

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Nancey Harrington at 10:45 a.m. on March 28, 2003 in Room 245-N of the Capitol.

All members were present except: Senator Lyon, excused
Senator Gooch, excused
Senator O'Connor, excused

Committee staff present: Dennis Hodgins, Legislative Research Department
Audrey Nogle, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Senator Stan Clark
Candy Shively, Deputy Secretary, Social and Rehabilitative Services
Matt Goddard, Heartland Community Bankers Assn.
Chuck Stones, The Kansas Bankers Association

Others attending: Please see attached.

Chairperson Harrington opened the public hearing on:

SB 272–Recovery of previous paid medical assistance

Senator Clark presented testimony in favor of the bill. (Attachment 1) Senator Clark also presented an article entitled, “Getting Poor on Purpose” by Michelle Higgins of the Wall Street Journal, Tuesday, February 25, 2003 section D1. He presented a sheet entitled, “Executive Summary” from the President’s Task Force on Medicaid Reform. (Attachment 2) Senator Clark concluded with an attachment concerning the State of Kansas Medicaid program printed by the Department of SRS. (Attachment 3)

Following a review of these materials, Chairperson Harrington thanked Senator Clark for his attention to detail. The committee discussed the testimony, clarifying the terms non-licensed provider.

Senator Teichman expressed concern about the effects this might have on farmers who are trying to retain the farm for family. Senator Clark stated that there would be a lien against their property in their estate.

Candy Shively presented testimony in favor of the bill. (Attachment 4) In response to some of the discussion, Ms. Shively stated that a trust should not be used as a shelter for assets and stated that the amendment was not aimed at adult disabled children

In response to a question from Senator Vratil, Ms. Shively deferred to her assistant Brian Vasquez, Director of State Recovery, to describe the term “full discretion.”

Mr. Vasquez stated that full discretion referred to a line of case law that says what a trustee can do with a trust; that is considered complete discretion and medicaid cannot use that line of trust because the trustee is not obligated.

In response to additional questions, Mr. Vasquez stated that if the funds exceed \$2,000, then the person is ineligible.

Following further discussion, Senator Barnett stated that the bill needed an amendment to prevent loopholes

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that might be taken advantage of by lawyers.

Chairperson Harrington agreed and said that might be something the committee might come back and consider.

Senator Vratil stated that he was not sure what Senator Barnett meant, but that this is what the Legislature does in an attempt to create good policy, but that it was impossible to close all loopholes and that there is a lot of money as motivation for people. He stated that the committee may have to put it out there and then revisit it in the future to close loopholes. He went on to say that he believed Senator Barnett may be saying that they need to put in a statutory direction about which the committee would be updated periodically.

Matthew Goddard presented testimony in opposition to **SB 272** in its present form. (Attachment 5) He also presented suggested amendments to the bill. (Attachment 6)

Following discussion, Chuck Stones presented testimony in opposition to the bill in its present state and in agreement with Mr. Goddard. (Attachment 7)

The committee discussed the issue of more people relying on the state to take care of their parents instead of doing that themselves and that it was a rare case for a family to have enough money to be able to afford long-term care.

Senator Teichman made a motion to amend **SB 272** with the balloon amendment from Heartland Community Bankers' Association. Senator Brungardt seconded the motion to amend. The motion to amend passed.

Chairperson Harrington pointed out that Senator Barnett had wanted a change in the residency requirements from one year to six months.

Senator Brungardt made a motion to amend **SB 272** as amended to change the residency requirement from one year to six months. Senator Barnett seconded the motion to amend the bill as amended. The motion to amend passed.

Senator Barnett made a motion to make a conceptual amendment to **SB 272** as amended to deal with the issue of loopholes. Senator Teichman seconded the motion to amend. The motion to amend passed.

Senator Barnett made a motion to pass **SB 272** favorably as amended. Senator Brungardt seconded the motion to pass the bill favorably as amended. The amended bill was recommended favorable for passage.

The meeting adjourned at 1:23 p.m.