

## MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairperson Brenda Landwehr at 1:40 P.M. on March 13, 2008 in Room 526-S of the Capitol.

All members were present except:

Committee staff present:

Norman Furse, Revisor of Statutes Office  
Dianne Rosell, Revisor of Statutes Office  
Melissa Calderwood, Kansas Legislative Research Department  
Cindy Lash, Kansas Legislative Research Department  
Chris Haug, Committee Assistant

Conferees appearing before the committee:

Marcia Nielson, PhD, Executive Director Kansas Health Policy Authority

Others Attending:

See Attached List.

**HB2934 - Health Care Reform Act of 2008**

There was discussion about the proposed amendment in Sec. 4 on Section 125 plans requiring the employee to pay for their premium with pre-tax dollars and mandating businesses to offer the cafeteria plan. It requires the employer to offer the employee the opportunity to participate in a section 125 and make it easier for the employee to afford the premium. This is only for businesses that are currently offering a health care plan for their employees. There was additional discussion on the cost to the employer and employee. Discussion occurred on premium only or POP plans, whatever premium the employee is paying would come from pre-tax money. Not all 125 plans offer everything.

The Proposed Amendments to **HB 2934** were passed out. New Sec. 3, is a proposal of a legislative study committee. This proposal will insert the proposed amendment that creates a joint statutory committee that would have the ability to meet on the call of the chair. The language was fashioned from the children's issue statute. The difference between this proposal and the children's issue statute is this one does not mandate the members of the committee come from specific committees. One of the things the children's issues committee has been charged with is the review of SCHIP, our Healthwave program. For this new committee, if they are going to be looking at health issues, it is important for SCHIP to be in this committee and not in Children's Issues. The Children's Issues committee is not being abolished, it is just moving the SCHIP responsibility into this new committee. The name of the committee will be Kansas Health Futures Committee. This will be an amendment that will be proposed. There was discussion about why this committee is doing this and not KHPA. The committee puts the responsibility more on the legislature and gives the committee the opportunity to work with the KHPA. This committee will not be in opposition of the KHPA, they will study different things. This would not be an oversight committee, this committee would report to the oversight committee.

Chairperson Landwehr asked staff to brief the committee on **HB2934** and the balloon the sub-committee left with yesterday. Melissa Calderwood, Legislative Research Department covered the changes to the balloon, using the handout, "Subcommittee Report **HB2934 – Health Reform Act of 2008**". (Attachment 1) There was discussion about the Mandatory offer of POPS. New section 4 will incorporate new section 1. It was decided to make the amendments as we go.

The Revisors office passed out the balloon amendments for **HB2934**. Representative Crum made the motion to accept the amendment with the balloons in New Section 1, starting on line 31. Seconded by Representative Kiegerl. There was discussion on the Mandatory POP, and the premium only cafeteria plan. It was noted the motion needed to be withdrawn. Representative Crum withdrew his motion and Representative Kiegerl withdrew his second. Chairperson Landwehr stated, "New Section 1 starting on 16 to line 30 was struck, do I have a motion". The motion was made by Representative Mast. Seconded by Representative Schroeder. The motion carried.

## CONTINUATION SHEET

MINUTES OF THE House Health and Human Services Committee at 1:30 P.M. on March 13, 2008 in Room 526-S of the Capitol.

Chairperson Landwehr stated, now we are on New section 1 lines 31 to 37, with 3 balloons. Representative Crum moved that we pass amended new section 1. Representative Kiegerl seconded. There was discussion that this new section 1 pertained to insurers and not employees. The Motion Carried.

Representative Ward asked to make an amendment to take all of the language in **HB2934** and put in **SB 540-Health insurance; Kansas small business health policy committee act health insurance clearinghouse, age of dependents, very small employers. & SB541-Powers and duties of the Kansas Health Policy Authority; relating to a medical home, premium assistance and small business wellness grant program; establishing a health reform fund.** The chairperson stated she would be happy to entertain his motion. Representative Ward outlined what these amendments would do. These amendments have been fully vetted by experts in health care delivery. Representative Ward moved we amend HB2934 by taking all the contents currently therein and substitute the contents therein of original SB540 and SB541 and add a new section with cost of premium assistance only being for 1 year. Seconded by Representative Tietze. There was discussion about the KHPA making a conscious decision to run through the Senate and not the House. The House decided something had to occur in order for the House to have a position. Chair Landwehr would be opposed to the amendment. Discussion occurred on the benefits in **SB 540 & SB541** versus what is not included in **HB2934** and on premium assistance. Also discussion on how do the working poor benefit from the senate bills. Representative Ward clarified what his amendment covered.

Dr. Nielson explained the Premium Assistance Program. There was additional discussion about the enhanced premium assistance program and the possible shortfall with this proposal. Representative Ward clarified it would only be for one year.

Representative Mast stated we are taking two bill that came out of the senate damaged and a lot of people have given their support of the house bill, she will not be supporting amendment. Representative Neighbor felt this was a complicated issue and felt the committee did not finish the job. She said she would support the amendment. Representative Hill will be supporting Representative Ward's amendment

Chairperson Landwehr stated it has been moved and seconded to remove all language in **HB2934** as introduced. and insert the original **SB540** and **SB541**. After the vote, a division was requested. The vote was ten yes and ten no. The chair voted no. The Motion failed. Yes votes recorded - Representative's Ward, Storm, Trimmer, Neighbor, Garcia, Tietze, Flaharty, Quigley.

Back on the bill. Section 3, Strike current language regarding an LCC appointed Legislative committee and inserting the language that would create a joint statutory language into that which was presented to you on the legal size sheets as an amendment. The chair would entertain a motion to accept proposed amendment to HB2934 which establishes a committee of legislative branch of state government. Representative Mast made the motion, Representative Colyer seconded. There was discussion about the committees that currently exist and Representative Ward said he would not be for creating an additional committee, he will be voting against this. There was further discussion about what type of committee it would be. Representative Holland stated he would not be supporting this.

There was a recess at 3:20 p.m. and the meeting began again at 5:20 p.m.

Chairperson Landwehr entertained a motion to adopt the amendment. After the vote, a division was requested. The vote was 10 yes and 9 no. The motion carried.

Chairperson Landwehr entertained a motion to adopt remaining balloons in HB2934 that staff put together. Representative Mast made the motion to adopt. Seconded by Representative Rhoades Chairperson Landwehr said we would not be advancing the bill tonight we will do that tomorrow. Division was requested. In favor 10, 8 against. The no votes, wishing to be recorded: Representative's Ward, Storm, Trimmer, Neighbor, Quigley, Tietze, Flaharty.

Representative Crum made a motion to reinstate new section 4 back into HB2934, replacing the words "such employer" with "an employee shall" striking "not provide such coverage unless the employer has" shall also and remove "established" and replace with "offer". Representative Mast Seconded. The motion carried.

CONTINUATION SHEET

MINUTES OF THE House Health and Human Services Committee at 1:30 P.M. on March 13, 2008 in Room 526-S of the Capitol.

Record of no votes: Representative's Ward, Neighbor and Tietze.

Motion to have new committee Kansas Health Futures examine health care. Representative Landwehr made the motion to adopt. Representative Mast seconded. The motion carried.

Chairperson Landwehr said we are not making a motion on the bill tonight. Staff will work to get bill together.

The meeting was adjourned at 6:00 p.m. The next meeting will be March 14, 2008 at first adjournment of the House.

# HOUSE HEALTH AND HUMAN SERVICES COMMITTEE GUEST LIST

DATE: March 13, 2008

NAME	REPRESENTING
Dave Ranney	KHI
Dodd Fleischer	Ks. Optometric Assoc.
Kari Presley	Kearney & Associates
DAN LEWIS	SRS
Dave Heinemann	ACS
Mike Reecht	GBBA
Stephanie White Buchanan	CMS
Dodie Weekshear	KAFP
Chad Austin	KHA
Dan Morin	KMS
Bob Williams	Ks Assoc Osteopathic Med.
Kerri Spielman	KAIA
Larry Magill	KAIA
Janice Leo K	Federico Consulting
Reagan Cussinano	KHPA
Marci Nielsen	KHPA
Tracy Russell	KHPA
Andy Allison	KHPA
Ray Gacher	GBBA
Sharon Carkluff Fogel	KHI
YC Maree	KHI
Cynthia Smith	SCL Health System
Gary Robins	Ks Optometric Assoc

**Subcommittee Report  
HB 2934 -- Health Reform Act of 2008**

Section Number - Revisor Balloon	Short Description	Section Description	Subcommittee Action/ Comment
New Sec. 1	Mandatory Offer of POPs -- Insurers	<ul style="list-style-type: none"> <li>▪ Insurers that offer group health insurance must provide the option of establishing a premium only cafeteria plan. "Insurer" is defined.</li> <li>▪ Establishment of POP or other payroll deduction plan is not in violation of KSA 40-2404.</li> <li>▪ Insurer can charge a fee for establishing POP or can use a vendor for plan establishment.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strike New Section 1 (Premium-Only cafeteria Plans).</li> <li>▪ Subcommittee new section 1 is an <i>amended</i> version of New Section 2 in the original bill.</li> </ul>
New Sec. 2	LCC Study Committee	<ul style="list-style-type: none"> <li>▪ LCC to appoint 2008 Interim study committee to study and review individual, small employer reinsurance program, role of high risk pool and make recs regarding modernization of Medicaid and SCHIP.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee new section 2 is the language from new section 3 in the original bill.</li> <li>▪ New Section 4 in original bill was first amended and later stricken upon <i>recommendation</i> of the Subcommittee.</li> </ul>
New Sec. 3	Individual Income Tax Credit	<ul style="list-style-type: none"> <li>▪ Kansas income tax credit for individuals for amounts paid for health insurance or care in the form a health benefit plan and amounts contributed to HSA.</li> <li>▪ After Dec. 31, 2008, credit shall be \$35/mo. or 50% of total, whichever is less, for first two years. In 3rd year, credit shall be 75% of the lesser of \$35/mo. or 50% of total. In 4th year, credit shall be 50% of the lesser of \$35/mo. or 50% of the total. In 5th year, credit shall be 25% of the lesser of \$35/mo. or 50% of the total. No credit allowed in sixth and subsequent years.</li> <li>▪ For tax credits claimed - amount of allowed deduction is reduced by amount of credit. If credit allowed exceeds taxes imposed, portion of credit which exceeds taxes is refunded.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee new section 3 is the language from new section 5 in the original bill.</li> </ul>
New Sec. 4	Mandatory Offer, High Risk Pool	<ul style="list-style-type: none"> <li>▪ Administering carrier, beginning with 2009 Plan Year, must offer option of coverage through section 125 cafeteria plan (this may include a HDHP and establishment of HSA.) Must issue an RFP. HDHP, HSA, Health benefit plan defined.</li> <li>▪ Part of the Kansas Uninsurable Health Insurance Plan Act.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee new section 4 is <i>amended</i> language from new section 6 in the original bill.</li> <li>▪ Subcommittee clarified plan to be offered (section 125) and directed the placement of the provision for inclusion in a named act.</li> </ul>

House Health + Human Services Committee  
3-13-08  
Attachment 1

**Subcommittee Report  
HB 2934 -- Health Reform Act of 2008**

S	Penalties; Inspector General	<ul style="list-style-type: none"> <li>Amends KSA 21-3851 to specify IG receives 50% of moneys recovered due to uncovering Medicaid fraud, with moneys not to exceed a cumulative total of \$2.0 million for the period ending FY 2013.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 5 is <i>amended</i> language from section 7 in the original bill.</li> <li>The Subcommittee inserted "cumulative."</li> </ul>
Sec. 6	Eligibility Requirements, Social Welfare	<ul style="list-style-type: none"> <li>Amends KSA 2007 Supp. 39-709 to clarify eligibility requirements for medical assistance (less than 18 years of age and those persons over age 18).</li> <li>Require Medical Assistance (MA) participants to participate in a wellness program to assist in quitting smoking, losing weight (obese), or ceasing to abuse drugs, or any combo. On and after July 1, 2009, recipient must show progress in these areas (as certified annually by a doctor). If no progress is shown in a specified time period, the recipient would receive reduced benefits (minimum benefits required by federal law). The Commissioner of Insurance may waive any rule and regulation or any mandated coverage required by state law for such plan and the coverage is to be available for 3 years from date state MA ends.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 6 is language from section 8 in the original bill.</li> </ul>
Sec. 7	COBRA -- Nonprofit Medical & Hospital Service Corps.	<ul style="list-style-type: none"> <li>Amends KSA 2007 Supp. 40-19c06 to extend state continuation of coverage period from 6 to 18 months.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 7 is language from section 9 in the original bill.</li> </ul>
Sec. 8	Kansas Health Insurance Assn. (High Risk Pool Board)	<ul style="list-style-type: none"> <li>Amends KSA 40-2119 to require Board to study expanding participation in the plan (expanded eligibility) and providing for subsidization of premiums, including accessing federal grants and program.</li> <li>Board is to prepare and submit a report of its finding to legislative leadership and the Joint Committee on Health Policy Oversight on or before November 15, 2008.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 8 is <i>amended</i> language from section 10 in the original bill.</li> <li>Subcommittee required the Board to prepare and submit a report of its findings.</li> </ul>
Sec. 9	High Risk Pool, Maximum Lifetime Benefit	<ul style="list-style-type: none"> <li>Amends KSA 40-2124 (part of the Kansas Uninsurable Health Insurance Plan Act) to increase the maximum lifetime benefit from \$1.0 million to \$3.0 million.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 9 is language from section 11 in the original bill.</li> </ul>
Sec. 10	COBRA -- Group Accident & Sickness Insurance	<ul style="list-style-type: none"> <li>Amends KSA 2007 Supp. 40-2209 to extend state continuation of coverage period from 6 to 18 months.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 10 is language from section 12 in the original bill.</li> </ul>
Sec. 11	Small Employers' Health Care; definitions	<ul style="list-style-type: none"> <li>Amends KSA 40-2209d to allow that a "health benefit plan" would include a section 125 plan which offers the option of receiving coverage through an HDHP/ HSA (terms defined).</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 11 is language from section 13 in the original bill.</li> </ul>

1-2

2-2

**Subcommittee Report**  
**HB 2934 -- Health Reform Act of 2008**

Sec. 12	Small Employers' Health Care; Benefit Plans	<ul style="list-style-type: none"> <li>▪ Amends KSA 2007 Supp. 40-2240 to allow any health benefit plan to be offered through a cafeteria plan. The plan may be offered through the option of an HDHP/ HSA (terms defined).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Section 14 in original bill was stricken upon <i>recommendation</i> of the Subcommittee. The section applied to small employer carriers actively marketing all health plans.</li> <li>▪ Subcommittee section 12 is language from section 15 in the original bill.</li> </ul>
Sec. 13	COBRA -- HMOs, Medicare Provider Orgs.	<ul style="list-style-type: none"> <li>▪ Amends KSA 2007 Supp. 40-3209 to extend state continuation of coverage period from 6 to 18 months.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee section 13 is language from section 16 in the original bill.</li> </ul>
Sec. 14/ Sec. 15	Safety Net Clinics -- Definitions, Other provisions	<ul style="list-style-type: none"> <li>▪ Amends KSA 2007 Supp. 65-7402 (Primary Care Safety Net Clinic Capital Loan Guarantee Act) to create a definition of "provider-based indigent care clinic." The clinic would be located in a Medicare-certified hospital, nursing home, or home health agency. This clinic is included within the definition of a "primary care safety net clinic."</li> <li>▪ Amends KSA 2007 Supp. 65-7403 (Act noted above) to permit the KDHE Secretary to enter into agreements with provider-based indigent care clinics to allow these clinics to act as primary care safety net clinics.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee sections 14 and 15 are <i>amended</i> language from sections 17 and 18 in the original bill.</li> <li>▪ Subcommittee recommendation strikes the definition of "hospital clinic" and references to, and inserts "provider-based indigent care clinic."</li> </ul>
Sec. 16	State Employee Health Care Benefits Program	<ul style="list-style-type: none"> <li>▪ Amends KSA 2007 Supp. 75-6501 to require the state's employer contribution to any HSA plan to state employees be equal to the state's employer contribution to any fully insured plans offered to state employees.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee section 16 is <i>amended</i> language from section 19 in the original bill.</li> <li>▪ Subcommittee recommendation strikes the provision requiring the Health Care Commission to offer coverage equivalent to the minimum federal Medicaid benefits.</li> </ul>
Sec. 17	Medicaid Contract Participation	<ul style="list-style-type: none"> <li>▪ Amends KSA 2007 Supp. 75-7427 (IG statute) to provide that contractors convicted of fraud, waste, abuse, or illegal acts that have caused the State to pay fines or reimburse the fed gov't more than \$1.0 million (Medicaid program) are not eligible for any state Medicaid contracts, with certain exceptions. A technical change also is made to clarify the IG reports to the KHPA Board.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Subcommittee section 17 is language from section 20 in the original bill.</li> </ul>

13

2-3

**Subcommittee Report  
HB 2934 -- Health Reform Act of 2008**

S	Interim Study Required	<ul style="list-style-type: none"> <li>Amends KSA 2007 Sup. 75-7423 (part of 2007 SB 11) to direct KHPA, in consultation with the Joint Committee on Health Policy Oversight, to study the various Medicaid reform options and to report its recs to the Governor and Legislature on or before November 15, 2008.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee section 18 is <i>amended</i> language from section 21 in the original bill.</li> <li>Subcommittee recommendation clarifies the Interim time period and inserts a new reporting date.</li> <li>Section 22 in original bill was stricken upon <i>recommendation</i> of the Subcommittee. The provision would have allowed for a tax deduction for qualified health insurance premiums.</li> </ul>
New Section	Health-related incentives, Insurers	<ul style="list-style-type: none"> <li>Allows insurers to establish health-related fits, premium discounts or rebates, contributions toward an individual's HSA or a reduction in co-payments, coinsurance, deductibles, or any combination of these incentives in return for participation in programs promoting wellness, health and disease prevention. The incentive does not violate KSA 40-2404 (unfair or deceptive act).</li> </ul>	
New Section	Young Adult Policies	<ul style="list-style-type: none"> <li>Requires insurers to provide "young adult policies" which are to include a limited benefits package (specific to young adults) and reduced premiums based on the benefits offered. A "young adult" is defined as an individual who is at least 18 and not yet 26.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee recommendation inserts section 2, SB 540 (as introduced).</li> </ul>
New Section	KHPA Board Membership	<ul style="list-style-type: none"> <li>Amends KSA 2007 Supp. 75-7401 to add the Commissioner of Education to the KHPA Board as a non-voting, ex-officio member.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee recommendation inserts section 2, SB 541 (Senate Committee version). The language for Board membership remains unchanged from original bill.</li> </ul>
New Section	Medical Home Definition	<ul style="list-style-type: none"> <li>Defines a "medical home" to mean "a health care delivery model in which a patient establishes an ongoing relationship with a physician or other personal care provider in a physician-directed team, to provide comprehensive, accessible and continuous evidence-based primary and preventive care, and to coordinate the patient's health care needs across the health care system in order to improve quality and health outcomes in a cost effective manner.</li> </ul>	<ul style="list-style-type: none"> <li>Subcommittee recommendation inserts a section 3, SB 541 (Senate Committee version). The Senate Committee language differs from the language proposed in the original bill.</li> </ul>
Sec. 19-21 (to be renumbered)	Act Named	<ul style="list-style-type: none"> <li>Changes to law in this act to constitute, "The Health Reform Act of 2008." The following section would repeal statutes amended under the bill.</li> <li>Act is effective upon publication in the statute book.</li> </ul>	

1-4

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