

SESSION OF 2006

**SECOND CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 332**

As Agreed to April 26, 2006

Brief*

SB 332, as agreed to by the Conference Committee, includes provisions of that bill as passed by the House and HB 2593 and HB 2722 as those bills were amended by the Senate Committee on Education. As such, the bill addresses the purchase of insurance by state universities and establishes an incentive program for low-income families saving for college educations.

Insurance Purchases

The bill would allow state universities to purchase insurance, other than employee health insurance, independently of the Committee on Surety Bonds and Insurance. A university that purchases insurance under the authority provided by the bill would have to make that purchase using a competitive bid or competitive negotiation in accordance with procedures prescribed by the State Board of Regents. The bill would require that the insurance be purchased from an insurance company authorized to do business in Kansas. These provisions were included in SB 332, as passed by the House.

Under current law, most state agencies are prohibited from purchasing insurance. These purchases are made by the Committee on Surety Bonds and Insurance. This Committee consists of the State Treasurer, the Attorney General, and the Commissioner of Insurance or their respective designees.

The bill also would authorize the Board of Regents to enter into contracts for health and accident insurance or the services of a health maintenance organization for students of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. The conference committee summary report may be accessed on the Internet at <http://www.kslegislature.org>

These provisions were included in HB 2593, as amended by the Senate Committee on Education.

Under current law, health insurance for student employees at the state universities is provided through the Kansas State Employees Health Care Commission. The bill would transfer that authority to the Board of Regents. In addition, the Kansas State Employees Health Care Commission would no longer be able to charge the state universities for employer contributions for health care benefits for student employees. The bill would require that the Kansas State Employees Health Care Commission continue coverage for the student employees until any contracts entered into by the Board of Regents become effective. In addition, the insurance would not cover procedures that are not medically required as determined by the treating physician.

Low-Income Family Postsecondary Savings Accounts Incentive Program

The would establish the Low-Income Family Postsecondary Savings Accounts Incentive Program. The program would be a three-year pilot program providing a state match of postsecondary account (Learning Quest) deposits by Kansas individuals or families with a household income of not more than 200 percent of the federal poverty level. The pilot program would be limited to 400 approved applications in each fiscal year. No more than 100 applications from each Congressional district could be approved each fiscal year. The bill would provide that the state match deposits on a dollar-for-dollar basis if the participant contributes at least \$100 each year to a maximum of \$600 per year.

State funding would be subject to appropriations with the amount for marketing and administration of the program limited to \$50,000. Match funds would be transferred from the State General Fund to the Kansas Postsecondary Education Savings Program Trust Fund based upon amounts certified by the State Treasurer. The program would sunset at the end of FY 2009. These provisions were included in HB 2722, as amended by the Senate Committee.

Conference Committee Action

In the Conference Committee, the Senate conferees agreed to the House version of SB 332 and the House conferees agreed to the Senate Committee amendments to HB 2593 and HB 2722. The latter

two bills had not been acted upon by the Senate and both bills had been referred to the Ways and Means Committee at the time the Conference Committee took action. The conferees also agreed to combine the bills. In addition, the Conference Committee agreed to add language prohibiting the health insurance policies from covering procedures that are not medically required as determined by the treating physician.

Background

SB 332 was introduced by the Legislative Educational Planning Committee as a part of the legislative package of the Board of Regents. A representative of the University of Kansas spoke in favor of the bill at the hearing in the Senate Education Committee. A representative of the Kansas Association of Insurance Agents spoke in opposition to the bill.

The Senate Committee amended the bill to require that insurance purchased by the state universities must be purchased from an insurance company authorized to do business in Kansas.

At the House Higher Education Committee hearing, a representative of the University of Kansas presented testimony in support of the bill. A representative of the Board of Regents presented written testimony in support of the bill. No opponents to the bill presented testimony at the House Committee hearing.

The House Committee amended the bill to require that universities use a competitive bid or competitive negotiation process established by the Board of Regents to purchase insurance pursuant to the bill.

The fiscal note issued by the Division of the Budget for the introduced version of SB 332 states that any potential savings that might result from enactment of the bill cannot be estimated. The Senate and House committee amendments, which were retained by the Conference Committee, may change the initial assessment of the bill's potential fiscal impact.

HB 2593 was introduced by the Legislative Educational Planning Committee as a part of the legislative package requested by the Board of Regents. At the House Higher Education Committee hearing, a representative of the University of Kansas testified in favor of the bill. In addition, the President of the Board of Regents provided written testimony in support of the bill. There were no opponents to the bill

present at the Committee hearing.

The House Higher Education Committee amended the bill to include a provision requiring that the Kansas State Employees Health Care Commission continue coverage for the student employees until any contracts entered into by the Board of Regents become effective.

The House Committee of the Whole amended the bill to prohibit coverage of abortions under the new health insurance policy.

The Senate Committee amended the bill to remove provisions prohibiting coverage of abortions under the new health insurance policy.

The fiscal note prepared by the Division of the Budget for the introduced version of HB 2722 states that the bill would have a negligible fiscal impact. The potential fiscal impact of the provisions of HB 2593 included by the Conference Committee in SB 332 would not materially differ from the impact of the introduced version of the bill.

HB 2722 was introduced by the House Committee on Higher Education at the request of Rep. Ed O'Malley. Proponents testifying at the House Higher Education Committee hearing included Representative O'Malley, representatives of the State Treasurer's Office and Kansas Action for Children. Written testimony in support of the bill was received from representatives of Washington University, the Kansas Department of Social and Rehabilitation Services, and the Board of Regents. No opponents of the bill presented testimony to the House Committee. The House Committee recommended the bill without amendment.

The Senate Committee amended the bill to limit appropriations for marketing and administration of the program to \$50,000; provide a transfer mechanism from the State General Fund to the Kansas Postsecondary Education Savings Program Trust Fund; and to clarify that the state match sunsets in FY 2009.

The fiscal note from the Division of the Budget, prepared for the introduced version of the bill, cites a fiscal impact of \$340,000, including \$240,000 for the match funds and \$100,000 for marketing and administration of the program. The Senate Committee amendment to the bill may change the fiscal impact of the provisions included in the Conference Committee report.