

February 12, 2013

The Honorable Lance Kinzer, Chairperson
House Committee on Judiciary
Statehouse, Room 165-W
Topeka, Kansas 66612

Dear Representative Kinzer:

SUBJECT: Fiscal Note for HB 2166 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2166 is respectfully submitted to your committee.

HB 2166 would transfer the authority of the Medical Assistance Recovery Program from the former Department of Social and Rehabilitation Services to the Kansas Department of Health and Environment (KDHE). The Secretary of Health and Environment would be responsible for adopting rules and regulations to establish the value of life estates.

HB 2166 would require trustees to notify KDHE within 90 days after the death of a person who had received medical assistance. The bill would extend the time for filing a petition for probate from six months to one year after the death of the testator. The bill would require that every executor or administrator of any estate where the decedent or such decedent's predeceased spouse was 55 or more years of age or a resident of a facility licensed under the Adult Care Home Licensure Act to file with the clerk of the district court a release from KDHE before any probate estate could be closed. If KDHE did not respond to a trustee's request for a release within 30 days, the court would assume that no medical assistance had been received.

Currently, if a decedent received medical assistance and had total assets that do not exceed \$40,000, any personal property is usually transferred to the successors of the decedent. HB 2166 would require the property to be transferred to KDHE. The bill would permit reasonable funeral expenses to be deducted from the transfer.

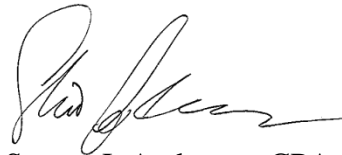
Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	\$615,975
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

KDHE states that HB 2166 would enhance the Kansas Medicaid Program's ability to recoup monies from the estates of Medicaid beneficiaries after death. The state's recovery vendor estimates additional recoveries of \$1.4 million in FY 2014. The state would have to return 57.0 percent of the funding to the federal government. The remaining monies would be deposited in the Medical Programs Fee Fund, which is typically used for state match on Medicaid expenditures. The revenue estimate for FY 2014 excludes any effect of adopting a methodology to calculate life estate value to account for the promulgation and adoption of regulations. The FY 2014 estimate also assumes one-half year of advantage related to the extended Medicaid deadline for estate recovery. For FY 2015, an estimate of \$1.9 million in additional revenue would include a full year of advantage from all the provisions of HB 2166. The state's share of that revenue would be \$821,300.

HB 2166 has the potential for increasing time spent in processing, researching, and hearing cases in the courts because of the new probate requirements created by the bill. If it does, the Office of Judicial Administration indicates that there would be a fiscal effect on the operations of the court system. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. In any case, the fiscal effect would most likely be accommodated within the existing schedule of court cases and would not require additional resources.

Any fiscal effect associated with HB 2166 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Aaron Dunkel, KDHE
Mary Rinehart, Judiciary
Jackie Aubert, Children & Families