members present except:
Rep. Clark Shultz - excused

Committee staff present:
Alan Conroy, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Susan Kannarr, Legislative Research Department
Emalene Correll, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:
Dr. Ira Stamm, American Board of Professional
Gary Daniels, Acting Secretary, Department of Social and Rehabilitation Services
Jerry Slaughter, Kansas Medical Society

Others attending:
See attached list.

- Attachment 1 Overview of each section of **HB 2531**
- Attachment 2 Proposed Technical Amendments to **HB 2531**
- Attachment 3 Testimony by Dr. Ira Stamm, Psychologist, on **HB 2531**
- Attachment 4 Testimony on **HB 2531** by Gary Daniels, Acting Secretary of Department of Social and Rehabilitation Services
- Attachment 5 Testimony on **HB 2531** by Jerry Slaughter, Kansas Medical Society
- Attachment 6 Written testimony on **HB 2531** by Thomas Bell, Kansas Hospital Association
- Attachment 7 Written testimony on **HB 2531** by Sandy Praeger, Kansas Insurance Department
- Attachment 8 Written information from Dr. Robert St. Peter, Kansas Health Institute
- Attachment 9 Proposed amendment to **HB 2531**

Hearing on HB 2531 - Kansas health policy authority.

Jim Wilson, Revisor of Statutes, explained the sections contained in **HB 2531** (Attachment 1) and presented proposed technical amendments to **HB 2531** (Attachment 2). Responding to questions from the Committee, Mr. Wilson stated that all rules and regulations as well as policies currently in place will roll forward with the transfer of programs to the Authority as designated in the legislation. Mr. Wilson indicated if the legislation is passed by the legislature, the appropriations for the Authority will be dealt with in the Omnibus bill. Mr. Wilson noted that the legislation does not limit the number of advisory members who can be appointed.

Dr. Ira Stamm, psychologist in independent practice in Topeka, presented testimony in a neutral position on **HB 2531** (Attachment 3). Dr. Stamm encouraged the legislature to look at the total healthcare system for all citizens of Kansas.

Gary Daniels, Acting Secretary of Department of Social and Rehabilitations, presented testimony in opposition to **HB 2531** (Attachment 4).

Jerry Slaughter, Kansas Medical Society, presented testimony in support of **HB 2531** (Attachment 5), noting that there were concerns with the legislation; however, supported the basic function. Mr. Slaughter expressed a concern to insure that members of the voting board, as well as the non-voting board, have the expertise and resources to work with the Medicaid program.

Written testimony in support of **HB 2531** was received from:
- Thomas L. Bell, President, Kansas Hospital Association (Attachment 6)

MINUTES OF THE House Health Select Committee at 7:00 A.M. on March 30, 2005 in Room 514-S of the Capitol.

- Sandy Praeger, Kansas Insurance Department (Attachment 7)

Information, with regard to the organization of Medicaid functions, was received from:
- Robert F. St. Peter, Kansas Health Institute (Attachment 8)

Jim Wilson, Revisor of Statutes, explained that **SB 306** and **HB 2531** are identical bills, therefore, a proposed amendment for consideration on **SB 306** is also proposed for **HB 2531** pertaining to the disclosure of data or other information collected by the Kansas health policy authority **(Attachment 9).**

Larry Pittman, President of the Kansas Foundation for Medical Care, commented, with reference to the proposed amendment, that the issue of addressing the protection and confidentiality of data is complex and needs to be addressed to insure that the desired results from the collected data can be accomplished.

Dr. Robert St. Peter, Kansas Health Institute, reiterated the comments of Mr. Pittman noting that some data results cannot be accomplished without the use of information identifiers.

Chair Neufeld requested that Mr. Pittman and Dr. St. Peter work together to develop a policy on protection and confidentiality of data that works best for Kansas and to make sure language in the legislation is appropriate to accomplish the desired results.

Chair Neufeld stated that a fiscal note is not available at this time because of the need to further develop the policies and functions of the new health authority; however, they will work to have a fiscal note available before passage of the bill. It was noted that the Medicaid function is funded the same as in the Governor's Executive Reorganization Order No. 33 (**ERO 33**).

Representative Morrison moved to strike the language in **HB 2531** on page 3, line 29 starting with the words "Members of any advisory--" through line 35. The motion was seconded by Representative Mast. Motion carried.

Essentially this action will provide for the advisory board to serve on a volunteer basis and without mileage reimbursement as was stated in **ERO 33.**

The Chair stated that no action will be taken on the bill until the language on the data component in the bill is proper to reach the desired results.

The meeting was adjourned at 8:40 a.m. The next meeting will be "on call of the Chair".

Melvin Neufeld, Chair

HOUSE HEALTH CARE SELECT COMMITTEE

March 30, 2005

7:00 A.M.

NAME	REPRESENTING
Bob Harder	United Methodist - KS
Brad Kent	DofA
Tim Stanley	Staff
Kay O'Daniels	SRS
Mike Hammond	ACLU/KS
Amy Campbell	KS Mental Health Coalition
Chad Austin	KHA
Jim McLean	KHI
Robert St. Peter	KHI
Andy Allison	KHI
Larry Pitman	KFMC
Faith Loretto	Dept. of Administration
Laura Howard	SRS
JERRY SLAUGHTER	KMS
[illegible]	SCL Health Systems

SENATE BILL 306 and HOUSE BILL 2351

New Section 1 — **Kansas Health Policy Authority**

Establishment on July 1, 2005; Membership, Voting and Non-Voting Members; Terms; Qualifications; Initial Staggered Terms; Appointment

New Section 2 — **Kansas Health Policy Authority Director and Employees**

Executive Director Appointment and Confirmation

In Unclassified Service

Responsible for Hiring and Supervising Other Employees

New Section 3 — **Kansas Health Policy Authority Powers**

Adopt Policies and Rules and Regulations

Enter Into Contracts

Appoint Advisory Committees

New Section 4 — **Legislative Oversight Committee**

Appointment of Joint Committee

Exist for Time Deemed Appropriate by LCC

New Section 5 — **Kansas Health Policy Authority**

Duties and Purpose

New Section 6 — **Transfer Time Line**

Develop Health Policy Agenda and Reports to Legislature - 2007

Assume Health Data Board Functions - January 2006

Assume Responsibility for Drug Utilization Review - January 2006

March 2006 - Submit Recommendations to Legislature on Funding and Legislation Relating to July 1, 2006 Transfers

HOUSE HEALTHCARE SELECT

DATE 3-30-2005

ATTACHMENT 1

July 1, 2006 - Assume Operational and Purchasing Autho. for Regular Medicaid, MediKan, State Children's Health Insurance Program, Working Healthy, Medicaid Management Information System, State Health Care Benefits Program, and Workers Compensation Self-Insurance Program

2007 Session - Submit Recommendations and Implementation Plan for Transfer of Additional Medicaid Funded Programs to the Authority

New Section 7 **Division of Health Policy and Finance**

Established in Department of Administration

Director of Health Policy and Finance - Appointment

New Section 8 **Division of Health Policy and Finance**

Officers and Employees

Organization of Division

New Section 9 **Division of Health Policy and Finance**

Powers, Duties, and Functions
- Medical Assistance (Medicaid)
- State Children's Health Insurance Program
- MediKan
- Working Healthy
- Medicaid Management Information System
- [Contact Agency for Federal Health Reform]
- Exceptions

New Section 10 **Division of Health Policy and Finance**

Single State Agency for Medicaid

Authorized to Participate in Other Programs Under the Social Security Act

New Section 11 **Division of Health Policy and Finance**

Authorized to Develop Medical Plans in which there is no Federal Financial Participation

ɜw Section 12	**Division of Health Policy and Finance** May Contract with State Agencies and Local Governments Restrictions on Authority to Delegate
New Section 13	**Division of Health Policy and Finance** Other Powers and Duties of Executive Director Policies for Programs Placed Under Director Advise Governor and Legislature Establish System of Financial Controls Perform Services for Other Agencies Prepare Annual Budget Make Grants, Subject to Appropriations Receive Gifts and Grants Enter Into Agreements with Other States for Specified Purposes Create Advisory Groups and Policy Coordination Board Other Necessary Powers
New Sections 14 - 17	**Standard Transfer Provisions** Transfer of Medicaid from SRS to Director of the Division of Health Policy and Finance on July 1, 2005
[New Sections 18 - 20*]	**Standard Transfer Provisions*** [Transfer of Responsibility for Response to Any Federal Health Care Reform Measures from Secretary of Health and Environment to Director of Division of Health Policy and Finance]

* The authority and duties cannot be transferred because the statute that conferred the authority and also created the Health Care Reform Legislative Oversight Committee expired on July 1, 2001.

New Section 21	**Standard Transfer Provision** Assumption of Salaries and Compensation for Transferred Employees
New Section 22	**Transfer of Responsibilities from SRS to the Kansas Health Policy Authority on January 1, 2006** Medicaid Restrictive Drug Formulary Drug Utilization Review Program Medicaid Drug Utilization Review Board Electronic Pharmacy Claims Management System

New Sections 23 - 25	**Transfer of Powers and Duties of the Health Care Data Governing Board and KDHE to Kansas Health Policy Authority on January 1, 2006** Standard Transfer Provisions
Sections 26 - 33	**Amend Existing Statutes to Replace References to SRS with Kansas Health Policy Authority on January 1, 2006** Amend KSA 39-7,116, 39-7,121, and KSA 2004 Supp. 39-7,118, 39-7,119, 39-7,120, 39-7,121a, 39-7,121d, and 39-7,121e
Sections 34 - 40	**Amend Existing Statutes to Abolish the Health Care Data Governing Board and to Replace References to the Board and Secretary of KDHE with Kansas Health Policy Authority on January 1, 2006** Amend KSA 65-6801, 65-6804, 65-6805, 65-6806, 65-6807, 65-6809, and KSA 2004 Supp. 65-6803
New Section 41	**Abolish Division and Director of Health Policy and Finance on July 1, 2006**
Sections 42 - 50	**Amend Earlier Sections of Bill to Change References to Director and Division of Health Policy and Finance to Kansas Health Policy Authority on July 1, 2006** Amend New Sections 9, 10, 11, 12, 13, 14, 15, 16, and 17
Sections 51 - 53*	**[Amend Earlier Sections of Bill to Change References from Director and Division of Health Care Policy and Finance to Kansas Health Policy Authority on July 1, 2006]** [Amend New Sections 18, 19, and 20]
Section 54	**Standard Transfer Provision** Amend New Section 21

ection 55 **Repealer**

January 1, 2006

Section 56 **Repealer**

July 1, 2006

Section 57 **Effective Date**

SENATE BILL No. 306

By Committee on Ways and Means

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AN ACT establishing the Kansas health policy authority; prescribing powers, duties and functions therefor; establishing a division of health policy and finance and a director of health policy and finance within the department of administration and transferring certain powers, duties and functions thereto; amending K.S.A. 39-7,116, 39-7,121, 65-6801, 65-6804, 65-6805, 65-6806, 65-6807 and 65-6809 and K.S.A. 2004 Supp. 39-7,118, 39-7,119, 39-7,120, 39-7,121a, 39-7,121d, 39-7,121e and 65-6803 and repealing the existing sections; also amending sections 9 through 21 of this act and repealing the existing sections; also repealing K.S.A. 65-6808 and sections 7 and 8 of this act.

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

New Section 1. (a) On July 1, 2005, the Kansas health policy authority is hereby established as a state agency within the executive branch of state government.

(b) The Kansas health policy authority shall be composed of seven voting members and seven nonvoting, ex officio members. The seven voting members shall be appointed as follows:

(1) Four members shall be appointed by the governor;

(2) two members shall be appointed by the speaker of the house of representatives; and

(3) one member shall be appointed by the president of the senate.

(c) The seven nonvoting, ex officio members of the Kansas health policy authority are the director of health of the department of health and environment, secretary of health and environment, secretary of social and rehabilitation services, commissioner of insurance, secretary of administration, secretary of aging, and the executive director of the authority appointed pursuant to section 2, and amendments thereto.

(d) The appointment of each voting member of the Kansas health policy authority shall be subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. Except as provided by K.S.A. 46-2601, and amendments thereto, no person appointed as a voting member of the Kansas health policy authority shall exercise any power, duty or function as a member of the authority until confirmed by the senate. Each member shall hold office for a term of four years, except

Proposed Technical Amendments
to SB 306 & HB 2531
March 28, 2005

as provided in subsection (d) for the first members appointed to the Kansas health policy authority, and until a successor is appointed and confirmed. Terms of voting members of the Kansas health policy authority shall expire on March 15.

(e) Voting members of the Kansas health policy authority shall be members of the general public who have knowledge and demonstrated leadership in fields including, but not limited to, health care delivery, health promotion, public health improvement, evidence-based medicine, insurance, information systems, data analysis, health care finance, economics, government, and business. A majority of the voting members of the Kansas health policy authority shall be Kansas residents. No member of the legislature shall be appointed as a voting member of the Kansas health policy authority.

(f) The first voting members of the Kansas health policy authority established by this section shall be appointed on or before August 1, 2005. The terms of office of such members shall be as follows: (1) The governor shall appoint one member for a term which shall expire on March 15, 2007, two members for a term which shall expire on March 15, 2008, and one member for a term which shall expire on March 15, 2009; (2) the speaker of the house of representatives shall appoint one member for a term which shall expire on March 15, 2009, and one member for a term which shall expire on March 15, 2007; and (3) the president of the senate shall appoint one member for a term which shall expire on March 15, 2009. In addition to such terms, each of the first members appointed shall serve until a successor is appointed and confirmed.

(g) The members of the Kansas health policy authority shall meet and organize annually by electing one member as chairperson, except that the governor shall designate the first chairperson of the Kansas health policy authority from among the first members appointed. The Kansas health policy authority shall meet at least monthly during the fiscal year ending June 30, 2006, and thereafter not less than once per calendar quarter.

(h) Members of the Kansas health policy authority attending meetings of the authority, or attending a subcommittee meeting thereof authorized by the Kansas health policy authority, shall be paid subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3212, and amendments thereto, for members of the legislature. Members on the Kansas health policy authority shall not receive compensation for their service on the authority.

(i) On July 1, 2013, the Kansas health policy authority is hereby abolished.

New Sec. 2. (a) The Kansas health policy authority shall appoint the executive director of the authority subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. The Kansas

health policy authority may appoint a temporary director to serve and to administer and oversee the operations of the authority until such time as an executive director can be appointed and commences employment.

(b) The executive director of the Kansas health policy authority shall be in the unclassified service under the Kansas civil service act and shall serve at the pleasure of the Kansas health policy authority. The executive director of the Kansas health policy authority shall receive a salary fixed by the Kansas health policy authority, subject to approval by the governor.

(c) The executive director shall have the authority to hire and supervise the other personnel of the Kansas health policy authority. Except as otherwise provided by this act, all officers and employees of the Kansas health policy authority shall be in the unclassified service under the Kansas civil service act and shall serve at the pleasure of the executive director of the Kansas health policy authority.

New Sec. 3. (a) The Kansas health policy authority is hereby authorized to establish policies and to adopt rules and regulations for the implementation and administration of the powers, duties and functions prescribed for or transferred to the authority as provided by law.

(b) The Kansas health policy authority may enter into contracts as may be necessary to perform the powers, duties and functions of authority and as provided by law. As provided by this act or as otherwise the Kansas health policy authority may enter into contracts with other state agencies or with local governmental entities for the coordination of health care services, including care and prevention programs and activities, and public health programs.

(c) The Kansas health policy authority may appoint advisory committees as deemed necessary by the authority. The advisory committees shall consult with and advise the Kansas health policy authority regarding the matters referred thereto by the authority. Members of any advisory committee created under this section attending meetings of such committee or attending a subcommittee meeting thereof authorized by such committee shall be paid subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto, but shall receive no compensation for services as members of such advisory committee.

New Sec. 4. The legislative coordinating council shall establish and appoint members of the legislature from the senate and house of representatives to serve as members of a special committee in accordance with K.S.A. 46-1205, and amendments thereto. The special committee shall have the exclusive responsibility to monitor operations and decisions of the Kansas health policy authority and the legislative coordinating council shall provide for the continuing existence of the special committee for such period as deemed appropriate by the council.

as provided in section 17, and amendments thereto, and

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New Sec. 5. The Kansas health policy authority shall develop and maintain a coordinated health policy agenda that combines effective purchasing and administration of health care with health promotion oriented public health strategies. The powers, duties and functions of the Kansas health policy authority are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency and effectiveness of health care services and public health programs.

New Sec. 6. (a) The Kansas health policy authority is responsible for the development of a statewide health policy agenda including health care and health promotion components. The Kansas health policy authority shall report to the legislature at the beginning of the regular session of the legislature in 2007 and at the beginning of each regular legislative session thereafter. The report of the Kansas health policy authority to the legislature shall include recommendations for implementation of the health policy agenda recommended by the authority. In accordance with the provisions of this act and the provisions of appropriation acts, the Kansas health policy authority shall assume powers, duties and functions in accordance with the provisions of this act.

(b) On January 1, 2006, the Kansas health policy authority shall assume the functions of the health care data governing board as provided by this act.

(c) On January 1, 2006, the Kansas health policy authority shall assume responsibility for the drug utilization review program, including oversight of the medicaid drug utilization review board, and the electronic claims management system as provided by this act.

(d) On or before March 1, 2006, the Kansas health policy authority shall submit a plan with recommendations for funding and any recommended legislation for the powers, duties and functions transferred to the authority on July 1, 2006, of the programs and activities specified in subsection (e).

(e) On July 1, 2006, the Kansas health policy authority shall assume operational and purchasing responsibility for (1) the regular medical portion of the state medicaid program, (2) the MediKan program, (3) the state children's health insurance program as provided in K.S.A. 38-2001 et seq., and amendments thereto, (4) the working healthy portion of the ticket to work program under the federal work incentive improvement act and the medicaid infrastructure grants received for the working healthy portion of the ticket to work program, (5) the medicaid management information system (MMIS), (6) the state health care benefits program as provided in K.S.A. ~~65-6501 through 65-6529~~ 75-6501 through 75-6523, and amendments thereto, and (7) the state workers compensation self-insurance fund and program as provided in K.S.A. 44-575 through 44-580, and amendments thereto.

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(f) At the beginning of the regular session of the legislature in 2007, the Kansas health policy authority shall submit to the legislature recommendations and an implementation plan for the transfer of additional medicaid-funded programs to the Kansas health policy authority which may include (1) mental health services, (2) home and community-based services (HCBS) waiver programs, (3) nursing facilities, (4) substance abuse prevention and treatment programs, and (5) the institutions, as defined in K.S.A. 76-12a01, and amendments thereto.

(g) At the beginning of the regular session of the legislature in 2008, the Kansas health policy authority shall submit to the legislature recommendations and an implementation plan for the Kansas health policy authority to assume responsibility for health care purchasing functions within additional state agencies, which may include (1) the department on aging, (2) the department of education for local education agencies, (3) the juvenile justice authority and the juvenile correctional institutions and facilities thereunder, and (4) the department of corrections and the correctional institutions and facilities thereunder.

New Sec. 7. On July 1, 2005, the division of health policy and finance is hereby established within the department of administration. The head of the division of health policy and finance shall be the director of health policy and finance, who shall be appointed by and serve at the pleasure of the governor. The director of health policy and finance shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the governor. Under the supervision of the governor, the director of health policy and finance shall administer the division of health policy and finance and shall perform such other powers, duties and functions as may be prescribed by law.

New Sec. 8. (a) Subject to the provisions of appropriation acts, the director of health policy and finance shall appoint, in accordance with the provisions of the Kansas civil service act, such officers and employees as may be needed, in the judgment of the director, to carry out the powers and duties of the division of health policy and finance. All such officers and employees shall be within the unclassified service under the Kansas civil service act, unless otherwise specifically provided by law.

(b) The officers and employees of the division of health policy and finance shall act for and exercise the powers of the director of health policy and finance to the extent that authority to do so is delegated by the director. Subject to the limitations of this act, the director of health policy and finance may organize the division of health policy and finance in the manner the director deems most efficient.

New Sec. 9. (a) The director of health policy and finance shall coordinate health care planning, administration, and purchasing and analysis of health care data for the state of Kansas with respect to the following

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health care programs administered by the state of Kansas:

(1) Developing, implementing, and administering programs that provide medical assistance, health insurance programs, or waivers granted thereunder for persons who are needy, uninsured, or both, and that are financed by federal funds or state funds, or both, including the following:

(A) The Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto;

(B) the health benefits program for children established under K.S.A. 38-2001 et seq., and amendments thereto, and developed and submitted in accordance with federal guidelines established under title XXI of the federal social security act, section 4901 of public law 105-33, 42 U.S.C.§1397aa et seq., and amendments thereto;

(C) any program of medical assistance for needy persons financed by state funds only, to the extent appropriations are made for such a program;

(D) the working healthy portion of the ticket to work program under the federal work incentive improvement act and the medicaid infrastructure grants received for the working healthy portion of the ticket to work program; and

(E) the medicaid management information system (MMIS);

~~(2) serving as the designated contact agency for the state of Kansas under K.S.A. 46-2507, and amendments thereto, with reference to federal health care reform measures; and~~

~~(3)~~ (2) administering any other health care programs delegated to the director by the governor or by a contract with another state agency.

(b) Except to the extent required by its single state agency role as designated in section 10, and amendments thereto, the division of health policy and finance shall not be responsible for health care planning, administration, purchasing and data with respect to the following:

(1) The mental health reform act, K.S.A. 39-1601 et seq., and amendments thereto;

(2) the developmental disabilities reform act, K.S.A. 39-1801 et seq., and amendments thereto;

(3) the mental health program of the state of Kansas as prescribed under K.S.A. 75-3304a, and amendments thereto;

(4) the addiction and prevention services prescribed under K.S.A. 65-4001 et seq., and amendments thereto; or

(5) any institution, as defined in K.S.A. 76-12a01, and amendments thereto.

New Sec. 10. (a) The division of health policy and finance shall be designated as the single state agency with responsibility for supervising and administering the state plan for medical assistance under the federal

social security act, 42 U.S.C. § 1396 et seq., and amendments thereto. The director shall develop state plans, as provided under the federal social security act, whereby the state cooperates with the federal government in its program of assisting the states financially in furnishing medical assistance and services to eligible individuals.

(b) The director of health policy and finance shall undertake to cooperate with the federal government on any other federal program providing federal financial assistance and services for medical assistance not inconsistent with this act. The director of health policy and finance is not required to develop a state plan for participation or cooperation in all federal social security act programs relating to medical assistance or other available federal programs that relate to medical assistance.

New Sec. 11. The director of health policy and finance shall have the power, but is not required, to develop a state plan with regard to medical assistance and services in which the federal government does not participate, within the limits of appropriations therefor.

New Sec. 12. (a) Subject to the limitations of subsection (b), the director of health policy and finance may enter into a contract with one or more state agencies or local governmental entities providing for the state agency or local governmental entity to perform services for the division of health policy and finance or delegating to the state agency or local governmental entity the administration of certain functions, services or programs under any of the programs for which the director of health policy and finance or the division of health policy and finance is responsible.

(b) With respect to any plan or program that is subject to or financed in part under the federal social security act, 42 U.S.C. §1396 et seq., and amendments thereto, the authority of the director of health policy and finance or the division of health policy and finance to exercise administrative discretion in the administration or supervision of the plan or program and to issue policies and to adopt rules and regulations on plan or program matters shall not be delegated by the director of health policy and finance, other than to officials and employees of the division of health policy and finance. To the extent that the director of health policy and finance enters into a contract with a state agency or local governmental entity under this section, the other state agency or the local governmental entity shall not have the authority to change or disapprove any administrative decision of the director of health policy and finance or the division of health policy and finance or to otherwise substitute its judgment for that of the director of health policy and finance or the division of health policy and finance with respect to the application of policies issued or rules and regulations adopted by the director of health policy and finance for any plan or program that is subject to or financed in part under the

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federal social security act, 42 U.S.C. §1396 et seq., and amendments thereto.

New Sec. 13. (a) The director of health policy and finance shall have the power and duty to establish general policies relating to the health care programs under the director as provided in section 9, and amendments thereto, and to adopt rules and regulations therefor.

(b) The director of health policy and finance shall advise the governor and the legislature on all health care programs, policies and plans for which the director of health policy and finance or the division of health policy and finance is responsible under this act.

(c) The director of health policy and finance shall establish an adequate system of financial records. The director of health policy and finance shall make periodic reports to the governor and shall make any reports required by federal agencies.

(d) The director of health policy and finance may assist other departments, agencies and institutions of the state and federal government and of other states under interstate agreements, when so requested, by performing services in conformity with the purposes of this act.

(e) All contracts of the division of health policy and finance shall be made in the name of the "director of health policy and finance." In that name, the director may sue and be sued. The grant of authority under this subsection shall not be construed to be a waiver of any rights retained by the state under the 11th amendment to the United States constitution and shall be subject to and shall not supersede the provisions of any appropriation act of this state.

(f) After consulting with any agency that has responsibility under a contract with the division of health policy and finance for administration of any of the programs of the division, the director of health policy and finance shall prepare annually, at the time and in the form directed by the governor, a budget covering the estimated receipts and expenditures of the division of health policy and finance for the coming fiscal year.

(g) The director of health policy and finance shall have authority to make grants of funds for the promotion of health care programs in the state of Kansas, subject to the provisions of appropriation acts.

(h) The director of health policy and finance may receive grants, gifts, bequests, money, or aid of any character whatsoever, for purposes consistent with sections 9 through 14, and amendments thereto.

(i) The director of health policy and finance may enter into agreements with other states or the agency designated as the single state agency under the federal social security act, 42 U.S.C.§1396 et seq., and amendments thereto, for another state setting out the manner for determining the state of residence in disputed cases and the bearing or sharing of costs associated with those cases.

(j) The director of health policy and finance shall establish such advisory groups as are necessary to assist the division of health policy and finance in carrying out its responsibilities under sections 9 through 14, and amendments thereto, including the following:

(1) A consumer advisory board consisting of representatives of consumers of health care services provided under title XIX of the federal social security act, 42 U.S.C.§ 1396 et seq., and title XXI of the social security act, 42 U.S.C. § 1397aa et seq., and amendments thereto, and representatives of these consumers' family members; and

(2) a policy coordination board consisting of representatives from those state agencies with which the director enters into a contract under section 12, and amendments thereto, and representatives from any other state agencies, as determined by the director.

(k) The director of health policy and finance shall perform any other duties and services that are necessary to carry out the purposes of sections 9 through 14, and amendments thereto, and that are not inconsistent with state law.

New Sec. 14. On July 1, 2005, except as otherwise provided by this act, all of the following powers, duties and functions of the department of social and rehabilitation services and the secretary of social and rehabilitation services are hereby transferred to and imposed upon the division of health policy and finance within the department of administration and the director of health policy and finance established by this act:

(a) All of the powers, duties and functions of the secretary of social and rehabilitation services under chapter 39 of the Kansas Statutes Annotated, and amendments thereto, that relate to development, implementation and administration of programs that provide medical assistance, health insurance programs or waivers granted thereunder for persons who are needy or uninsured, or both, and that are financed by federal funds or state funds, or both, including the following:

(1) The Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto; and

(2) any program of medical assistance for needy persons financed by state funds only;

(b) all of the powers, duties and functions of the secretary of social and rehabilitation services with respect to the health benefits program for children established under K.S.A. 38-2001 et seq., and amendments thereto, and developed and submitted in accordance with federal guidelines established under title XXI of the federal social security act, section 4901 of public law 105-33, 42 U.S.C. §1397aa et seq., and amendments thereto; ~~and~~

~~(c)~~ all of the powers, duties and functions of the department of social

(c) the working healthy portion of the ticket to work program under the federal work incentive improvement act and the medicaid infrastructure grants received for the working healthy portion of the ticket to work program;

(d) the medicaid management information system (MMIS); and

(e)

and rehabilitation services and secretary of social and rehabilitation services associated with designation of the department of social and rehabilitation services as the single state agency under title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto. The designation of the department of social and rehabilitation services as the single state agency for medicaid purposes is hereby transferred to the division of health policy and finance.

New Sec. 15. (a) The division of health policy and finance within the department of administration and the director of health policy and finance established by this act shall be the successor in every way to the powers, duties and functions of the department of social and rehabilitation services and secretary of social and rehabilitation services in which the same were vested prior to the effective date of this act and that are transferred pursuant to section 14, and amendments thereto. Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the division of health policy and finance or the director of health policy and finance within the department of administration shall be deemed to have the same force and effect as if performed by the department of social and rehabilitation services or secretary of social and rehabilitation services in which such powers, duties and functions were vested prior to July 1, 2005.

(b) ~~Whenever~~ From July 1, 2005, through June 30, 2006, whenever the department of social and rehabilitation services or the secretary of social and rehabilitation services, or words of like effect, are referred to or designated by a statute, contract, memorandum of understanding, plan, grant, waiver or other document and such reference is in regard to any of the powers, duties or functions transferred to the division of health policy and finance or the director of health policy and finance pursuant to section 14, and amendments thereto, such reference or designation shall be deemed to apply to the division of health policy and finance or the director of health policy and finance, respectively. The provisions of this subsection shall not apply to references to or designations of the department of social and rehabilitation services or the secretary of social and rehabilitation services, or words of like effect, by the provisions of appropriation acts.

(c) All rules and regulations, orders and directives of the secretary of social and rehabilitation services that relate to the functions transferred by section 14, and amendments thereto, and that are in effect on July 1, 2005, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the director of health policy and finance until revised, amended, revoked or nullified pursuant to law.

New Sec. 16. (a) The division of health policy and finance within the department of administration shall succeed to all property, property rights, and records that were used for or pertain to the performance of

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powers, duties and functions transferred to the division pursuant to section 14, and amendments thereto. Any conflict as to the proper disposition of property, personnel or records arising under this act shall be determined by the governor, whose decision shall be final.

(b) The provisions of this section shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated for the department of social and rehabilitation services relating to the powers, duties and functions transferred by section 14, and amendments thereto. All such balances of any funds or accounts thereof shall be transferred by and be subject to the provisions of appropriation acts.

New Sec. 17. (a) (1) All officers and employees of the department of social and rehabilitation services who, immediately prior to the effective date of this act, are engaged in the exercise and performance of the powers, duties and functions transferred to the division of health policy and finance or the director of health policy and finance by section 14, and amendments thereto, are transferred to the department of administration on July 1, 2005, or on a later date or dates determined by the secretary of social and rehabilitation services and the secretary of administration.

(2) All officers and employees of the department of social and rehabilitation services who are determined by the secretary of social and rehabilitation services and the secretary of administration to be engaged in providing administrative, technical or other support services that are essential to the exercise and performance of the powers, duties and functions transferred by section 14, and amendments thereto, are transferred to the department of administration on July 1, 2005, or on a later date or dates determined by the secretary of social and rehabilitation services and the secretary of administration.

(3) All classified employees transferred under this subsection (a) shall retain their status as classified employees. Thereafter, the secretary of administration may convert vacant classified positions to positions that are not classified as otherwise provided by law.

(b) Officers and employees of the department of social and rehabilitation services transferred by this act shall retain all retirement benefits and leave balances and rights that had accrued or vested prior to the date of transfer. The service of each such officer and employee so transferred shall be deemed to have been continuous. Any subsequent transfers, layoffs or abolition of classified service positions under the Kansas civil service act shall be made in accordance with the civil service laws and any rules and regulations adopted thereunder. Nothing in this act shall affect the classified status of any transferred person employed by the department of social and rehabilitation services prior to the date of transfer.

~~New Sec. 18. On July 1, 2005, the designation of the department of health and environment under K.S.A. 46-2507, and amendments thereto,~~

, except as otherwise provided by this act

The positions of all officers and employees of the department of administration performing duties and functions under the Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto, that are required under applicable federal law, rules and regulations, and policies to be under a merit-based personnel system, shall be in the classified service under the Kansas civil service act.

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as the contact agency for the state of Kansas with reference to federal health care reform measures is hereby transferred to and imposed upon the division of health policy and finance within the department of administration and the director of health policy and finance established by section 7, and amendments thereto.

New Sec. 19. (a) The division of health policy and finance within the department of administration and the director of health policy and finance established by section 7, and amendments thereto, shall be the successor in every way to the powers, duties and functions of the department of health and environment and secretary of health and environment in which the same were vested prior to July 1, 2005, and that are transferred pursuant to section 16, and amendments thereto. Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the division of health policy and finance or the director of health policy and finance within the department of administration shall be deemed to have the same force and effect as if performed by the department of health and environment or secretary of health and environment in which such powers, duties and functions were vested prior to July 1, 2005.

(b) From July 1, 2005, through June 30, 2006, whenever the department of health and environment or the secretary of health and environment, or words of like effect, are referred to or designated by a statute, contract, memorandum of understanding, plan, grant, waiver or other document and such reference is in regard to any of the powers, duties or functions transferred to the division of health policy and finance or the director of health policy and finance pursuant to section 18, and amendments thereto, such reference or designation shall be deemed to apply to the division of health policy and finance or the director of health policy and finance, respectively. The provisions of this subsection shall not apply to references to or designations of the department of health and environment or the secretary of health and environment, or words of like effect, by the provisions of appropriation acts.

(c) All rules and regulations, orders and directives of the secretary of health and environment that relate to the functions transferred by section 16, and amendments thereto, and that are in effect on July 1, 2005, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the director of health policy and finance until revised, amended, revoked or nullified pursuant to law.

New Sec. 20. (a) On July 1, 2005, the division of health policy and finance within the department of administration shall succeed to all property, property rights, and records that were used for or pertain to the performance of powers, duties and functions transferred to the division pursuant to section 18, and amendments thereto. Any conflict as to the

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~~proper disposition of property, personnel or records arising under this act shall be determined by the governor, whose decision shall be final.~~

~~(b) The provisions of this section shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated for the department of health and environment relating to the powers, duties and functions transferred by section 19, and amendments thereto. All such balances of any funds or accounts thereof shall be transferred by and be subject to the provisions of appropriation acts.~~

New Sec. ~~21~~ 18. Liability for accrued compensation or salaries of each officer and employee who is transferred to the department of administration under this act section 17, and amendments thereto, shall be assumed and paid by the department of administration on July 1, 2005, or on the date of the transfer, whichever is later.

New Sec. ~~22~~ 19. (a) On January 1, 2006, except as otherwise provided by this act, all of the powers, duties and functions of the department of social and rehabilitation services and the secretary of social and rehabilitation services that relate to the restrictive drug formulary, the drug utilization review program, including the medicaid drug utilization review board, and the electronic pharmacy claims management system under K.S.A. 39-7,116, 39-7,118, 39-7,119, 39-7,120, 39-7,121 and K.S.A. 2004 Supp. 39-7,121a, 39-7,121d, 39-7,121e, and amendments thereto, are hereby transferred to and imposed upon the Kansas health policy authority established by section 1, and amendments thereto.

(b) The Kansas health policy authority shall be the successor in every way to such powers, duties and functions of the department of social and rehabilitation services and secretary of social and rehabilitation services in which the same were vested prior to January 1, 2006, and that are transferred pursuant to this section. Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the Kansas health policy authority shall be deemed to have the same force and effect as if performed by the department of social and rehabilitation services and secretary of social and rehabilitation services in which such powers, duties and functions were vested prior to January 1, 2006.

(c) On or after January 1, 2006, whenever the department of social and rehabilitation services or secretary of social and rehabilitation services or words of like effect, are referred to or designated by a statute, contract, memorandum of understanding, plan, grant, waiver or other document and such reference is in regard to any of the powers, duties or functions transferred to the Kansas health policy authority pursuant to this section, such reference or designation shall be deemed to apply to the Kansas health policy authority. The provisions of this subsection shall not apply to references to or designations of the department of social and rehabilitation services or the secretary of social and rehabilitation services, or

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words of like effect, by the provisions of appropriation acts.

(d) All rules and regulations, orders and directives of the secretary of social and rehabilitation services that relate to the functions transferred pursuant to this section, and that are in effect on January 1, 2006, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the Kansas health policy authority until revised, amended, revoked or nullified pursuant to law.

(e) The Kansas health policy authority shall succeed to all property, property rights, and records that were used for or pertain to the performance of powers, duties and functions transferred to the Kansas health policy authority pursuant to this section. Any conflict as to the proper disposition of property, personnel or records arising under this section shall be determined by the governor, whose decision shall be final. The provisions of this subsection shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated for the department of social and rehabilitation services relating to the powers, duties and functions transferred by this section. All such balances of any funds or accounts thereof shall be transferred by and be subject to the provisions of appropriation acts.

(f) (1) All officers and employees of the department of social and rehabilitation services who, immediately prior to January 1, 2006, are engaged in the exercise and performance of the powers, duties and functions transferred to the Kansas health policy authority pursuant to this section, are transferred to the Kansas health policy authority on January 1, 2006, or on a later date or dates determined by the secretary of social and rehabilitation services and the Kansas health policy authority.

(2) All officers and employees of the department of social and rehabilitation services who are determined by the secretary of social and rehabilitation services and the Kansas health policy authority to be engaged in providing administrative, technical or other support services that are essential to the exercise and performance of the powers, duties and functions transferred pursuant to this section are transferred to the Kansas health policy authority on January 1, 2006, or on a later date or dates determined by the secretary of social and rehabilitation services and the Kansas health policy authority.

(3) All classified employees transferred under this subsection (f) shall retain their status as classified employees. Thereafter, the Kansas health policy authority may convert vacant classified positions to positions that are not classified as otherwise provided by law.

(g) Officers and employees of the department of social and rehabilitation services transferred by this section shall retain all retirement benefits and leave balances and rights that had accrued or vested prior to the date of transfer. The service of each such officer and employee so trans-

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ferred shall be deemed to have been continuous. Any subsequent transfers, layoffs or abolition of classified service positions under the Kansas civil service act shall be made in accordance with the civil service laws and any rules and regulations adopted thereunder. Nothing in this act shall affect the classified status of any transferred person employed by the department of social and rehabilitation services prior to the date of transfer.

(h) Liability for accrued compensation or salaries of each officer and employee who is transferred to the Kansas health policy authority under this section shall be assumed and paid by the Kansas health policy authority on January 1, 2006, or on the date of the transfer, whichever is later.

New Sec. 20. (a) On January 1, 2006, except as otherwise provided by this act, all of the powers, duties and functions of the health care data governing board, department of health and environment and the secretary of health and environment that relate to the health care data system under K.S.A. 65-6801, 65-6802, 65-6804, 65-6805, 65-6806, 65-6807 and 65-6809 and K.S.A. 2004 Supp. 65-6803, and amendments thereto, are hereby transferred to and imposed upon the Kansas health policy authority established by section 1, and amendments thereto.

(b) The Kansas health policy authority shall be the successor in every way to such powers, duties and functions of the health care data governing board, department of health and environment and the secretary of health and environment in which the same were vested prior to January 1, 2006, and that are transferred pursuant to this section. Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the Kansas health policy authority shall be deemed to have the same force and effect as if performed by the health care data governing board, department of health and environment and the secretary of health and environment in which such powers, duties and functions were vested prior to January 1, 2006.

(c) On or after January 1, 2006, whenever the health care data governing board, department of health and environment or the secretary of health and environment or words of like effect, are referred to or designated by a statute, contract, memorandum of understanding, plan, grant, waiver or other document and such reference is in regard to any of the powers, duties or functions transferred to the Kansas health policy authority pursuant to this section, such reference or designation shall be deemed to apply to the Kansas health policy authority. The provisions of this subsection shall not apply to references to or designations of the health care data governing board, department of health and environment, or the secretary of health and environment, or words of like effect, by the provisions of appropriation acts.

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(d) All rules and regulations, orders and directives of the health care data governing board or the secretary of health and environment that relate to the functions transferred by this section, and that are in effect on January 1, 2006, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the Kansas health policy authority until revised, amended, revoked or nullified pursuant to law.

(e) The Kansas health policy authority shall succeed to all property, property rights and records that were used for or pertain to the performance of powers, duties and functions transferred to the Kansas health policy authority pursuant to this section. Any conflict as to the proper disposition of property, personnel or records arising under this section shall be determined by the governor, whose decision shall be final. The provisions of this subsection shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated for the department of health and environment relating to the powers, duties and functions transferred by this section. All such balances of any funds or accounts thereof shall be transferred by and be subject to the provisions of appropriation acts.

(f) (1) All officers and employees of the department of health and environment who, immediately prior to January 1, 2006, are engaged in the exercise and performance of the powers, duties and functions transferred to the Kansas health policy authority pursuant to this section, are transferred to the Kansas health policy authority on January 1, 2006, or on a later date or dates determined by the secretary of health and environment and the Kansas health policy authority.

(2) All officers and employees of the department of health and environment who are determined by the secretary of health and environment and the Kansas health policy authority to be engaged in providing administrative, technical or other support services that are essential to the exercise and performance of the powers, duties and functions transferred by this section are transferred to the Kansas health policy authority on January 1, 2006, or on a later date or dates determined by the secretary of health and environment and the Kansas health policy authority.

(3) All classified employees transferred under this subsection (f) shall retain their status as classified employees. Thereafter, the Kansas health policy authority may convert vacant classified positions to positions that are not classified as otherwise provided by law.

(g) Officers and employees of the department of health and environment transferred pursuant to this section shall retain all retirement benefits and leave balances and rights that had accrued or vested prior to the date of transfer. The service of each such officer and employee so transferred shall be deemed to have been continuous. Any subsequent transfers, layoffs or abolition of classified service positions under the Kansas

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civil service act shall be made in accordance with the civil service laws and any rules and regulations adopted thereunder. Nothing in this act shall affect the classified status of any transferred person employed by the department of health and environment prior to the date of transfer.

(h) Liability for accrued compensation or salaries of each officer and employee who is transferred to the Kansas health policy authority under this section shall be assumed and paid by the Kansas health policy authority on January 1, 2006, or on the date of the transfer, whichever is later.

New Sec. ~~24~~ 21. (a) When any conflict arises as to the disposition of any property, power, duty or function as a result of any abolition or transfer made by or under the authority of this act, such conflict shall be resolved by the governor, whose decision shall be final.

(b) The provisions of this section shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated, or the unexpended balance of any appropriation, for the department of social and rehabilitation services or for the department of health and environment relating to the powers, duties and functions transferred by or under authority of this act. All such balances of any funds or accounts thereof, or the unexpended balance of any appropriation, shall be transferred by and be subject to the provisions of appropriation acts.

New Sec. ~~25~~ 22. (a) No suit, action, or other proceeding, judicial or administrative, that is lawfully commenced or that could have been lawfully commenced, by or against any state agency or program mentioned in this act, or by or against any officer of the state in such officer's official capacity or in relation to the discharge of such officer's official duties, shall abate by reason of the governmental reorganization effected under the provisions of this act. The court may allow any such suit, action or other proceeding to be maintained by or against the successor of any such state agency or any officer affected.

(b) No criminal action that is commenced or that could have been commenced by the state shall abate by the taking effect of this act.

Sec. ~~26~~ 23. On January 1, 2006, K.S.A. 39-7,116 is hereby amended to read as follows: 39-7,116. As used in this act:

(a) "Restrictive drug formulary" means a list of prescription-only drugs established by the department which excludes in whole or in part reimbursement by the department for such drugs under a program administered by the department.

(b) The words and phrases used in this section shall have the same meanings as are ascribed to such words and phrases under K.S.A. 65-1626 and amendments thereto.

(c) "Physician" means a person licensed to practice medicine and surgery.

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(d) ~~"Department" means the department of social and rehabilitation services~~ *"Authority" means the Kansas health policy authority.*

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Sec. 25. On January 1, 2006, K.S.A. 2004 Supp. 39-7,118 is hereby amended to read as follows: 39-7,118. The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall implement a drug utilization review program with the assistance of a medicaid drug utilization review board as provided in K.S.A. 39-7,119 and amendments thereto to assure the appropriate utilization of drugs by patients receiving medical assistance under the medicaid program. The drug utilization review program shall include:

(a) Monitoring of prescription information including overutilization and underutilization of prescription-only drugs;

(b) making periodic reports of findings and recommendations to the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* and the United States department of health and human services regarding the activities of the board, drug utilization review programs, summary of interventions, assessments of education interventions and drug utilization review cost estimates;

(c) providing for prospective and retrospective drug utilization review, as specified in the federal omnibus budget reconciliation act of 1990 (public law 101-508);

(d) monitoring provider and recipient compliance with program objectives;

(e) providing educational information on state program objectives, directly or by contract, to private and public sector health care providers to improve prescribing and dispensing practices;

(f) reviewing the increasing costs of purchasing prescription drugs and making recommendations on cost containment;

(g) reviewing profiles of medicaid beneficiaries who have multiple prescriptions above a level specified by the board; and

(h) recommending any modifications or changes to the medicaid prescription drug program.

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Sec. 26. On January 1, 2006, K.S.A. 2004 Supp. 39-7,119 is hereby amended to read as follows: 39-7,119. (a) There is hereby created the medicaid drug utilization review board which shall be responsible for the implementation of retrospective and prospective drug utilization programs under the Kansas medicaid program.

(b) Except as provided in subsection (i), the board shall consist of at least seven members appointed as follows:

(1) Two licensed physicians actively engaged in the practice of medicine, nominated by the Kansas medical society and appointed by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* from a list of four nominees;

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(2) one licensed physician actively engaged in the practice of osteopathic medicine, nominated by the Kansas association of osteopathic medicine and appointed by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* from a list of four nominees;

(3) two licensed pharmacists actively engaged in the practice of pharmacy, nominated by the Kansas pharmacy association and appointed by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* from a list of four nominees;

(4) one person licensed as a pharmacist and actively engaged in academic pharmacy, appointed by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* from a list of four nominees provided by the university of Kansas;

(5) one licensed professional nurse actively engaged in long-term care nursing, nominated by the Kansas state nurses association and appointed by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* from a list of four nominees.

(c) The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* may add two additional members so long as no class of professional representatives exceeds 51% of the membership.

(d) The physician and pharmacist members shall have expertise in the clinically appropriate prescribing and dispensing of outpatient drugs.

(e) The appointments to the board shall be for terms of three years. In making the appointments, the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall provide for geographic balance in the representation on the board to the extent possible. Subject to the provisions of subsection (i), members may be reappointed.

(f) The board shall elect a chairperson from among board members who shall serve a one-year term. The chairperson may serve consecutive terms.

(g) The board, in accordance with K.S.A. 75-4319 and amendments thereto, may recess for a closed or executive meeting when it is considering matters relating to identifiable patients or providers.

(h) All actions of the medicaid drug utilization review board shall be upon the affirmative vote of five members of the board and the vote of each member present when action was taken shall be recorded by roll call vote.

(i) Upon the expiration of the term of office of any member of the medicaid drug utilization review board on or after the effective date of this act and in any case of a vacancy existing in the membership position of any member of the medicaid drug utilization review board on or after the effective date of this act, a successor shall be appointed by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* so that as the terms of members expire, or vacancies occur, members are

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appointed and the composition of the board is changed in accordance with the following and such appointment shall be made by the ~~secretary~~ *authority* in the following order of priority:

(1) One member shall be a licensed pharmacist who is actively performing or who has experience performing medicaid pharmacy services for a hospital and who is nominated by the Kansas hospital association and appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(2) one member shall be a licensed pharmacist who is actively performing or who has experience performing medicaid pharmacy services for a licensed adult care home and who is nominated by the state board of pharmacy and appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(3) one member shall be a licensed physician who is actively engaged in the general practice of allopathic medicine and who has practice experience with the state medicaid plan and who is nominated by the Kansas medical society and appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(4) one member shall be a licensed physician who is actively engaged in mental health practice providing care and treatment to persons with mental illness, who has practice experience with the state medicaid plan and who is nominated by the Kansas psychiatric society and appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(5) one member shall be a licensed physician who is the medical director of a nursing facility, who has practice experience with the state medicaid plan and who is nominated by the Kansas medical society and appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(6) one member shall be a licensed physician who is actively engaged in the general practice of osteopathic medicine, who has practice experience with the state medicaid plan and who is nominated by the Kansas association of osteopathic medicine and who is appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(7) one member shall be a licensed pharmacist who is actively engaged in retail pharmacy, who has practice experience with the state medicaid plan and who is nominated by the state board of pharmacy and appointed by the ~~secretary~~ *authority* from a list of two or more nominees;

(8) one member shall be a licensed pharmacist who is actively engaged in or who has experience in research pharmacy and who is nominated jointly by the Kansas task force for the pharmaceutical research and manufacturers association and the university of Kansas and appointed by the ~~secretary~~ *authority* from a list of two or more jointly nominated persons; and

(9) one member shall be a licensed advanced registered nurse prac-

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titioner or physician assistant actively engaged in the practice of providing the health care and treatment services such person is licensed to perform, who has practice experience with the state medicaid plan and who is nominated jointly by the Kansas state nurses' association and the Kansas academy of physician assistants and appointed by the ~~secretary~~ *authority* from a list of two or more jointly nominated persons.

Sec. ~~29~~ 26. On January 1, 2006, K.S.A. 2004 Supp. 39-7,120 is hereby amended to read as follows: 39-7,120. (a) The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall not restrict patient access to prescription-only drugs pursuant to a program of prior authorization or a restrictive formulary except by rules and regulations adopted in accordance with K.S.A. 77-415 *et seq.*, and amendments thereto. Prior to the promulgation of any such rules and regulations, the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall submit such proposed rules and regulations to the medicaid drug utilization review board for written comment. The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* may not implement permanent prior authorization until 30 days after receipt of comments by the drug utilization review board.

(b) When considering recommendations from the medicaid drug utilization review board regarding the prior authorization of a drug, the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall consider the net economic impact of such prior authorization, including, but not limited to, the costs of specific drugs, rebates or discounts pursuant to 42 U.S.C. 1396r-8, dispensing costs, dosing requirements and utilization of other drugs or other medicaid health care services which may be related to the prior authorization of such drug.

Sec. ~~30~~ 27. On January 1, 2006, K.S.A. 39-7,121 is hereby amended to read as follows: 39-7,121. (a) ~~On or before July 1, 1996, the department of social and rehabilitation services~~ *The Kansas health policy authority* shall establish and implement an electronic pharmacy claims management system in order to provide for the on-line adjudication of claims and for electronic prospective drug utilization review.

(b) The system shall provide for electronic point-of-sale review of drug therapy using predetermined standards to screen for potential drug therapy problems including incorrect drug dosage, adverse drug-drug interactions, drug-disease contraindications, therapeutic duplication, incorrect duration of drug treatment, drug-allergy interactions and clinical abuse or misuse.

(c) The ~~department~~ *authority* shall not utilize this system, or any other system or program to require that a recipient has utilized or failed with a drug usage or drug therapy prior to allowing the recipient to receive the product or therapy recommended by the recipient's physician.

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Sec. 28. On January 1, 2006, K.S.A. 2004 Supp. 39-7,121a is hereby amended to read as follows: 39-7,121a. (a) The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* may establish an advisory committee pursuant to K.S.A. 75-5313, and amendments thereto, to advise the ~~secretary~~ *authority* in the development of a preferred formulary listing of covered drugs by the state medicaid program.

(b) The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall evaluate drugs and drug classes for inclusion in the state medicaid preferred drug formulary based on safety, effectiveness and clinical outcomes of such treatments. In addition, the ~~secretary~~ *authority* shall evaluate drugs and drug classes to determine whether inclusion of such drugs or drug classes in a starter dose program would be clinically efficacious and cost effective. If the factors of safety, effectiveness and clinical outcomes among drugs being considered in the same class indicate no therapeutic advantage, then the ~~secretary~~ *authority* shall consider the cost effectiveness and the net economic impact of such drugs in making recommendations for inclusion in the state medicaid preferred drug formulary. Drugs which do not have a significant, clinically meaningful therapeutic advantage in terms of safety, effectiveness or clinical outcomes over other drugs in the same class which have been selected for the preferred drug formulary may be excluded from the preferred drug formulary and may be subject to prior authorization in accordance with state and federal law, except, prior to July 1, 2003, where a prescriber has personally written "dispense as written" or "D.A.W.", or has signed the prescriber's name on the "dispense as written" signature line in accordance with K.S.A. 65-1637, and amendments thereto.

(c) The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall consider the net economic impact of drugs selected or excluded from the preferred formulary and may gather information on the costs of specific drugs, rebates or discounts pursuant to 42 U.S.C. 1396r-8, dispensing costs, dosing requirements and utilization of other drugs or other medicaid health care services.

(d) The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* may accept all services, including, but not limited to, disease state management, associated with the delivery of pharmacy benefits under the state medicaid program having a determinable cost effect in addition to the medicaid prescription drug rebates required pursuant to 42 U.S.C. section 1396r-8.

(e) The state medicaid preferred drug formulary shall be submitted to the medicaid drug utilization review board for review and policy recommendations.

Sec. 29. On January 1, 2006, K.S.A. 2004 Supp. 39-7,121d is hereby amended to read as follows: 39-7,121d. (a) The state medicaid plan shall

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include provisions for a program of differential dispensing fees for pharmacies that provide prescriptions for adult care homes under a unit dose system in accordance with rules and regulations of the state board of pharmacy and that participate in the return of unused medications program under the state medicaid plan.

(b) The state medicaid plan shall include provisions for differential ingredient cost reimbursement of generic and brand name pharmaceuticals. The ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* shall set the rates for differential cost reimbursement of generic and brand name pharmaceuticals by rules and regulations.

Sec. ~~33~~ 30. On January 1, 2006, K.S.A. 2004 Supp. 39-7,121e is hereby amended to read as follows: 39-7,121e. (a) Except where a prescriber has personally written "dispense as written" or "D.A.W.," or has signed the prescriber's name on the "dispense as written" signature line in accordance with K.S.A. 65-1637 and amendments thereto, the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* may limit reimbursement for a prescription under the medicaid program to the multisource generic equivalent drug.

(b) No pharmacist participating in the medical assistance program shall be required to dispense a prescription-only drug that will not be reimbursed by the medical assistance program.

Sec. ~~34~~ 31. On January 1, 2006, K.S.A. 65-6801 is hereby amended to read as follows: 65-6801. (a) The legislature recognizes the urgent need to provide health care consumers, third-party payors, providers and health care planners with information regarding the trends in use and cost of health care services in this state for improved decision-making. This is to be accomplished by compiling a uniform set of data and establishing mechanisms through which the data will be disseminated.

(b) It is the intent of the legislature to require that the information necessary for a review and comparison of utilization patterns, cost, quality and quantity of health care services be supplied to the health care database by all providers of health care services and third-party payors to the extent required by K.S.A. 65-6805 and amendments thereto and this section and amendments thereto. The ~~secretary of health and environment at the direction of the health care data governing board~~ *Kansas health policy authority* shall specify by rule and regulation the types of information which shall be submitted and the method of submission.

(c) The information is to be compiled and made available in a form prescribed by the ~~governing board~~ *Kansas health policy authority* to improve the decision-making processes regarding access, identified needs, patterns of medical care, price and use of health care services.

Sec. ~~35~~ 32. On January 1, 2006, K.S.A. 2004 Supp. 65-6803 is hereby amended to read as follows: 65-6803. (a) ~~There is hereby created a~~ *On*

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January 1, 2006, the health care data governing board *is hereby abolished.*

~~(b) The board shall consist of 15 members appointed as follows: One member shall be appointed by the Kansas medical society, one member shall be appointed by the Kansas hospital association, one member shall be appointed by the executive vice chancellor of the university of Kansas school of medicine, one member who is a licensed professional nurse shall be appointed by the Kansas state nurses association, one member representing health care insurers or other commercial payors shall be appointed by the governor, one member representing a large business that is self-insured as to medical coverage for its employees shall be appointed by the governor, one member representing a small business that is self-insured as to medical coverage for its employees shall be appointed by the governor, one member representing adult care homes shall be appointed by the governor, one member representing the Kansas health institute, one member shall be appointed by the state board of regents, one member representing consumers of health care shall be appointed by the governor and one additional member the governor deems appropriate to serve on this board shall be appointed by the governor. The secretary of health and environment, the secretary of social and rehabilitation services and the insurance commissioner, or their designees, shall be voting members of the board. The secretary of health and environment, or the designee of the secretary, shall also serve as chairperson of the board. Board members and task force members shall not be paid compensation, subsistence allowances, mileage or other expenses as otherwise may be authorized by law for attending meetings or subcommittee meetings of the board. The members appointed to the board shall serve for three year terms or until their successors are appointed and qualified.~~

~~(c)~~ *(b)* The chairperson of the ~~health care data governing board~~ *Kansas health policy authority* may appoint a task force or task forces of interested citizens and providers of health care for the purpose of studying technical issues relating to the collection of health care data. At least one member of the ~~health care data governing board~~ *Kansas health policy authority* shall be a member of any task force appointed under this subsection.

~~(d) The board shall meet at least quarterly and at such other times deemed necessary by the chairperson.~~

~~(e)~~ *(c)* The ~~board~~ *Kansas health policy authority* shall develop policy regarding the collection of health care data and procedures for ensuring the confidentiality and security of these data.

Sec. ~~36~~ 33. On January 1, 2006, K.S.A. 65-6804 is hereby amended to read as follows: 65-6804. (a) The ~~secretary of health and environment~~ *Kansas health policy authority* shall administer the health care database. In administering the health care database, the ~~secretary~~ *authority* shall

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receive health care data from those entities identified in K.S.A. 65-6805 and amendments thereto and provide for the dissemination of such data ~~as directed by the board~~.

(b) ~~As directed by the board, the secretary of health and environment~~ *The Kansas health policy authority* may contract with an organization experienced in health care data collection to collect the data from the health care facilities as described in subsection (h) of K.S.A. 65-425 and amendments thereto, build and maintain the database. The ~~secretary of health and environment~~ *Kansas health policy authority* may accept data submitted by associations or related organizations on behalf of health care providers by entering into binding agreements negotiated with such associations or related organizations to obtain data required pursuant to this section.

(c) The ~~secretary of health and environment~~ *Kansas health policy authority* shall adopt rules and regulations ~~approved by the board~~ governing the acquisition, compilation and dissemination of all data collected pursuant to this act. The rules and regulations shall provide at a minimum that:

(1) Measures have been taken to provide system security for all data and information acquired under this act;

(2) data will be collected in the most efficient and cost-effective manner for both the department and providers of data;

(3) procedures will be developed to assure the confidentiality of patient records. Patient names, addresses and other personal identifiers will be omitted from the database;

(4) users may be charged for data preparation or information that is beyond the routine data disseminated and that the ~~secretary~~ *authority* shall establish by the adoption of such rules and regulations a system of fees for such data preparation or dissemination; and

(5) the ~~secretary of health and environment~~ *Kansas health policy authority* will ensure that the health care database will be kept current, accurate and accessible as prescribed by rules and regulations.

(d) Data and other information collected pursuant to this act shall be confidential, shall be disseminated only for statistical purposes pursuant to rules and regulations adopted by the ~~secretary of health and environment~~ *Kansas health policy authority* ~~and approved by the board~~ and shall not be disclosed or made public in any manner which would identify individuals. A violation of this subsection (d) is a class C misdemeanor.

(e) In addition to such criminal penalty under subsection (d), any individual whose identity is revealed in violation of subsection (d) may bring a civil action against the responsible person or persons for any damages to such individual caused by such violation.

Sec. ~~37~~ 34. On January 1, 2006, K.S.A. 65-6805 is hereby amended to

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read as follows: 65-6805. Each medical care facility as defined by subsection (h) of K.S.A. 65-425 and amendments thereto; health care provider as defined in K.S.A. 40-3401 and amendments thereto; providers of health care as defined in subsection (f) of K.S.A. 65-5001 and amendments thereto; health care personnel as defined in subsection (e) of K.S.A. 65-5001 and amendments thereto; home health agency as defined by subsection (b) of K.S.A. 65-5101 and amendments thereto; psychiatric hospitals licensed under K.S.A. 75-3307b and amendments thereto; state institutions for the mentally retarded; community mental retardation facilities as defined under K.S.A. 65-4412 and amendments thereto; community mental health center as defined under K.S.A. 65-4432 and amendments thereto; adult care homes as defined by K.S.A. 39-923 and amendments thereto; laboratories described in K.S.A. 65-1,107 and amendments thereto; pharmacies; board of nursing; Kansas dental board; board of examiners in optometry; state board of pharmacy; state board of healing arts and third-party payors, including but not limited to, licensed insurers, medical and hospital service corporations, health maintenance organizations, fiscal intermediaries for government-funded programs and self-funded employee health plans, shall file health care data with the ~~secretary of health and environment~~ *Kansas health policy authority* as prescribed by the ~~board~~ *authority*. The provisions of this section shall not apply to any individual, facility or other entity under this section which uses spiritual means through prayer alone in accordance with the tenets and practices of a recognized church or religious denomination for the treatment or cure of disease.

Sec. ~~35~~. On January 1, 2006, K.S.A. 65-6806 is hereby amended to read as follows: 65-6806. The ~~secretary of health and environment~~ *Kansas health policy authority* shall make the data available to interested parties on the basis prescribed by the ~~board~~ *authority* and as directed by rules and regulations *of the authority*.

Sec. ~~36~~. On January 1, 2006, K.S.A. 65-6807 is hereby amended to read as follows: 65-6807. The ~~secretary of health and environment~~ *Kansas health policy authority* shall on or before February 1 each year make a report to the governor and the legislature as to health care data activity, including examples of policy analyses conducted and purposes for which the data was disseminated and utilized, and as to the progress made in compiling and making available the information specified under K.S.A. 65-6801 and amendments thereto.

Sec. ~~37~~. On January 1, 2006, K.S.A. 65-6809 is hereby amended to read as follows: 65-6809. (a) There is hereby established in the state treasury the health care database fee fund. The ~~secretary of health and environment~~ *Kansas health policy authority* shall remit to the state treasurer, in accordance with the provisions of K.S.A. 75-4215, and amendments

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thereto, all moneys collected or received by the ~~secretary~~ *authority* from the following sources:

(1) Fees collected under K.S.A. 65-6804, and amendments thereto;

(2) moneys received by the ~~secretary~~ *authority* in the form of gifts, donations or grants;

(3) interest attributable to investment of moneys in the fund; and

(4) any other moneys provided by law.

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 database fee fund.

(b) Moneys deposited in the health care database fee fund shall be expended to supplement maintenance costs of the database, provide technical assistance and training in the proper use of health care data and provide funding for dissemination of information from the database to the public. ~~If the performance audit required by K.S.A. 65-6808, and amendments thereto, is conducted under contract with a firm, as defined by K.S.A. 46-1112, and amendments thereto, the contract cost of that performance audit may be paid from the health care database fee fund.~~

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

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

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

(d) All expenditures from the health care database fee 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 health and environment~~ *Kansas health policy authority or the authority's designee* for the purposes set forth in this section.

New Sec. 4. On July 1, 2006, the division of health policy and finance and the office of the director of health policy and finance established within the department of administration by section 7 are hereby abolished.

Sec. 44. On July 1, 2006, section 9 of this act is hereby amended to read as follows: Sec. 9. (a) *On and after July 1, 2006,* the ~~director of health policy and finance~~ *Kansas health policy authority* shall coordinate health care planning, administration, and purchasing and analysis of health care data for the state of Kansas with respect to the following health care programs administered by the state of Kansas:

(1) Developing, implementing, and administering programs that provide medical assistance, health insurance programs, or waivers granted thereunder for persons who are needy, uninsured, or both, and that are

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, and amendments thereto,

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financed by federal funds or state funds, or both, including the following:

(A) The Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto;

(B) the health benefits program for children established under K.S.A. 38-2001 et seq., and amendments thereto, and developed and submitted in accordance with federal guidelines established under title XXI of the federal social security act, section 4901 of public law 105-33, 42 U.S.C.§ 1397aa et seq., and amendments thereto;

(C) any program of medical assistance for needy persons financed by state funds only, to the extent appropriations are made for such a program;

(D) the working healthy portion of the ticket to work program under the federal work incentive improvement act and the medicaid infrastructure grants received for the working healthy portion of the ticket to work program; and

(E) the medicaid management information system (MMIS);

(2) serving as the designated contact agency for the state of Kansas under K.S.A. 46-2507, and amendments thereto, with reference to federal health care reform measures; and

(3) administering any other health care programs delegated to the ~~director~~ *Kansas health policy authority* by the governor or by a contract with another state agency.

(b) Except to the extent required by its single state agency role as designated in section 10, and amendments thereto, *or as otherwise provided pursuant to this act* the ~~division of health policy and finance~~ *Kansas health policy authority* shall not be responsible for health care planning, administration, purchasing and data with respect to the following:

(1) The mental health reform act, K.S.A. 39-1601 et seq., and amendments thereto;

(2) the developmental disabilities reform act, K.S.A. 39-1801 et seq., and amendments thereto;

(3) the mental health program of the state of Kansas as prescribed under K.S.A. 75-3304a, and amendments thereto;

(4) the addiction and prevention services prescribed under K.S.A. 65-4001 et seq., and amendments thereto; or

(5) any institution, as defined in K.S.A. 76-12a01, and amendments thereto.

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Sec. ~~45~~. On July 1, 2006, section 10 of this act is hereby amended to read as follows: Sec. 10. (a) *On and after July 1, 2006,* the ~~division of health policy and finance~~ *Kansas health policy authority* shall be designated as the single state agency with responsibility for supervising and administering the state plan for medical assistance under the federal social

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security act, 42 U.S.C. § 1396 et seq., and amendments thereto. The ~~director~~ *Kansas health policy authority* shall develop state plans, as provided under the federal social security act, whereby the state cooperates with the federal government in its program of assisting the states financially in furnishing medical assistance and services to eligible individuals.

(b) The ~~director of health policy and finance~~ *Kansas health policy authority* shall undertake to cooperate with the federal government on any other federal program providing federal financial assistance and services for medical assistance not inconsistent with this act. The ~~director of health policy and finance~~ *Kansas health policy authority* is not required to develop a state plan for participation or cooperation in all federal social security act programs relating to medical assistance or other available federal programs that relate to medical assistance.

Sec. ~~44~~ 41. On July 1, 2006, section 11 of this act is hereby amended to read as follows: Sec. 11. *On and after July 1, 2006,* the ~~director of health policy and finance~~ *Kansas health policy authority* shall have the power, but is not required, to develop a state plan with regard to medical assistance and services in which the federal government does not participate, within the limits of appropriations therefor.

Sec. ~~45~~ 42. On July 1, 2006, section 12 of this act is hereby amended to read as follows: Sec. 12. (a) Subject to the limitations of subsection (b), the ~~director of health policy and finance~~ *Kansas health policy authority* may enter into a contract with one or more state agencies or local governmental entities providing for the state agency or local governmental entity to perform services for the division of health policy and finance or delegating to the state agency or local governmental entity the administration of certain functions, services or programs under any of the programs for which the ~~director of health policy and finance or the division of health policy and finance~~ *Kansas health policy authority* is responsible.

(b) With respect to any plan or program that is subject to or financed in part under the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto, the authority of the ~~director of health policy and finance or the division of health policy and finance~~ *Kansas health policy authority* to exercise administrative discretion in the administration or supervision of the plan or program and to issue policies and to adopt rules and regulations on plan or program matters shall not be delegated by the ~~director of health policy and finance~~ *Kansas health policy authority*, other than to officials and employees of the ~~division of health policy and finance~~ *authority*. To the extent that the ~~director of health policy and finance~~ *Kansas health policy authority* enters into a contract with a state agency or local governmental entity under this section, the other state agency or the local governmental entity shall not have the authority to change or disapprove any administrative decision of the ~~director of health policy and~~

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~~finance or the division of health policy and finance~~ *Kansas health policy authority* or to otherwise substitute its judgment for that of the ~~director of health policy and finance or the division of health policy and finance~~ *Kansas health policy authority* with respect to the application of policies issued or rules and regulations adopted by the ~~director of health policy and finance~~ *Kansas health policy authority* for any plan or program that is subject to or financed in part under the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto.

Sec. ~~46~~. On July 1, 2006, section 13 of this act is hereby amended to read as follows: Sec. 13. (a) *On and after July 1, 2006,* the ~~director of health policy and finance~~ *Kansas health policy authority* shall have the power and duty to establish general policies relating to the health care programs under the ~~director~~ *authority* as provided in section 9, and amendments thereto, and to adopt rules and regulations therefor.

(b) The ~~director of health policy and finance~~ *Kansas health policy authority* shall advise the governor and the legislature on all health care programs, policies and plans for which the ~~director of health policy and finance or the division of health policy and finance~~ *Kansas health policy authority* is responsible under this act.

(c) The ~~director of health policy and finance~~ *Kansas health policy authority* shall establish an adequate system of financial records. The ~~director of health policy and finance~~ *Kansas health policy authority* shall make periodic reports to the governor and shall make any reports required by federal agencies.

(d) The ~~director of health policy and finance~~ *Kansas health policy authority* may assist other departments, agencies and institutions of the state and federal government and of other states under interstate agreements, when so requested, by performing services in conformity with the purposes of this act.

(e) All contracts of the ~~division of health policy and finance~~ *Kansas health policy authority* shall be made in the name of the "~~director of health policy and finance~~ *Kansas health policy authority*." In that name, the ~~director~~ *Kansas health policy authority* may sue and be sued. The grant of authority under this subsection shall not be construed to be a waiver of any rights retained by the state under the 11th amendment to the United States constitution and shall be subject to and shall not supersede the provisions of any appropriation act of this state.

(f) After consulting with any agency that has responsibility under a contract with the ~~division of health policy and finance~~ *Kansas health policy authority* for administration of any of the programs of the ~~division~~ *authority*, the ~~director of health policy and finance~~ *Kansas health policy authority* shall prepare annually, at the time and in the form directed by the governor, a budget covering the estimated receipts and expenditures

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of the ~~division of health policy and finance~~ *Kansas health policy authority* for the coming fiscal year.

(g) The ~~director of health policy and finance~~ *Kansas health policy authority* shall have authority to make grants of funds for the promotion of health care programs in the state of Kansas, subject to the provisions of appropriation acts.

(h) The ~~director of health policy and finance~~ *Kansas health policy authority* may receive grants, gifts, bequests, money, or aid of any character whatsoever, for purposes consistent with sections 9 through 14, and amendments thereto.

(i) The ~~director of health policy and finance~~ *Kansas health policy authority* may enter into agreements with other states or the agency designated as the single state agency under the federal social security act. 42 U.S.C.§ 1396 et seq., and amendments thereto, for another state setting out the manner for determining the state of residence in disputed cases and the bearing or sharing of costs associated with those cases.

(j) The ~~director of health policy and finance~~ *Kansas health policy authority* shall establish such advisory groups as are necessary to assist the division of health policy and finance in carrying out its responsibilities under sections 9 through 14, and amendments thereto, including the following:

(1) A consumer advisory board consisting of representatives of consumers of health care services provided under title XIX of the federal social security act, 42 U.S.C.§ 1396 et seq., and title XXI of the social security act, 42 U.S.C. § 1397aa et seq., and amendments thereto, and representatives of these consumers' family members; and

(2) a policy coordination board consisting of representatives from those state agencies with which the ~~director~~ *Kansas health policy authority* enters into a contract under section 12, and amendments thereto, and representatives from any other state agencies, as determined by the ~~director~~ *Kansas health policy authority*.

(k) The ~~director of health policy and finance~~ *Kansas health policy authority* shall perform any other duties and services that are necessary to carry out the purposes of sections 9 through 14, and amendments thereto, and that are not inconsistent with state law. 44

Sec. ~~47~~. On July 1, 2006, section 14 of this act is hereby amended to read as follows: Sec. 14. On *and after* July 1, ~~2005~~ *2006*, except as otherwise provided by this act, all of the following powers, duties and functions of the ~~department of social and rehabilitation services and the secretary of social and rehabilitation services~~ *division of health policy and finance within the department of administration and the director of health policy and finance* are hereby transferred to and imposed upon the ~~division of health policy and finance within the department of administra-~~

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~~tion and the director of health policy and finance~~ *Kansas health policy authority* established by ~~this act~~ *section 1, and amendments thereto*:

(a) All of the powers, duties and functions ~~of the secretary of social and rehabilitation services~~ under chapter 39 of the Kansas Statutes Annotated, and amendments thereto, *that were transferred on July 1, 2005, to the division of health planning and finance and the director of health planning and finance and* that relate to development, implementation and administration of programs that provide medical assistance, health insurance programs or waivers granted thereunder for persons who are needy or uninsured, or both, and that are financed by federal funds or state funds, or both, including the following:

(1) The Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto; and

(2) any program of medical assistance for needy persons financed by state funds only;

(b) all of the powers, duties and functions ~~of the secretary of social and rehabilitation services~~ *that were transferred on July 1, 2005, to the division of health planning and finance and the director of health planning and finance* with respect to the health benefits program for children established under K.S.A. 38-2001 et seq., and amendments thereto, and developed and submitted in accordance with federal guidelines established under title XXI of the federal social security act, section 4901 of public law 105-33, 42 U.S.C. § 1397aa et seq., and amendments thereto; and

(c) all of the powers, duties and functions of the ~~department of social and rehabilitation services and secretary of social and rehabilitation services~~ associated with designation ~~of the department of social and rehabilitation services~~ as the single state agency under title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto. *On and after July 1, 2006*, the designation of the ~~department of social and rehabilitation services~~ *division of health and finance* as the single state agency for medicaid purposes is hereby transferred to the ~~division of health policy and finance~~ *Kansas health policy authority*.

Sec. ~~15~~ 45. On July 1, 2006, section 15 of this act is hereby amended to read as follows: Sec. 15. (a) *On and after July 1, 2006*, the ~~division of health policy and finance within the department of administration and the director of health policy and finance established by this act~~ *Kansas health policy authority* shall be the successor in every way to the powers, duties and functions of the ~~department of social and rehabilitation services and secretary of social and rehabilitation services~~ *division of health policy and finance and the director of health policy and finance* in which the same were vested prior to ~~the effective date of this act~~ *July 1, 2006*.

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and that are transferred pursuant to section 14, and amendments thereto. Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the ~~division of health policy and finance or the director of health policy and finance within the department of administration~~ *Kansas health policy authority* shall be deemed to have the same force and effect as if performed by the ~~department of social and rehabilitation services or secretary of social and rehabilitation services~~ *division of health policy and finance and the director of health policy and finance* in which such powers, duties and functions were vested prior to July 1, ~~2005~~ *2006*.

(b) Whenever the ~~department of social and rehabilitation services or the secretary of social and rehabilitation services~~ *division of health policy and finance within the department of administration or the director of health policy and finance*, or words of like effect, are referred to or designated by a statute, contract, memorandum of understanding, plan, grant, waiver or other document and such reference is in regard to any of the powers, duties or functions transferred to the ~~division of health policy and finance or the director of health policy and finance~~ *Kansas health policy authority* pursuant to section 14, and amendments thereto, such reference or designation shall be deemed to apply to the ~~division of health policy and finance or the director of health policy and finance, respectively~~ *Kansas health policy authority*. The provisions of this subsection shall not apply to references to or designations of the ~~department of social and rehabilitation services or the secretary of social and rehabilitation services~~ *division of health policy and finance within the department of administration or the director of health policy and finance*, or words of like effect, by the provisions of appropriation acts.

(c) All rules and regulations, orders and directives of the ~~secretary of social and rehabilitation services~~ *director of health policy and finance* that relate to the functions transferred by section 14, and amendments thereto, and that are in effect on July 1, ~~2005~~ *2006*, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the ~~director of health policy and finance~~ *Kansas health policy authority* until revised, amended, revoked or nullified pursuant to law.

Sec. ~~47~~ 46. On July 1, 2006, section 16 of this act is hereby amended to read as follows: Sec. 16. (a) *On July 1, 2006,* the ~~division of health policy and finance within the department of administration~~ *Kansas health policy authority* shall succeed to all property, property rights, and records that were used for or pertain to the performance of powers, duties and functions transferred to the ~~division~~ *Kansas health policy authority* pursuant to section 14, and amendments thereto. Any conflict as to the proper disposition of property, personnel or records arising under this act shall be determined by the governor, whose decision shall be final.

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(b) The provisions of this section shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated for the department of ~~social and rehabilitation services~~ *administration* relating to the powers, duties and functions transferred by section 14, and amendments thereto. All such balances of any funds or accounts thereof shall be transferred by and be subject to the provisions of appropriation acts.

Sec. ~~56~~. On July 1, 2006, section 17 of this act is hereby amended to read as follows: Sec. 17. (a) (1) All officers and employees of the ~~department of social and rehabilitation services~~ *division of health policy and finance within the department of administration* who, immediately prior to ~~the effective date of this act~~ *July 1, 2006*, are engaged in the exercise and performance of the powers, duties and functions transferred to the ~~division of health policy and finance or the director of health policy and finance~~ *Kansas health policy authority* by section 14, and amendments thereto, are transferred to the ~~department of administration~~ *Kansas health policy authority* on July 1, ~~2005~~ *2006*, or on a later date or dates determined by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* and the secretary of administration.

(2) All officers and employees of the department of ~~social and rehabilitation services~~ *administration* who are determined by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* and the secretary of administration to be engaged in providing administrative, technical or other support services that are essential to the exercise and performance of the powers, duties and functions transferred by section 14, and amendments thereto, are transferred to the ~~department of administration~~ *Kansas health policy authority* on July 1, ~~2005~~ *2006*, or on a later date or dates determined by the ~~secretary of social and rehabilitation services~~ *Kansas health policy authority* and the secretary of administration.

(3) All classified employees transferred under this subsection (a) shall retain their status as classified employees. Thereafter, the ~~secretary of administration~~ *Kansas health policy authority* may convert vacant classified positions to positions that are not classified as otherwise provided by law.

(b) Officers and employees of the department of ~~social and rehabilitation services~~ *administration* transferred by this ~~act~~ *section* shall retain all retirement benefits and leave balances and rights that had accrued or vested prior to the date of transfer. The service of each such officer and employee so transferred shall be deemed to have been continuous. Any subsequent transfers, layoffs or abolition of classified service positions under the Kansas civil service act shall be made in accordance with the civil service laws and any rules and regulations adopted thereunder. Nothing in this act shall affect the classified status of any transferred person

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, except as otherwise provided by this act,

, except as otherwise provided by this act"; in line 34, after the period, by insert "The positions of all officers and employees of the ~~department of administration~~ ***Kansas health policy authority*** performing duties and functions under the Kansas program of medical assistance established in accordance with title XIX of the federal social security act, 42 U.S.C. § 1396 et seq., and amendments thereto, that are required under applicable federal law, rules and regulations, and policies to be under a merit-based personnel system, shall be in the classified service under the Kansas civil service act."

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employed by the department of ~~social and rehabilitation services~~ *administration* prior to the date of transfer.

~~Sec. 51. On July 1, 2006, section 18 of this act is hereby amended as follows: Sec. 18. On July 1, 2005 2006, the designation *by this section* of the department of health and environment under K.S.A. 46-2507, and amendments thereto, *division of health policy and finance within the department of administration and the director of health policy and finance* as the contact agency for the state of Kansas with reference to federal health care reform measures is hereby transferred to and imposed upon the division of health policy and finance within the department of administration and the director of health policy and finance *Kansas health policy authority* established by section 7 *1*, and amendments thereto.~~

~~Sec. 52. On July 1, 2006, section 19 of this act is hereby amended to read as follows: Sec. 19. (a) *On July 1, 2006,* the division of health policy and finance within the department of administration and the director of health policy and finance *Kansas health policy authority* established by section 7 *1*, and amendments thereto, shall be the successor in every way to the powers, duties and functions of the department of health and environment and secretary of health and environment *division of health policy and finance within the department of administration and the director of health policy and finance* in which the same were vested prior to July 1, 2005 *2006*, and that are transferred pursuant to section 18, and amendments thereto. Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the division of health policy and finance or the director of health policy and finance within the department of administration *Kansas health policy authority* shall be deemed to have the same force and effect as if performed by the department of health and environment or secretary of health and environment *division of health policy and finance within the department of administration or the director of health policy and finance* in which such powers, duties and functions were vested prior to July 1, 2005 *2006*.~~

~~(b) From *On and after* July 1, 2005, through June 30, 2006, whenever the department of health and environment or the secretary of health and environment *division of health policy and finance within the department of administration or the director of health policy and finance*, or words of like effect, are referred to or designated by a statute, contract, memorandum of understanding, plan, grant, waiver or other document and such reference is in regard to any of the powers, duties or functions transferred to the division of health policy and finance or the director of health policy and finance *Kansas health policy authority* pursuant to section 19, and amendments thereto, such reference or designation shall be deemed to apply to the division of health policy and finance or the director of health policy and finance, respectively *Kansas health policy au-*~~

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~~thority. The provisions of this subsection shall not apply to references to or designations of the department of health and environment or the secretary of health and environment *division of health policy and finance within the department of administration or the director of health policy and finance*, or words of like effect, by the provisions of appropriation acts.~~

~~(c) All rules and regulations, orders and directives of the secretary of health and environment *director of health policy and finance* that relate to the functions transferred by section 18, and amendments thereto, and that are in effect on July 1, 2005 2006, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the director of health policy and finance *Kansas health policy authority* until revised, amended, revoked or nullified pursuant to law.~~

~~Sec. 53. On July 1, 2006, section 20 of this act is hereby amended to read as follows: Sec. 20. (a) On July 1, 2005 2006, the division of health policy and finance within the department of administration *Kansas health policy authority* shall succeed to all property, property rights, and records that were used for or pertain to the performance of powers, duties and functions transferred to the division *Kansas health policy authority* pursuant to section 18, and amendments thereto. Any conflict as to the proper disposition of property, personnel or records arising under this act shall be determined by the governor, whose decision shall be final.~~

~~(b) The provisions of this section shall not apply to the balances of any funds or accounts thereof appropriated or reappropriated for the department of health and environment *administration* relating to the powers, duties and functions transferred by section 18, and amendments thereto. All such balances of any funds or accounts thereof shall be transferred by and be subject to the provisions of appropriation acts.~~

Sec. ~~54~~ 48. On July 1, 2006, section 21 of this act is hereby amended to read as follows: Sec. 21. Liability for accrued compensation or salaries of each officer and employee who is transferred to the *Kansas health policy authority from the* department of administration under this act section 17, and amendments thereto, shall be assumed and paid by the ~~department of administration~~ *Kansas health policy authority* on July 1, ~~2005~~ 2006, or on the date of the transfer, whichever is later. 49

Sec. ~~55~~. On January 1, 2006, K.S.A. 39-7,116, 39-7,121, 65-6801, 65-6804, 65-6805, 65-6806, 65-6807, 65-6808 and 65-6809 and K.S.A. 2004 Supp. 39-7,118, 39-7,119, 39-7,120, 39-7,121a, 39-7,121d, 39-7,121e and 65-6803 are hereby repealed. 50

Sec. ~~56~~. On July 1, 2006, sections 7 through 21 of this act are hereby repealed. 51

Sec. ~~57~~. This act shall take effect and be in force from and after its publication in the statute book.

Testimony to the House Select Committee on Healthcare on HB 2531 – 3/30/05

Dear Representative Neufeld and members of the Committee:

My name is Dr. Ira Stamm. I am a psychologist in independent practice in Topeka and Kansas City. Before entering private practice, I treated patients at the Menninger Clinic in Topeka, Kansas for twenty-three years. Before that I treated children, adolescents, and their families at the Boston University Medical Center. I also study, teach, and write about health care and health care insurance.

I stand before you, not as a lobbyist, but as a private citizen concerned about the uninsured in Kansas, as a health care provider, and as a survivor of prostate cancer. Early detection of my prostate cancer two and a half years ago has enhanced my chances of long term survival. Chapter 40-2, 164 of the Kansas insurance code mandates coverage for prostate cancer screening. It is entirely possible that without that mandate I would not be here today to speak to you. I want to thank you and every member of the Kansas legislature for having the wisdom and compassion to pass this and other health care mandates.

I have read House Bill 2531 in its entirety. Several benchmark figures inform the healthcare debate. The administrative cost for Medicare is 1.9%. Like it or not, Medicare is a form of single payor health insurance. The administrative cost for the Canadian health care system is also 1.9%. Administrative costs for Medicaid are in the 4-6% range with Kansas administrative costs projected to be at 6.2% for fiscal year 2006. Administrative costs and profits for commercial insurance are 12-14%. It is widely accepted and documented that one of every three health care dollars in America goes towards the administration of medical care and insurance. It is this latter figure that everyone is clamoring to reduce.

House Bill 2531 addresses the critical health needs of 263,000 Kansans who use Medicaid, 40,000 state employees, and 300,000 Kansans who are uninsured. This totals to 603,000 Kansans. It is the cost of providing care to Medicaid recipients and to the uninsured that threatens the financial solvency of Kansas and that House Bill 2531 rightly addresses.

As a reminder, though, Kansas has 2.6 million citizens. 394,000 Kansans are covered by Medicare leaving 1.6 million to be covered by other insurance including commercial insurance. It is my belief that for true health care reform to occur in

Kansas, all health care insurance in Kansas, including the commercial side, also needs to come under the jurisdiction of the Kansas health policy authority created by House Bill 2531. Let me explain.

Each of us in this health care debate is like the proverbial blind men and women examining a different part of the health care elephant. With its responsibility to manage the dollars of the Kansas treasury and to balance the budget, the Kansas legislature through House Bill 2531 focuses on those aspects of the public health system that drive those costs. Yet public sector and private sector patients access the same nursing homes, hospitals, and doctors and buy the same medications. Some commercial insurance companies have found ways to exploit the system by cost shifting care from their for-profit ledger to the public ledger. Although House Bill 2531 creates a health care data base and authorizes the KHPA to gather data from all sectors, a truly integrated system would put all the functions of public and private health care insurance under the umbrella of the Kansas health policy authority. Imagine, all health care insurance in Kansas under one roof or umbrella. That would certainly enhance the ability of Kansas to create a seamless healthcare system that delivers the highest quality, lowest cost, evidence-driven, state-of-the-art medical care.

House Bill 2531 transfers those functions from SRS to the Kansas healthy policy authority having to do with health care and health care funding. It also transfers similar functions from the Kansas Department of Health and Environment to the KHPA. *I am respectfully recommending that House Bill 2531 authorize the transfer of all health insurance matters from the Kansas Insurance Department to the Kansas health policy authority.*

It is my understanding that the Kansas Insurance Department believes it does not have the full legislative authority to operate as a *regulatory authority.* For example, the Kansas Insurance Department has stated that it does not have the authority to mediate in contract disputes between insurance companies and hospitals and doctors. For the Kansas health policy authority to be successful it has to have authority comparable to the Kansas Corporation Commission. If a public utility doing business in Kansas wants to increase its rates, the KCC conducts hearings, researches the matter, and then offers its ruling. Remarkably, this form of strong oversight and regulation does not happen in health care in Kansas. I would

encourage the Kansas legislature to include such regulatory authority for the Kansas health policy authority in House Bill 2531

One of the contributors to high health care costs is Greed and the excessive profits of the drug companies, insurance companies and some health care providers. Medicare and Medicaid already control the prices of services they allow – so like it or not we already have wage and price controls in the 49% of the insurance marketplace controlled by these two insurance programs. A question for House Bill 2531 to consider is whether or not the Kansas health policy authority should have the authority to set prices in the marketplace for health care services and products.

Before concluding, I would like to call your attention to a letter to the editor that appeared in the Topeka Capital-Journal on March 8, 2005. The letter is written by the husband of a woman dying of cancer. Ironically, the woman was a 12 year employee of Blue Cross Blue Shield of Kansas. When she became too ill to work she went on disability. Her health care premium went from $250 a month to $940 a month, at a time when she could least afford it.

I would like to propose a simple legislative remedy that would have helped this woman and will prevent other Kansans with life threatening illnesses from becoming uninsured. I respectfully request that the following paragraphs be included in House Bill 2531:

- *Any consumer who is currently insured by an insurance company doing business in Kansas who develops a catastrophic illness such as cancer, heart disease, diabetes, etc. (to be defined further) will continue to be insured for that illness and continue to retain their full health insurance coverage until the insured becomes eligible for Medicare.*

- *Premiums to the insured shall remain frozen at the dollar amount applicable when the insured first contracted the illness; or the premium to the individual can be increased no more than the overall increases to the group plan - even if the insured is no longer a member of the organization which initially purchased that plan.*

Thank you for listening and for your courtesy.

Ira Stamm, Ph.D. ABPP
Board Certified in Clinical Psychology
American Board of Professional Psychology

3929 SW Indian Hills Road
Topeka, KS 66610
913 706-8831
istamm@aol.com

Kansas Department of

Social and Rehabilitation Services

Gary Daniels, Acting Secretary

House Select Committee on Health Care
March 30, 2005

HB 2531 - Kansas Health Policy Authority

Office of the Secretary
Gary Daniels, Acting Secretary
785.296.3271

For additional information contact:
Public and Governmental Services Division
Kyle Kessler, Director of Legislative and Media Affairs

Docking State Office Building
915 SW Harrison, 6th Floor North
Topeka, Kansas 66612-1570
phone: 785.296.0141
fax: 785.296.4685
www.srskansas.org

Kansas Department of Social and Rehabilitation Services
Gary Daniels, Acting Secretary

House Select Committee on Health Care
March 30, 2005

HB 2531 - Kansas Health Policy Authority

Chairman Neufeld and members of the Committee, I am Gary Daniels, Acting Secretary for the Kansas Department of Social and Rehabilitation Services. Thank you for the opportunity to testify regarding HB 2531.

I arrived in Topeka on November 1, 2004 full of enthusiasm and excited that the Governor had invited me to participate in some very simple healthcare reform initiatives in Kansas. Actually, I was honored with the thought that I could contribute to the expansion of healthcare coverage to 40,000 children, 30,000 low wage working parents, and helping small businesses obtain health insurance for their employees. There were provisions for cost containment, prevention, programs on wellness, and even attempts to help Kansans acquire lower cost drugs. I could support these efforts. They are full of good Kansas values, simple and straightforward, and most of all, were fully paid for with a new assessment on tobacco products.

When I first arrived, I found several groups of SRS staff, cross-agency groups from SRS, the Department of Administration, the Department on Aging, and the Kansas Department of Health and Environment, all engaged in identifying the nuts and bolts for the consolidation of healthcare purchasing and policy. These groups had already been working months planning the administration and support for this move with a goal of keeping costs neutral. Shortly after I arrived, the Kansas City office of CMS indicated their approval and hundreds of provider and advocacy groups joined in a coalition to support these efforts. In February I accompanied the Governor to a meeting in Washington, D.C. with Mark McClellan, Administrator with the Centers for Medicare and Medicaid Services, regarding the deferrals in Kansas. He directed his staff to research how they might assist with the deferrals and was enthusiastic about the changes we described. He suggested a willingness to partner with Kansas in demonstrating Medicaid reform as we move forward with our reorganization.

One thing I noticed at SRS was the increased apprehension among the workforce that may be involved in the move. I immediately began to address the apprehension by chairing a number of question and answer sessions with staff and advocating that the staff moving and not moving be identified as soon as possible. Once identified, the staff moving became eager participants in the planning and looked forward to their new role in healthcare. The apprehension among staff not moving decreased and they focused their attention on what SRS would look like after the change.

The transfer was not to be and you know that story. All of the work and careful planning seemed lost. But late last week another plan appeared in the form of SB 306 and HB 2531. The bills appear to copy some of the work described earlier, attempted to emulate parts of Oklahoma state government, and add some other confusing bits and pieces. I have concluded that these bills were crafted by the proverbial committee.

I see none of the careful planning described earlier and cannot determine if providers, consumers, CMS, or others were involved in the preparation of this plan. The result I see is that the plan provides a top heavy organization and creates a brand new state agency that will hide any accountability for the development of healthcare policy and practice behind a volunteer committee who will be responsible for 20% of the Kansas budget. This committee may meet as few as four times per year, and membership may include persons from other states. Let's look a bit deeper into the structure of the proposed healthcare authority. A full time executive director will be hired by the Authority. This executive director will make hundreds of decisions affecting the lives of thousands of Kansans, but will be responsible only to the Authority members, again a volunteer committee that may meet as few as four times per year.

The new agency described in the bill seems to be very large, yet I see none of the supports and staffing that would allow it to be a stand-alone agency. Perhaps the plan was to hire additional staff, but I see none of the usual human resources, EEO, or legal supports necessary for an agency this size.

Given my brief experience at the helm of SRS I know the Authority will receive numerous EEO complaints from consumers and threats of legal action by both consumers and providers. The shift of policy making authority regarding prescription drug coverage, the formulary and the electronic pharmacy claims management system from the designated state agency, which the bill enacts along with the transfer of the Medicaid Drug Utilization Review Board on January 1, 2006, will certainly be challenged by CMS and could lead to deferral of additional federal funds.

A new independent agency of this size will require a significant cadre of operations staff to administer the agency including facilities and inventory management, internal audits, general accounting and budget, and IT support for the amalgamation and study of the healthcare data referenced in the bill. The only mention of staff I find in the bill is that they are required to transfer two times during the first year.

This is the second public airing of the plan included in SB 306 and HB 2531 and I was present during the first informational meeting last Thursday. The first person I saw immediately after the hearing was someone with a long history in state government. He greeted me with, "Wow! By the end of 2008 it looks like a big SRS to me." I responded with "yes a SUPERSIZED SRS."

There are some parts of the bill which would allow healthcare reform to begin as early as July 1, 2005. Sections 7-21 of HB 2531 essentially transfers approximately 125 individuals from Medicaid in SRS to the Department of Administration. All other support functions are provided by existing resources in the Department of Administration or through memorandum of understanding with other agencies. This move has already received support from hundreds of provider and advocacy groups, is conceptually approved by CMS, and endorsed by the civil servants and departments involved in the move. It is simple, cost neutral, and allows reforms around healthcare purchasing to begin immediately. Enactment of these sections would streamline the overhead for state health care purchasing and allow the Medicaid program to be more nimble and responsive. The move sets the stage for the administration to begin reaching out to thousands of children, low wage families, and small businesses who are in desperate need of quality healthcare coverage and could be in place immediately. I would urge this Committee's passage of Sections 7 - 21 of the legislation. Because of the questions and concerns discussed earlier, I do not support the remainder of the legislation.

I would be happy to answer any questions from the Committee.

KANSAS MEDICAL SOCIETY
KMS

623 SW 10th Avenue
Topeka KS 66612-1627
785.235.2383
800.332.0156
fax 785.235.5114

kmsonline.org

To: House Select Committee on Health

From: Jerry Slaughter
Executive Director

Subject: HB 2531; Concerning the Kansas Health Policy Authority

Date: March 30, 2005

The Kansas Medical Society appreciates the opportunity to appear in support of HB 2531, which establishes the Kansas Health Policy Authority. As we read the bill, among its many responsibilities, the new Authority will have two principal functions: 1) to reorganize and consolidate responsibility for the state's health care purchasing, particularly Medicaid, into a single agency, and thereby improve efficiency, reduce duplication, and enhance the responsiveness of the state as a business partner; and 2) to establish a process for developing and advancing a coordinated statewide health policy agenda that includes health promotion, improved quality, efficiency, and effectiveness of health care delivery.

Regarding the part of the bill that includes the reorganization of the state's largest health care program, Medicaid, this change is long overdue. As legislators well know, Medicaid is one of the fastest growing components of the state budget. As it has grown more costly and complex over the past thirty-plus years, however, it has largely remained unchanged in terms of its fundamental culture and administration. Despite its programmatic complexity, Medicaid is essentially a state-administered health insurance program which is housed in a social service agency. If the program were created new today, it is safe to say it would probably not be assigned to the state agency responsible for state-run mental health facilities, community support services for children and adults, and substance abuse programs. It would most likely be housed in an agency that was focused on the arranging for and purchasing of health insurance, either directly or through third party intermediaries.

This legislation, much like the Governor's reorganization order, is the first real effort on the part of the state to re-think how it carries out the functions of purchasing health care benefits from physicians, hospitals and other private care providers. We believe it gives the state the opportunity to approach these programs with a new perspective, achieve efficiencies, and become a better business partner with the thousands of providers the state relies upon to care for individuals insured by the programs. Most everyone agrees

the state simply can't afford to continue doing business as it has in the past, particularly with Medicaid costs increasing at such a rapid pace. We view this reorganization as a positive step in the right direction, one we hope will result in a better program for the population served, for the state, and for the providers who contract with the state to provide care for those individuals.

We are also supportive of the concept of an agency of state government assuring a public dialogue about the future of health care in our state, which is the second principal function of the Authority. In fact, the attributes of the voting membership of the Authority seems designed to emphasize its health planning and health promotion functions. The seven voting members must have knowledge in health promotion, public health improvement, evidence-based medicine, insurance, information systems, data analysis, economics, business and health care finance (New Section 1, subsection (e)). While these are very appropriate skills and experience for developing a statewide health policy agenda, they may not be the skills and experience necessary to guide policy of a state agency responsible for consolidating and operating the health care purchasing functions of Medicaid and other health programs. The committee may want to give some consideration to whether the structure and membership of the Authority are appropriate for its primary function, reorganizing Medicaid, as well as its health policy development function.

We commend the authors of this bill, the legislature, the Governor, and the Insurance Commissioner for moving this important public policy debate forward. We would encourage all to continue to work together to refine and improve this important health initiative as it continues through the legislative process.

KANSAS HOSPITAL ASSOCIATION

Thomas L. Bell
President

TO: House Select Committee on Health

FROM: Thomas L. Bell
President

DATE: March 30, 2005

RE: **HB 2531**

Thank you for the opportunity to provide comments in support of HB 2531. This bill would create The Office of Health Planning and Finance within The Department of Administration effective July 1, 2005. At the same time, it would establish the Kansas Health Policy Authority. The purpose of the Authority would be to develop and maintain a coordinated health policy agenda that combines effective purchasing and administration of health care with health promotion oriented public health strategies. Duties within the Office of Health Planning and Finance would be transitioned to the Kansas Health Policy Authority by July 1, 2006.

Our focus with regard to this discussion has been the movement of the state's medical assistance program to this new office. We see this move as having the potential to reduce the bureaucracy within the Medicaid program. Right now, Medicaid is one layer in the Department of Social and Rehabilitation Services. HB 2531 would allow more focus on the Medicaid program specifically. Our hope is that such extra focus would allow the program to function more efficiently.

Earlier this year, the President announced his budget proposal in which he proposed numerous changes to the Medicaid program. Whether or not you agree with the President's recommendations, there is no question that the Medicaid program is facing numerous changes in the way it operates. There is also no question that as these changes are debated in the coming years, there will continue to be tension between the state and federal government about what is the appropriate funding share for each level of government. Carving Medicaid out of the Department of Social and Rehabilitation Services will allow the state to better focus its communications with the federal government concerning the future of the Medicaid program.

Thank you for your consideration of our comments.

Kansas Hospital Association
215 SE 8th Ave. • P.O. Box 2308 • Topeka, KS • 66601 • 785/233-7436 • Fax: 785/

Kansas
Insurance
Department

Sandy Praeger COMMISSIONER OF INSURANCE

COMMENTS
ON
HB-2531 ESTABLISHING THE KANSAS HEALTH POLICY AUTHORITY
HOUSE HEALTHCARE SELECT COMMITTEE
March 30, 2005

Members of the Committee:

Thank you for the opportunity to speak with you today. House Bill No. 2531 would establish the Kansas Health Policy Authority. The Authority would develop and implement a coordinated health policy agenda by combining effective purchasing with healthcare focused on prevention. I believe these efforts will improve the overall health of Kansans by increasing the quality, efficiency and effectiveness of the health care services our fellow citizens utilize.

It is important that the members of the authority will be from the general public. Clearly these individuals should have experience in all aspects of healthcare including its delivery, efficiency and quality. These members should also have knowledge of and forward thinking ideas for disease prevention. In addition, having members well versed in the actual business, government and economic aspects of healthcare should be a high priority.

Consolidating the duties of several health entities under the Kansas Health Policy Authority can only increase government efficiency as well as provide concise and accurate data ready for policy making decisions by the Kansas Legislature.

The rising cost of healthcare and the resulting insurance premium increases are not only a concern of Kansans, but a serious concern of mine. I would like to applaud the efforts of everyone involved in developing this forward thinking plan. With this legislation, it should be easier to work toward solutions without harming the quality care we currently enjoy.

I am excited by the possibilities this Authority strives to achieve and am eager to assist in any way possible. I would be happy to answer any questions you might have.

Sandy Praeger
Commissioner of Insurance

420 SW 9TH STREET
TOPEKA, KANSAS 66612-1678

PHONE 785.296.3071
FAX 785.296.2283

CONSUMER HOTLINE
1.800.432.2484

KANSAS HEALTH INSTITUTE

MEMO

Date: March 30, 2005

To: House Health Care Select Committee

From: Robert F. St. Peter, M.D.
President and CEO
Kansas Health Institute

Subject: Organization of Medicaid functions within states

At the request of Legislative leaders, the Kansas Health Institute (KHI) prepared a series of memos on the organization of Medicaid functions within state governments. These memos were based on specific requests from the Legislature, with particular emphasis on those states utilizing a commission structure. Much of the initial information presented on how Medicaid is organized within states comes from a recent report from the National Governors Association entitled "Reorganizing State Health Agencies to Meet Changing Needs, State Restructuring Efforts in 2003."

The various memos and tables are attached here for your information. The specific documents include:

1) A table showing how the Medicaid program relates to social service and public health agencies in all 50 states
2) A table showing the nine states that have the Medicaid program separated from both social service and public health agencies
3) A short memo on Medicaid and health policy commissions in various states, highlighting Texas and Maryland
4) A follow-up memo on the commissions in Oklahoma and Colorado, with organizational charts
5) A table on key decisions relating to the establishment of a commission
6) Finally, a memo showing the composition of commissions in OK, CO and TX

We hope this information is useful in understanding how other states have approached the issue of reorganizing their Medicaid and health policy functions.

Placement of the Medicaid program with Public Health and Social Services
2/25/2005

	Without Social Services	With Social Services	
Without Public Health	AL, AZ*, CO, FL*, GA, IL, MS, OK,TN [9]	AR, CT, HI, IN, IA, **KS*,** MN, MO, NM, ND, PA, RI, SC, SD [14]	[23]
With Public Health	KY, LA, MD, MI, NY, UT, VA, WV, WY [9]	AK, CA, DE, ID, OH, ME, MA, MT, NE, NJ*, NV, NH, NC, OR*, TX, VT, WA*, WI [18]	[27]
	[18]	[32]	

*All or a portion of long-term care services are located in a separate agency (tentative list: six known states).

Note: about half of the states locate mental health programs in the same agency with Medicaid.

Definitions:

"Medicaid" = Regular medical component of Titles XIX (and XXI), and the single state agency designation

"Public Health" = Prevention, MCH, Vital Stats, Epidemiology, local health departments

"Social Services" = Cash, child care, foster care, and other direct assistance programs

Other programs receiving significant Medicaid funds, such as MR/DD waivers and state health care institutions, are located in a variety of organizational settings across states. If you have specific questions about the manner in which these programs are run in other states we would be happy to collect further information.

Composition of Medicaid agency when isolated from Social Services and Public Health

		Notes:
Dedicated cabinet level agency	AL AZ CO* MS OK*	
In another agency	TN	In the Department of Finance and Administration
Alongside a small number of other programs	FL	Includes health care quality assurance (for facilities and health care organizations), health statistics, and certificate of need
	GA	Includes medical boards, state employees benefits plan, and certificate of need
	IL	Includes Office of Inspector General, low-income heating and energy assistance, and child support enforcement

*Strong boards with control over Medicaid policy.

2/25/2005

KANSAS HEALTH INSTITUTE

MEMO

State Health Care and Medicaid Commissions

A Note on Commissions

Widespread use of commissions on both the state and the federal government levels began during the progressive era as a vehicle to remove some public business from undue influence by the executive, the legislature, and political parties. Commissions often operate independently outside of the traditional three-part structure of America government. Because they are independent, commissions are free to act as they see fit within the scope of their charge. Because commissioners are appointed by the governor or the legislature or some combination of the two for fixed terms of office, they are directly accountable for their official conduct. They may be removed from office at the end of their tenure, or earlier, for malfeasance or nonfeasance. For the reason that decisions are made publicly, commissions are believed to be more transparent than executive agency policy making. Finally, commissions allow expertise from the public at large to be applied to specific policy problems. Commissioners and staff alike become experts on specific areas of public policy. To recap, commissions are independent, autonomous, accountable, transparent, and expert.

Types of Commissions

To simplify matters, let us think of commissions generally as having two dimensions. They can be either permanent (that is, they do not have a fixed termination date in the enabling legislation), or temporary; and they can be either advisory (to the governor or the legislature or both) or policy making. The policy-making role of commissions began primarily as a regulatory function, typically regulating some aspect of commercial behavior. Over time, commissions have been used to administer public programs both inside and outside of the traditional structure of executive agencies of government.

8-4

Putting these two dimensions together in a two-by-two matrix yields four types of commissions: 1) temporary advisory, 2) temporary policy-making, 3) permanent advisory and 4) permanent policy-making. Although we have not undertaken a complete analysis of commissions, we speculate that temporary advisory commissions are the most common form currently employed. We also speculate that there are few, if any temporary policy-making commissions. Cells in the matrix below are filled with examples of commissions from the federal government.

	Advisory	Policy Making
Temporary	Commission to Reform Social Security	None likely exist
Permanent	Medicare Payment Advisory Commission	Federal Trade Commission Federal Communications Commission

In Kansas currently, we are adding another dimension to this typology. Each of the cells of the matrix above can be divided into two for commissions whose charge is Medicaid only and those who have a charge to consider health more broadly.

We have attempted to populate each of the relevant cells with examples from the states. Our examination likely did not identify every instance of a currently operating health/Medicaid commission in the states. The ones we show are intended to illustrate the similarities and differences among the states to help direct decision-making in Kansas. One thing is clear: there is no one right way to establish a commission. The charge, composition, and organizational structure must be determined by the problems to be solved and the policy-making environment that currently exists within the state.

		Advisory	Policy Making
Temporary		Medicaid only OH	None likely exist
		General health focus MA WY LA CO FL	
Permanent		Medicaid only ME	Medicaid only MS TX CO OK
		General health focus VA	General health focus MD DE

No single commission model has yet been settled on in Kansas, but we can assume that it will be created as a permanent entity. A goal of the Kansas commission is that it would administer Medicaid (MA), coordinate other Medicaid services lodged in other departments, and possibly design and procure state employee health benefits. Additionally, after addressing the most pressing Medicaid issues, the Kansas commission would advise the governor or the legislature (to be determined in the legislation) about more general issues of health and health care financing and delivery. Such a commission is an interesting hybrid: it combines policy-making (for Medicaid) with advisory functions (for health generally) in one organization and directly administers some programs, while providing coordination and policy input (but not administration) to others. This is a unique design, but its uniqueness should not be a matter of concern – all commissions are unique. Perhaps the closest model to what Kansas hopes to achieve in the long run is the Texas Health and Human Services Commission. For this reason, we will concentrate on the Texas model more than any of the others.

Name: Texas Health and Human Services Commission

Time Frame: Permanent (with a sunset provision September, 1, 2009); established in 1995

Charge: "Provides leadership and direction, and fosters the spirit of innovation.... Has oversight responsibilities for [four] designated health and human service agencies (Department of Aging and Disability Services, Department of Assistive and Rehabilitative

Services, Department of Family and Protective Services, and Department of State Health Services), and administers certain health and human services programs including the Texas Medicaid Program, Children's Health Insurance Program, and Medicaid waste, fraud, and abuse investigations."

Membership: Eight appointed commissioners and one executive commissioner who is the chief executive of the staff. The executive commissioner is not the commission chairman. Commission members are appointed to two-year terms by the governor with the advice and consent of the Senate.

Staff and Supervision: Executive commissioner employs a large staff of policy, planning and evaluation employees that support the commission in addition to program staff who administer Medicaid.

Agency Relationships: Executive director of HHSC appoints the agency directors of the four health and human services agencies that report to him/her. Commission has oversight and coordinating role with the four agencies.

Other: The HHSC executive commissioner, for all practical purposes, is the chief executive officer of an umbrella agency. Where the Texas model differs from the traditional umbrella agency model is that the agency CEO reports to a commission rather than the governor.

The State of Maryland has combined administration of some health programs (although not Medicaid) in the Maryland Health Care Commission. The State of Maryland also expects that the Commission will help develop health policy and coordinate health policies for which it is not directly responsible. This role is somewhat like the one envisioned for the Kansas commission, therefore we describe its structure below.

Name: Maryland Health Care Commission

Time Frame: Permanent; established in 1999

Charge: Created through the consolidation of two existing commissions to "establish a streamlined health care regulatory system in the state in a manner such that a single state health policy can be better articulated, coordinated, and implemented." Specifically:

- Development of a comprehensive standard health benefit plan
- Establishment of the HMO Quality and Performance Evaluation System;
- Establishment of the Nursing Home and Hospital Performance Evaluation Guides and the Ambulatory Surgery Facility Consumer Guide;
- Development of recommendations for a patient safety system in Maryland and other special projects;
- Creation of a database on non-hospital health care services;
- Implementation of a certificate of need program for certain health care facilities and services;
- Adoption of a state health plan related to certificate of need decisions;
- Oversight of electronic claims clearinghouses.

Membership: Twelve commissioners appointed by the governor with the advice and consent of the Senate.

Staff and Supervision: Because it administers a number of programs it has an extensive operational staff. The number of staff specifically supporting the commission is not known at this time.

Agency Relationships: Unknown at this time.

Additional information

In addition to filling in the blanks with regards to the Texas and Maryland commissions, we will also closely examine the Colorado Medical Services Commission in our next installment. We will also discuss some of the aspects of commissioner selection and structural organization that may determine the success of the commission model.

February 25, 2005

KANSAS HEALTH INSTITUTE

MEMO

Health Care Commissions and Boards in Oklahoma and Colorado

Background

At last Friday's meeting, Senator Morris requested additional information on health care commissions and boards in Oklahoma and Colorado in regard to Medicaid programs in their states. The purpose of this memo is to fulfill that request. Both the Oklahoma Health Care Authority Board and the Colorado Medical Services Board are composed of appointed members and play key roles in the development of Medicaid policies within their states. In formation about each state is listed below.

OKLAHOMA HEALTH CARE AUTHORITY

The Oklahoma Health Care Authority is the State of Oklahoma's Medicaid Agency. According to its organization chart, the Authority appears to be a free-standing entity, governed by a board. The board appoints the chief executive officer of the Authority. The CEO, in turn, appoints the state Medicaid director. The current Medicaid director in Oklahoma is a physician. A medical advisory committee and a drug utilization review board also report to the chief executive officer of the Authority.

Name: Oklahoma Health Care Authority Board

Time Frame: Permanent

Charge: The board has the power to:

- Establish the policies of the Oklahoma Health care Authority.
- Appoint the Administrator of the Authority.
- Adopt and promulgate rules as necessary and appropriate to carry out the duties and responsibilities of the Authority. The Board is the rule-making body for the Authority.

- Adopt, publish and submit an annual business plan.

The operational areas of the Authority are:

- Medicaid operations
- Information services
- Financial services
- Management and Audit services
- Legal services
- Administrative services.

Membership: The Authority Board has seven members, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Speaker of the House of Representatives, and three Members appointed by the governor. The Governor is required to appoint two consumer representatives. The other appointed members should include persons who have experience in medical care, health care delivery, health care finance, health insurance, or managed care. Consumer members are barred from having any financial or professional interest in medicine, health, or insurance. Board decisions are made by a majority vote of the members present. The Board meets monthly. Board members are not compensated for their services, but are reimbursed for travel expenses.

Staff and Supervision: All of the operational areas of Medicaid report through the Medicaid director to the CEO of the authority. Additionally, the following staff functions report to directly to the CEO: office of federal/state health policy, executive communications/information referral and government relations. Staff provide funds to Medicaid contractors, develop Medicaid payment policies, maximize federal funds, manage programs to fight waste, fraud, and abuse, maintain the operating systems that support Medicaid payments, develop cost-effective health care purchasing approaches, monitor contractor and provider performance, promte and preserve beneficiary rights and protections, and disseminates information to the legislature, congressional delegation, beneficiaries, and the general public.

Agency Relationships: The Authorities relationships with other agencies are not clear. For example, although the Authority appears to be independent, it may be linked with another agency for certain administrative functions. We do know that Medicaid funding

has been transferred from the Authority to the department of human services, office of juvenile affairs, department of mental health and substance abuse services, state department of health, and department of education. These transfers may imply that portions of the Medicaid program are administered by agencies other than the Authority.

COLORADO MEDICAL SERVICES BOARD

The Medical Services Board was created by the Colorado Legislature in 1994. During the 2001 Legislative session, the Children's Basic Health Plan Policy Board was repealed and two members of it were added to the Medical Services Board, bringing its membership to eleven. The Board is located within the Colorado Department of Health Care Policy and Financing.

Name: Colorado Medical Services Board

Time Frame: Permanent

Charge: The board has the authority to adopt rules that govern the Colorado Medicaid program and the Children Health Plan Plus program. The Board also has authority over the medically indigent, adult foster care, and home allowance programs. The Board hears each proposed rule twice, allowing time for public participation in the process of rule making. Terms of current board members are staggered: three terms will expire in 2005, two in 2006, two in 2007, and four in 2008.

Membership: The eleven members are appointed by the governor with the advice and consent of the Senate. The members are to select from persons who have knowledge of medical assistance programs. Each congressional district must be represented on the Board and no more than six members should be from the same political party. Board members are not compensated for their services, but are reimbursed for travel expenses.

Staff and Supervision: It appears as though the Board has a very small staff, if any, and that most staff support to the Board comes from the office of the executive director of the department of health care policy and financing. The Medical Services Board has a staff relationship to the executive board and is specifically charged with adopting department administrative rules.

Agency Relationships: None are apparent from the organizational chart and the charge of the Board.

Other Materials

See the following pages for:

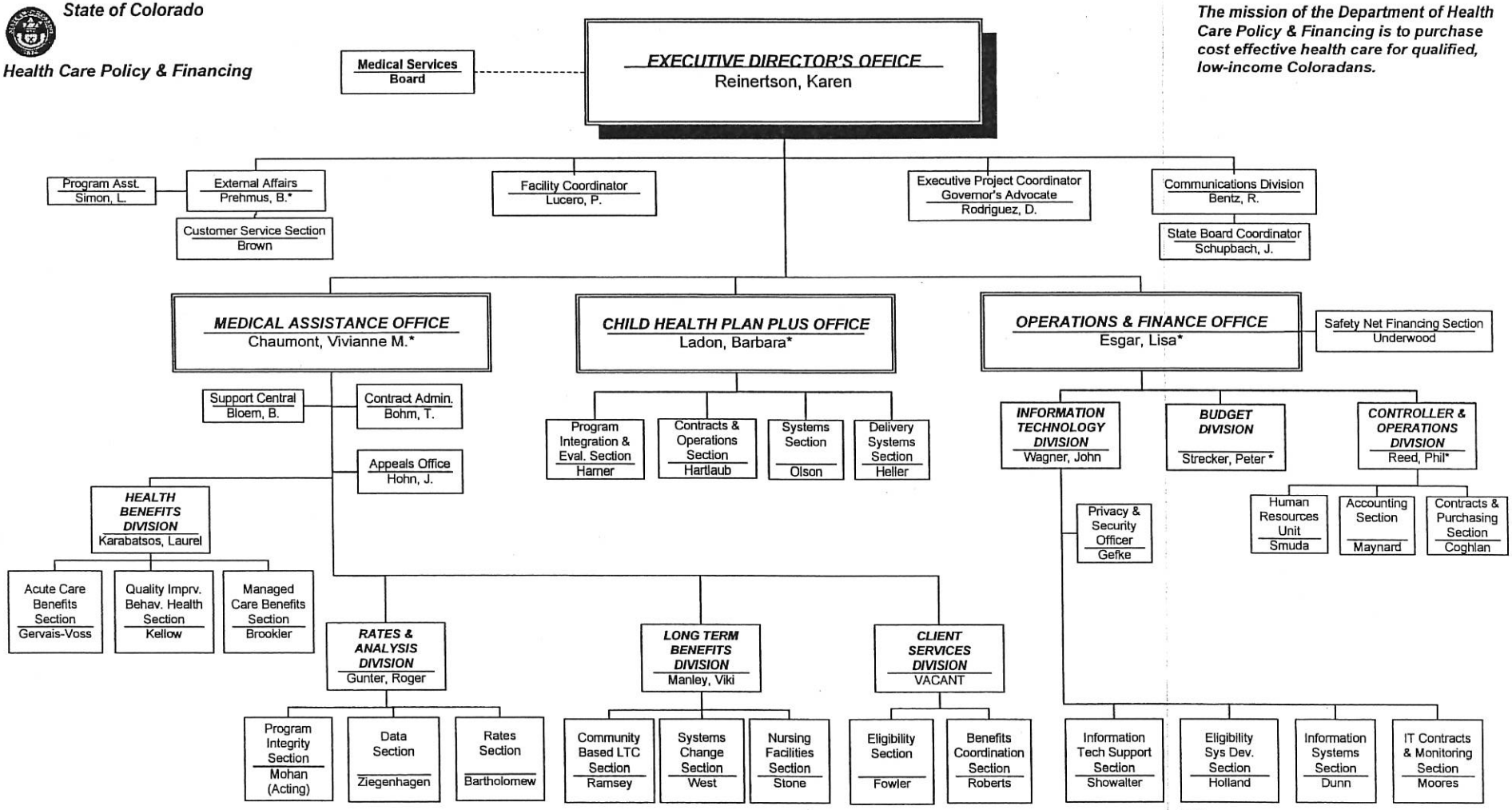
- Organization charts of the Oklahoma Health Care Authority and the Colorado Medical Services Board
- Table of decision points for development of a health care commission to supervise Medicaid

March 1, 2005

State of Colorado

Health Care Policy & Financing

The mission of the Department of Health Care Policy & Financing is to purchase cost effective health care for qualified, low-income Coloradans.



Karen Reinertson

February 14, 2005
Effective Date

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oklahoma health care authority

General	Consumer	Provider	Calendar	Search

Organizational Chart

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Decision Points

Issue	Options	Comments
Size of commission/board	Commonly selected sizes are five, seven, or eleven members. If all members attend and vote, an odd number of members should assure a majority vote on most issues.	
Characteristics of commissioners	Some health care commissions are composed primarily of health care providers and insurers, others exclude them entirely in favor of consumers. One commission we examined is composed only of legislators. A mix of characteristics is likely preferable. One commission we examined had the position of executive commissioner, which means that the CEO of the administrative body which reports to the commission is also a member of the commission.	
Source of appointment	Most commissions are appointed by the governor with the advice and consent of the Senate or both Houses of the Legislature. Another model is for the governor and the leadership of the Senate and the House of Representative to share making appointments.	
Terms of appointment	Appointment term of one, two and four years are common.	

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Issue	Options	Comments
Time Frame	Permanent or temporary	
Charge	Several options exist here; • Determine Medicaid policy • Make Medicaid administrative rules • Oversee all aspects of Medicaid agency • Hire Medicaid director • Oversee other health and social services departments (e.g., health, human services, juvenile justice, aging, etc.) • Plan for non-Medicaid health system organization and financing changes	
Staff	Should the Medicaid director report directly to the commission or should he/she report to an executive position that, in turn, reports to the commission?	
Agency relationships	With which departments should the commission have a relationship? Should it be a line relationship or one defined (and narrowed in scope) by a memorandum of understanding? If the commission is truly independent, what methods does it have at its disposal to influence the behavior of executive agencies?	

The Kansas Health Institute
March 1, 2005

KANSAS HEALTH INSTITUTE

MEMO

The Structure of Commissions

All commissions are created by the Legislature. The Legislature can also withdraw their charters. Through the method of appointment, they are linked to both the executive and the Legislature. Implicitly, both commissioners and the executive director of the Authority serve at the pleasure of the Governor. If this implicit understanding is insufficient, it can be made explicit in the statute.

The length of tenure creates a check afforded by rotation in office. On the attached table we list the several issues related to membership on health care commissions in Texas, Oklahoma, and Colorado.

Attributes of Health Care Commission Membership In Oklahoma, Colorado, and Texas

Attribute	OK	CO	TX
Number of members	7	11	8 + Executive Commissioner
Term of office	4	4	2
Appointed by	Gov. (3) Senate (2) House (2)	Governor	Governor
Confirmed by Senate	No	Yes	Yes
Limit on number of members from one party	No	Yes	No
Geographical representation	Yes	Yes	No
Allows members from out of state	No	No	No

March 7, 2005

8-17

receive health care data from those entities identified in K.S.A. 65-6805 and amendments thereto and provide for the dissemination of such data ~~as directed by the board~~.

(b) ~~As directed by the board, the secretary of health and environment~~ *The Kansas health policy authority* may contract with an organization experienced in health care data collection to collect the data from the health care facilities as described in subsection (h) of K.S.A. 65-425 and amendments thereto, build and maintain the database. The ~~secretary of health and environment~~ *Kansas health policy authority* may accept data submitted by associations or related organizations on behalf of health care providers by entering into binding agreements negotiated with such associations or related organizations to obtain data required pursuant to this section.

(c) The ~~secretary of health and environment~~ *Kansas health policy authority* shall adopt rules and regulations approved by the board governing the acquisition, compilation and dissemination of all data collected pursuant to this act. The rules and regulations shall provide at a minimum that:

(1) Measures have been taken to provide system security for all data and information acquired under this act;

(2) data will be collected in the most efficient and cost-effective manner for both the department and providers of data;

(3) procedures will be developed to assure the confidentiality of patient records. ~~Patient names, addresses and other personal identifiers will be omitted from the database~~;

(4) users may be charged for data preparation or information that is beyond the routine data disseminated and that the ~~secretary~~ *authority* shall establish by the adoption of such rules and regulations a system of fees for such data preparation or dissemination; and

(5) the ~~secretary of health and environment~~ *Kansas health policy authority* will ensure that the health care database will be kept current, accurate and accessible as prescribed by rules and regulations.

(d) Data and other information collected pursuant to this act ~~shall be confidential, shall be disseminated only for statistical purposes pursuant to rules and regulations adopted by the secretary of health and environment *Kansas health policy authority* and approved by the board and~~ shall not be disclosed or made public in any manner which would identify individuals. A violation of this subsection (d) is a class C misdemeanor.

(e) In addition to such criminal penalty under subsection (d), any individual whose identity is revealed in violation of subsection (d) may bring a civil action against the responsible person or persons for any damages to such individual caused by such violation.

Sec. 37. On January 1, 2006, K.S.A. 65-6805 is hereby amended to

Proposed Amendment

For Consideration

By House Select committee on Healthcare

March 30, 2005

by the Kansas health policy authority

HOUSE HEALTHCARE SELECT
DATE 3-30-2005
ATTACHMENT 9