

HOUSE BILL No. 2245

By Committee on Insurance

Requested by Representative Sutton

2-4

1 AN ACT concerning the commissioner of insurance; relating to the
2 division of the state employee health benefits plan; transferring
3 officers, employees, powers, duties and functions relating to the state
4 health care benefits program and the state workers compensation self-
5 insurance fund from the division of the state employee health benefits
6 plan of the department of administration to the insurance department;
7 establishing the commissioner of insurance as the chairperson of the
8 Kansas state employees health care commission; providing that all
9 management functions of such commission shall be administered by the
10 commissioner of insurance; eliminating a pilot program regarding
11 employer contributions for certain children; amending K.S.A. 44-575,
12 44-577, 44-578 and 75-6503 and K.S.A. 2023 Supp. 75-6502 and
13 K.S.A. 2024 Supp. 44-512 and repealing the existing sections.
14

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

16 New Section 1. All powers, duties and functions of the staff of the
17 division of the state employee health benefits plan of the department of
18 administration established in K.S.A. 75-6501 et seq. and 75-7405(c)(7),
19 and amendments thereto, and any other statute involving the
20 administration of the state health care benefits program are hereby
21 transferred to and imposed upon the insurance department under the
22 direction of the commissioner of insurance.

23 New Sec. 2. (a) All officers and employees of the division of the state
24 employee health benefits plan of the department of administration who,
25 immediately prior to July 1, 2025, are engaged in the exercise and
26 performance of the powers, duties and functions involving the
27 administration of the state employee health benefits plan, as well as all
28 officers and employees of the department of administration who are
29 determined by the commissioner of insurance to be engaged in providing
30 administrative, technical or other support services that are essential to the
31 exercise and performance of the powers, duties and functions transferred
32 by section 1, and amendments thereto, are hereby transferred to the
33 insurance department. All classified officers and employees so transferred
34 shall retain their status as classified employees.

35 (b) Officers and employees of the division of the state employee

1 health benefits plan of the department of administration transferred by this
2 section shall retain all retirement benefits and leave balances and rights
3 that had accrued or vested prior to the date of transfer. The service of each
4 such officer and employee so transferred shall be deemed to have been
5 continuous. Any subsequent transfers, layoffs or abolition of classified
6 service positions under the Kansas civil service act shall be made in
7 accordance with the civil service laws and any rules and regulations
8 adopted thereunder. Nothing in this section shall affect the classified status
9 of any transferred person employed by the division of the state employee
10 health benefits plan of the department of administration prior to the date of
11 transfer.

12 (c) Notwithstanding the effective date of this section, the provisions
13 of this section prescribing the transfer of officers and employees from the
14 division of the state employee health benefits plan of the department of
15 administration to the insurance department shall commence at the start of a
16 payroll period.

17 New Sec. 3. (a) The insurance department shall be the successor in
18 every way to the powers, duties and functions of the division of the state
19 employee health benefits plan of the department of administration
20 involving the administration of the state health care benefits program that
21 were vested pursuant to K.S.A. 75-37,162 through 75-37,168, prior to their
22 repeal.

23 (b) Every act performed in the exercise of such transferred powers,
24 duties and functions by or under the authority of the insurance department
25 and the commissioner of insurance involving the administration of the
26 state health care benefits program shall be deemed to have the same force
27 and effect as if performed by the division of the state employee health
28 benefits plan, the secretary of administration or the director of the state
29 employee health benefits plan in which the same were vested pursuant to
30 K.S.A. 75-37,162 through 75-37,168, prior to their repeal.

31 (c) Whenever the division of the state employee health benefits plan
32 of the department of administration or words of like effect are referred to
33 or designated by a statute, contract, memorandum of agreement or other
34 document and such reference is in regard to any of the powers, duties and
35 functions transferred to the insurance department pursuant to section 1,
36 and amendments thereto, such reference or designation shall be deemed to
37 apply to the insurance department.

38 (d) All rules and regulations, orders and directives of the division of
39 the state employee health benefits plan of the department of administration
40 that relate to the powers, duties and functions transferred by section 1, and
41 amendments thereto, and are in effect on July 1, 2024, shall continue to be
42 effective and shall be deemed to be rules and and regulations, orders and
43 directives of the commissioner of insurance until revised, amended,

1 repealed or nullified pursuant to law.

2 New Sec. 4. (a) The balances of all funds or accounts thereof
3 appropriated or reappropriated for the division of the state employee health
4 benefits plan of the department of administration relating to the powers,
5 duties and functions involving the administration of the state health care
6 benefits program are hereby transferred within the state treasury to the
7 insurance department and shall be used only for the purpose for which the
8 appropriation or reappropriation was originally made.

9 (b) Liability for all accrued compensation or salaries of officers and
10 employees who are transferred to the insurance department pursuant to
11 section 2, and amendments thereto, shall be assumed and paid by the
12 insurance department.

13 New Sec. 5. (a) The insurance department shall succeed to all
14 property, property rights, contracts and records that were used for or
15 pertain to the performance of powers, duties and functions involving the
16 administration of the state health care benefits program that were
17 transferred to the division of the state employee health benefits plan of the
18 department of administration pursuant to K.S.A. 75-37,162 through 75-
19 37,168, prior to their repeal.

20 (b) When any conflict arises as to the disposition of any personnel,
21 property, property right, contract, record, power, duty, function or the
22 unexpended balance of any appropriation as result of any transfer made by
23 or under the provisions of sections 1 through 5, and amendments thereto,
24 such conflict shall be resolved by the commissioner of insurance, whose
25 decision shall be final.

26 New Sec. 6. (a) No suit, action or other proceeding, judicial or
27 administrative, lawfully commenced, or that could have been commenced,
28 by or against the division of the state employee health benefits plan of the
29 department of administration or by or against the secretary of
30 administration in such secretary's official duties, shall abate by reason of
31 the transfer effected under the provisions of sections 1 through 5, and
32 amendments thereto. The court may allow any such suit, action or other
33 proceeding to be maintained by or against the insurance department or the
34 commissioner of insurance.

35 (b) No criminal action commenced or that could have been
36 commenced by the state shall abate by reason of the transfer effected under
37 the provisions of sections 1 through 5, and amendments thereto.

38 New Sec. 7. (a) All powers, duties and functions of the staff of the
39 division of the state employee health benefits plan of the department of
40 administration established in K.S.A. 44-575 through 44-580, and 75-
41 7405(c)(8), and amendments thereto, and any other statute involving the
42 administration of the state workers compensation self-insurance fund are
43 hereby transferred to and imposed upon the insurance department, under

1 the direction of the commissioner of insurance.

2 (b) The balances of all funds or accounts thereof appropriated or
3 reappropriated for the division of the state employee health benefits plan
4 of the department of administration or any state agency, department, board,
5 commission or council, relating to the powers, duties and functions
6 involving the administration of the state workers compensation self-
7 insurance fund are hereby transferred within the state treasury to the
8 insurance department and shall be used only for the purpose for which the
9 appropriation or reappropriation was originally made. Liability for all
10 accrued compensation or salaries of officers and employees who are
11 transferred to the insurance department pursuant to this section shall be
12 assumed and paid by the insurance department.

13 (c) Except as provided in this section, the commissioner of insurance
14 shall be the successor in every way to the powers, duties and functions of
15 the secretary of administration that relate to the state workers
16 compensation self-insurance fund, in which the same were vested prior to
17 July 1, 2025.

18 (d) All orders and directives of the secretary of administration that
19 relate to the state workers compensation self-insurance fund in existence
20 immediately prior to July 1, 2025, shall continue to be effective and shall
21 be deemed to be the orders or directives of the commissioner of insurance,
22 until revised, amended, repealed or nullified pursuant to law.

23 (e) The commissioner of insurance shall succeed to all property,
24 property rights, contracts and records that were used for or pertain to the
25 performance of the powers, duties and functions transferred to the
26 commissioner of insurance from the division of the state employee health
27 benefits plan of the department of administration pursuant to this section.
28 Any conflict as to the proper disposition of property, property rights,
29 contracts and records arising under this section shall be resolved by the
30 commissioner of insurance, whose decision shall be final.

31 (f) All officers and employees of the division of the state employee
32 health benefits plan of the department of administration who, immediately
33 prior to July 1, 2024, are engaged in the exercise and performance of the
34 powers, duties and functions involving the administration of the state
35 workers compensation self-insurance fund and transferred by this section,
36 as well as all officers and employees of the department of administration
37 who are determined by the commissioner of insurance to be engaged in
38 providing administrative, technical or other support services that are
39 essential to the exercise and performance of the powers, duties and
40 functions transferred by this section, are hereby transferred to the
41 insurance department, under the direction of the commissioner of
42 insurance. All classified officers and employees so transferred shall retain
43 their status as classified employees.

1 (g) Officers and employees of the division of the state employee
2 health benefits plan of the department of administration transferred by this
3 section shall retain all retirement benefits and leave balances and rights
4 that had accrued or vested prior to the date of transfer. The service of each
5 such officer or employee so transferred shall be deemed to have been
6 continuous. Any subsequent transfers, layoffs or abolition of classified
7 service positions under the Kansas civil service act shall be made in
8 accordance with the civil service laws and any rules and regulations
9 adopted thereunder. Nothing in this section shall affect the classified status
10 of any transferred person employed by the division of the state employee
11 health benefits plan of the department of administration prior to the date of
12 transfer.

13 Sec. 8. K.S.A. 44-512 is hereby amended to read as follows: 44-512.
14 Workers compensation payments shall be made at the same time, place and
15 in the same manner as the wages of the worker were payable at the time of
16 the accident, but upon the application of either party the administrative law
17 judge may modify such requirements in a particular case as the
18 administrative law judge deems just, except that: (a) Payments from the
19 workers compensation fund established by K.S.A. 44-566a, and
20 amendments thereto, shall be made in the manner approved by the
21 commissioner of insurance; (b) payments from the state workers
22 compensation self-insurance fund established by K.S.A. 44-575, and
23 amendments thereto, shall be made in a manner approved by the ~~secretary~~
24 ~~of health and environment~~ *commissioner of insurance*; and (c) whenever
25 temporary total disability compensation is to be paid under the workers
26 compensation act, payments shall be made only in cash, by check or in the
27 same manner that the employee is normally compensated for salary or
28 wages and not by any other means, except that any such compensation
29 may be paid by warrant of the director of accounts and reports issued for
30 payment of such compensation from the workers compensation fund or the
31 state workers compensation self-insurance fund under the workers
32 compensation act.

33 Sec. 9. K.S.A. 44-575 is hereby amended to read as follows: 44-575.
34 (a) As used in K.S.A. 44-575 through 44-580, and amendments thereto,
35 "state agency" means the state, or any department or agency of the state,
36 but not including the Kansas turnpike authority, the university of Kansas
37 hospital authority, any political subdivision of the state or the district court
38 with regard to district court officers or employees whose total salary is
39 payable by counties.

40 (b) For the purposes of providing for the payment of compensation
41 for claims arising on and after July 1, 1974, and all other amounts required
42 to be paid by any state agency as a self-insured employer under the
43 workers compensation act and any amendments or additions thereto, there

1 is hereby established the state workers compensation self-insurance fund
2 in the state treasury. The name of the state workmen's compensation self-
3 insurance fund is hereby changed to the state workers compensation self-
4 insurance fund. Whenever the state workmen's compensation self-
5 insurance fund is referred to or designated by any statute, contract or other
6 document, such reference or designation shall be deemed to apply to the
7 state workers compensation self-insurance fund.

8 (c) The state workers compensation self-insurance fund shall be liable
9 to pay: (1) All compensation for claims arising on and after July 1, 1974,
10 and all other amounts required to be paid by any state agency as a self-
11 insured employer under the workers compensation act and any
12 amendments or additions thereto; (2) the amount that all state agencies are
13 liable to pay of the "carrier's share of expense" of the administration of the
14 office of the director of workers' compensation as provided in K.S.A. 74-
15 712 through 74-719, and amendments thereto, for each fiscal year; (3) all
16 compensation for claims remaining from the self-insurance program which
17 existed prior to July 1, 1974, for institutional employees of the commission
18 of community services and programs of the Kansas department for aging
19 and disability services; (4) the cost of administering the state workers
20 compensation self-insurance fund including the defense of such fund and
21 any costs assessed to such fund in any proceeding to which it is a party;
22 and (5) the cost of establishing and operating the state workplace health
23 and safety program under subsection (f). For the purposes of K.S.A. 44-
24 575 through 44-580, and amendments thereto, all state agencies are hereby
25 deemed to be a single employer whose liabilities specified in this section
26 are hereby imposed solely upon the state workers compensation self-
27 insurance fund and such employer is hereby declared to be a fully
28 authorized and qualified self-insurer under K.S.A. 44-532, and
29 amendments thereto, but such employer shall not be required to make any
30 reports thereunder.

31 ~~The secretary of health and environment~~ *commissioner of*
32 *insurance* shall administer the state workers compensation self-insurance
33 fund and all payments from such fund shall be upon warrants of the
34 director of accounts and reports issued pursuant to vouchers approved by
35 ~~the secretary of health and environment~~ *commissioner of insurance* or a
36 person or persons designated by ~~the secretary~~ *commissioner*. The director
37 of accounts and reports may issue warrants pursuant to vouchers approved
38 by ~~the secretary~~ *commissioner of insurance* for payments from the state
39 workers compensation self-insurance fund notwithstanding the fact that
40 claims for such payments were not submitted or processed for payment
41 from money appropriated for the fiscal year in which the state workers
42 compensation self-insurance fund first became liable to make such
43 payments.

1 (e) ~~The secretary of health and environment~~ *commissioner of*
2 *insurance* shall remit all moneys received by or for the ~~secretary-~~
3 ~~commissioner~~ in the capacity as administrator of the state workers
4 compensation self-insurance fund, to the state treasurer in accordance with
5 the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
6 of each such remittance, the state treasurer shall deposit the entire amount
7 in the state treasury to the credit of the state workers compensation self-
8 insurance fund.

9 (f) There is hereby established the state workplace health and safety
10 program within the state workers compensation self-insurance program of
11 the *insurance* department ~~of health and environment~~. The ~~secretary of~~
12 ~~health and environment~~ *commissioner of insurance* shall implement and
13 the division of industrial health and safety of the Kansas department of
14 labor shall assist in administering the state workplace health and safety
15 program for state agencies. The state workplace health and safety program
16 shall include, but not be limited to:

17 (1) Workplace health and safety hazard surveys in all state agencies,
18 including onsite interviews with employees;

19 (2) workplace health and safety hazard prevention services, including
20 inspection and consultation services;

21 (3) procedures for identifying and controlling workplace hazards;

22 (4) development and dissemination of health and safety informational
23 materials, plans, rules and work procedures; and

24 (5) training for supervisors and employees in healthful and safe work
25 practices.

26 Sec. 10. K.S.A. 44-577 is hereby amended to read as follows: 44-577.

27 (a) All claims for compensation under the workers compensation act
28 against any state agency for claims arising on and after July 1, 1974, and
29 claims for compensation remaining from the self-insurance program which
30 existed prior to July 1, 1974, for institutional employees of the commission
31 of community services and programs of the Kansas department for aging
32 and disability services shall be made against the state workers
33 compensation self-insurance fund. Such claims shall be served upon the
34 ~~secretary of health and environment~~ *commissioner of insurance* in the
35 ~~secretary's~~ *commissioner's* capacity as administrator of the state workers
36 compensation self-insurance fund in the manner provided for claims
37 against other employers under the workers compensation act. The chief
38 attorney for the *insurance* department ~~of health and environment~~, or
39 another attorney of the *insurance* department ~~of health and environment~~
40 designated by the chief attorney, shall represent and defend the state
41 workers compensation self-insurance fund in all proceedings under the
42 workers compensation act.

43 (b) ~~The secretary of health and environment~~ *commissioner of*

1 *insurance* shall investigate, or cause to be investigated, each claim for
2 compensation against the state workers compensation self-insurance fund.
3 For the purposes of such investigations, the ~~secretary of health and~~
4 ~~environment~~ *commissioner of insurance* is authorized to obtain expert
5 medical advice regarding the injuries, occupational diseases and
6 disabilities involved in such claims. If, based upon such investigation and
7 any other available information, the ~~secretary of health and environment~~
8 *commissioner of insurance* finds that there is no material dispute as to any
9 issue involved in the claim, that the claim is valid and that the claim
10 should be settled by agreement, the ~~secretary of health and environment~~
11 *commissioner of insurance* may proceed to enter into such an agreement
12 with the claimant, for the state workers compensation self-insurance fund.
13 Any such agreement may provide for lump-sum settlements subject to
14 approval by the director and all such agreements shall be filed in the office
15 of the director for approval as provided in K.S.A. 44-527, and amendments
16 thereto. All other claims for compensation against such fund shall be paid
17 in accordance with the workers compensation act pursuant to final awards
18 or orders of an administrative law judge or the board or pursuant to orders
19 and findings of the director under the workers compensation act.

20 (c) For purposes of the workers compensation act, a volunteer
21 member of a regional emergency medical response team as provided in
22 K.S.A. 48-928, and amendments thereto, shall be considered a person in
23 the service of the state in connection with authorized training and upon
24 activation for emergency response, except when such duties arise in the
25 course of employment or as a volunteer for an employer other than the
26 state.

27 Sec. 11. K.S.A. 44-578 is hereby amended to read as follows: 44-578.
28 The ~~secretary of health and environment~~ *commissioner of insurance* may
29 adopt rules and regulations necessary for the administration of the state
30 workers compensation self-insurance fund, including the processing and
31 settling of claims for compensation made against such fund.

32 Sec. 12. K.S.A. 2023 Supp. 75-6502 is hereby amended to read as
33 follows: 75-6502. (a) There is hereby established the Kansas state
34 employees health care commission which is composed of seven members
35 as follows: (1) The commissioner of insurance; (2) the secretary of
36 administration; (3) a current state employee who is currently enrolled in
37 the state healthcare benefits program group health insurance medical plan,
38 appointed by the governor; (4) a person who retired from a position in
39 state service and who is currently enrolled in the state healthcare benefits
40 program group health insurance medical plan, appointed by the governor;
41 (5) a representative of the general public, appointed by the governor; (6) a
42 member of the senate ways and means committee, appointed by the
43 president of the senate; and (7) a member of the house of representatives

1 appropriations committee, appointed by the speaker of the house of
2 representatives. A state officer or employee may not be appointed as the
3 member representative of the general public.

4 (b) Each member appointed under this section by the governor shall
5 serve at the pleasure of the governor. The member appointed by the
6 president of the senate shall serve at the pleasure of the president of the
7 senate, and the member appointed by the speaker of the house of
8 representatives shall serve at the pleasure of the speaker of the house of
9 representatives. Not more than five members of the commission shall be
10 members of the same political party.

11 (c) The chairperson of the commission shall be ~~designated by the~~
12 ~~governor~~ *commissioner of insurance*. The commission shall meet at least
13 once each calendar quarter and at such other times as may be required on
14 call of the chairperson or any three members thereof.

15 (d) A quorum of the Kansas state employees health care commission
16 shall be four. All actions of the commission shall be taken by a majority of
17 all of the members of the commission.

18 (e) Members of the Kansas state employees health care commission
19 attending meetings of such commission, or attending a subcommittee
20 meeting thereof authorized by such commission, shall be paid
21 compensation, subsistence allowances, mileage and other expenses as
22 provided in K.S.A. 75-3223, and amendments thereto.

23 Sec. 13. K.S.A. 75-6503 is hereby amended to read as follows: 75-
24 6503. (a) Except as otherwise provided by this act, all budgeting,
25 purchasing and related management functions of the Kansas state
26 employees health care commission shall be administered by the ~~secretary~~
27 ~~of administration under the direction and supervision of the chairperson of~~
28 ~~the commission~~ *commissioner of insurance*. All vouchers for expenditures
29 and all payrolls of the Kansas state employees health care commission
30 shall be approved by the chairperson of the commission or by a person or
31 persons designated by the chairperson.

32 (b) There is hereby created the position of technical administrator for
33 the state health care ~~benefit~~ *benefits* program. Under the direction and
34 supervision of the ~~secretary of administration~~ *commissioner of insurance*,
35 the technical administrator shall provide primary staffing assistance to the
36 commission and perform such other functions and duties as may be
37 prescribed by the commission. The technical administrator shall be in the
38 ~~classified or unclassified~~ service under the Kansas civil service act ~~as~~
39 ~~specified by the secretary of administration~~ and shall be appointed by the
40 ~~secretary of administration~~ *commissioner of insurance*. Within the limits of
41 available appropriations, the ~~secretary of administration~~ *commissioner of*
42 *insurance* shall provide such additional assistance as may be requested by
43 the commission.

1 Sec. 14. K.S.A. 44-575, 44-577, 44-578 and 75-6503 and K.S.A.
2 2023 Supp. 75-6502 and K.S.A. 2024 Supp. 44-512 are hereby repealed.

3 Sec. 15. This act shall take effect and be in force from and after its
4 publication in the statute book.