House Committee Recommendation Feedback Template

Prepared on 02/16/2016

			Alvarez and Marsal Recommendations		
House Committee	Action Type	Unique Identifier	Recommendation Name	Recommendation Description	FY 2016
House Commerce, Labor and Economic Development	Legislative Action	INS.02	KDOL Assessment Rate Change	Increase revenue by adjusting the Administrative Fund assessment charged to state Workers' Compensation carriers to 1% based on written premium from the current 2.79% based on prior year paid losses.	-
	Legislative Action	LOT.01	Implement ITVM	Allow the Lottery to use Instant Ticket Vending Machines in Kansas	-
	Legislative Action	INS.04	Replace WC State Self Insurance Fund (SSIF) Claims Management with an Experienced Third Party Administrator Overseen by ORM	Reduce WC SSIF claims costs by replacing current WC SSIF claims staff with an experienced TPA overseen by the recommended new ORM, for management of new go-forward claims and closeout of open runoff claims at FY 16 end. - Capital Outlay investment for moving WC claims function to new TPA on a go-forward basis as of FY 17. - Projected cost savings generated by reduced WC claims costs and claims volume, and enhanced risk management, brought by outsourced TPA with ORM oversight. - Projected cost savings to replace existing $136K/year System claims software and $1.7M/year CompAlliance TPA limited-services contracts with new full-service TPA as of FY17. - Projected cost savings for discontinued facility operations and overhead expense (other than staffing overhead) associated with WC SSIF claims staff elimination at FY 16 end. - Projected Salaries and Wages cost savings by elimination of 16 FTE KDHE WC SSIF claims personnel salaries and staffing overhead at FY 16 end.	-
	Legislative Action	REAL.03	Disposition of State Owned, Surplus Properties	Hire an external real estate PMO to identify, value, market, and sell surplus State owned building and land.	-
	Legislative Action	COM.05	Ensure no program subsidy for Athletic Commission fee for service operation	Ensure no program subsidy for Athletic Commission fee for service operation (Athletic Fee Fund)	-
	Immediate Action	COM.01	Enhance Commerce's Business to Business Strategies	Enhance Commerce's Business to Business Strategies with increased financial modeling, research analysis, project auditing, and marketing/sales service support efforts	-

Total Savings and Revenue Estimate ($000s)						Committee Chair Feedback			
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total	**Pros** of Implementing Recommendation	**Cons** of Implementing Recommendations	Issues/Concerns w/ Implementation **Timeline**	Issues/Concerns w/ **Savings Estimates**
30,900	30,900	30,900	30,900	30,900	154,500	May be some merit in looking at changing the assessment base from claims paid to total written premium.	This is a tax increase on business in Kansas. The office of Risk Management should support itself off of the savings is produces.	The question of changing the basis for the assessment to written premium should be studied before its adopted.	Little support for raising the assessment therefore would need to be revenue neutral to pass.
6,147	9,554	9,554	9,554	9,554	44,363	Popular solution to increasing lottery ticket sales. Merchants would have lower overhead for selling tickets and it may result in more ticket sales.	Some factions believe that the lottery targets the lower income citizens. There is also concern about monitoring the ticket sales to minors.	This issue is closely tied to the issue of slot machines at the dog/horse tracks. Some concern by opposition to this that a bill would be amendable.	No real issues with estimated revenues this is projected to return.
3,116	4,956	4,956	4,956	4,956	22,940	KDHE is struggling to fill the jobs of claims manager with experienced people due to low wages offered. Moving to a TPA would put more experienced managers to work on closing out the claims saving the state money on settlements and oversight.	The cost of accelerating the close out of existing claims to minimize the number of claims transferred to the TPA would result in higher claim costs. Traditionally TPA's are more aggressive in claims management and this could result in more litigation expenses.	It will take some time to work through the close out of existing claims as well as to select a TPA. New claims during this time must be managed as well. It could be at two years before the state would begin to see any savings.	This issue was studied in 2009 and it was determined that there would not be sufficient cost savings to the State. Higher claim cost due to accelerated settlements and possible increase in legal challenges could erode the savings.
3,817	3,817	122	122	1,834	9,712				
26	26	26	26	26	130	Current program is not self sufficient so it's costing taxpayers money to subsidize it.	Concern that if they are required to be funding neutral that they would not make it. This would result in lost opportunities for new attractions to come to Kansas and the loss of revenue from other tax streams.	The commission believes they can be revenue neutral in two years. Action at this time seems premature considering the risk to other revenue streams.	The projected savings are pretty small amounts. There have been a few years where the Commission was revenue positive so perhaps a running 5 year average would yield a better picture.
5,870	5,870	5,870	5,870	5,870	29,350	The Secretary of Commerce supports the premise of the proposed changes. It is recommended that legislation be studied that will decouple some of the programs from each other to allow for more flexibility and efficiency in the use of incentive funds.	There is concern that the decoupling of the various incentive programs would lower the transparency and legislative oversight of these programs.	No action recommended at this time. The Commerce Secretary is new to the job and it's the general consensus that he needs time to determine the best course of action.	The estimated savings are questionable due to increased need to spend on marketing programs. If the programs are decoupled the Secretary does not feel that there would be any money coming back to SGF since the funds would be useable in more areas.