

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Friday, January 23, 2015, 112-N of the Capitol.

All members were present except:

Representative Mark Hutton – Excused

Representative John Barker – Excused

Committee staff present:

J.G. Scott, Legislative Research Department

Andy Chiamopoulos, Legislative Research Department

Nobuko Folmsbee, Office of Revisor of Statutes

Kathy Holscher, Kansas Legislative Committee Assistant

Jill Wolters, Office of Revisor of Statutes

Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Opening Remarks

Chairman Ryckman opened the meeting, and introduced Attorney General Derek Schmidt.

Representative Schwartz made a motion to introduce the Governor's Revised Rescission Bill.
Representative KleeB seconded the motion. Motion carried.

Update on: Current Litigation

Derek Schmidt, Attorney General, introduced staff members from the Attorney General's Office. He provided background information on the water compact, which was signed by the President of the United States and blessed by Congress. He discussed the water litigation with Nebraska, which should be settled in the coming months by the Supreme Court. (No testimony was provided.)

Attorney General Schmidt provided an overview of the Tobacco litigation. He stated that a claim was filed in 1990's regarding companies that marketed youth and causing financial harm to states. Thus far approximately \$2 billion has been paid. One part of the settlement will expire in 2017, and per capita dollars are expected to decrease resulting in a reduction to this revenue stream.

Discussion followed by committee members regarding tobacco sales and tax receipts. It was noted that Kansas law does not apply to sovereign nations.

Report on: Fraud, Waste, Abuse Unit

Attorney General, Derek Schmidt provided an overview of the Medicaid Fraud Unit, (No testimony was provided). He stated that the primary responsibility of the unit is to recover money that should not

CONTINUATION SHEET

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have been paid, and the prevention of false claims. The State pays \$1 for every \$4 in the unit's costs, and Federal grant dollars pay the remainder, which only apply to provider to fraud, it was noted. An update on on the *Gannon v. state* litigation followed. It was noted that the appeals deadline is approaching, and an additional filing is forthcoming to the Kansas Supreme Court. In regards to the school finance, there are three significant cases challenging the current law and policy as related to equity, adequacy of the funding formula and procedural steps. An overview of the Tort Claims process followed.

Discussion followed by committee members regarding privatization of fraud investigation and law enforcement. Attorney General Schmidt stated that typically settlement dollars go back to the agency to recoup costs incurred and the balance goes back to the Medicaid balance which is SGF funded.

Attorney General Schmidt responded to questions from committee members regarding the school funding formula and the Panel's decision based on their fact finding conclusion. He stated that additional information will be forthcoming regarding a pending lawsuit that involves agency fee sweeps.

Chairman Ryckman reviewed the agenda for next week's committee meetings.

Meeting adjourned: 10:07 a.m.