

SESSION OF 2015

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SENATE BILL NO. 54**

As Recommended by House Committee on
Insurance

Brief*

House Sub. for SB 54 would amend the statute pertaining to State Employee Health Plan (SEHP) continuation for retired employees to establish the Highway Patrol Health Plan Continuation Program (Program) and create the Highway Patrol Health Plan Continuation Fund (Fund) in the State Treasury. The bill would allow an eligible retiring state highway patrol trooper or officer who elects to participate in the Program to have unused vacation and sick leave converted to a cash equivalent for payment of the participant's cost of state health care benefits until the participant becomes Medicare eligible. If funds remain after the participant becomes Medicare eligible, the bill would allow the participant's spouse who is not Medicare eligible to continue in the Program until the funds are expended. Further bill details are outlined below.

Definitions

The bill would define "program" as the Highway Patrol Health Plan Continuation Program. "Secretary" would refer to the Secretary of Health and Environment or designee, and "superintendent" would be the Superintendent of the Kansas Highway Patrol or designee. Medicare would have the same meaning as under federal law. Additional definitions would include:

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- “Program funds” would be the cash equivalent converted from the Program participant’s unused leave and credited to the Fund; and
- “Program participant” would be a Kansas highway patrol trooper or officer who is eligible for normal retirement under Tier 1 or 2 of the Kansas Police and Firemen’s Retirement System, is not yet Medicare eligible, and elects to participate in the Program.

Program Features

The bill would allow Program participants to elect to enroll in the Program and have vacation and sick leave (as allowed under KSA 75-5517 regarding compensation for accumulated sick leave upon retirement) converted into a cash equivalent credited to the Fund under the participant’s name for use in paying the costs for which the participant would be responsible to continue under the SEHP until eligible for Medicaid. The election to participate in the Program would be offered only once, at the time of each eligible participant’s retirement, and would be irrevocable.

The following benefits would be available to a participant’s spouse or beneficiary, as indicated:

- If the Program participant is married, the bill would allow the participant to cover his or her spouse through the Program;
- On the death of a Program participant, any unused amounts in the Fund would be paid to the Program participant’s beneficiary; and
- If a Program participant becomes eligible for Medicare, but the participant’s spouse does not qualify for Medicare and there are unused Program funds remaining, the spouse would remain in the

Program until Medicare eligible or until Program funds are expended.

Creation of Fund

The bill would create the Fund administered by the Secretary, who would remit the entire amount of Program funds received from the Superintendent to the State Treasurer. Upon receipt, the State Treasurer would be required to deposit the entire amount of the remittance to the State Treasury to the credit of the Fund. All expenditures from the Fund would be made in accordance with appropriation acts upon warrants of the Director of Accounts and Reports issued pursuant to vouchers approved by the Secretary.

Responsibilities of Superintendent

The Superintendent would be responsible for developing and implementing a notification and enrollment process for the Program and a process to notify the Secretary of the amount of unused vacation and sick leave to be converted to a cash equivalent for each Program participant.

Responsibilities of Secretary

The Secretary would be responsible for:

- Developing and implementing a process to convert a Program participant's leave into a cash equivalent and crediting it to the Fund;
- Developing and implementing a process to pay the cost of each Program participant's contribution to the SEHP for which the Program participant is responsible;
- Providing an annual accounting of Program funds remaining to each Program participant; and

- Maintaining all Program records.

The SEHP is administered by employees of the Division of Health Care Finance, Kansas Department of Health and Environment.

Background

The House Committee on Insurance removed the contents of SB 54, as further amended by the Senate Committee on Financial Institutions and Insurance, and inserted the contents of HB 2021, as modified by the House Committee to clarify the definition of a Program participant, remove the definition of “commissioner” and insert the definition of “secretary”, and replace references in the bill to “commissioner” with “secretary” to require the development and implementation of a process to convert leave and pay the cost of Program participants’ contributions to the SEHP. The House Committee created a substitute bill. The original SB 54 pertained to the mailing of a notice of termination of motor vehicle liability insurance coverage.

HB 2021. The House Committee on Vision 2020 introduced the bill. In the House Insurance Committee, a representative of the Kansas State Troopers Association testified in support of the bill, as introduced. The representative stated the bill would allow a retiring employee to convert unused sick and vacation leave into a cash equivalent to pay for the costs of state health care benefits the participant would be responsible for until he or she becomes eligible for Medicare and assist the individual with the cost of health insurance following retirement. No opponent testimony was submitted.

Neutral testimony was provided in the House Committee by the Kansas Insurance Commissioner, who stated the Kansas Insurance Department does not administer any similar type of Program and would not have the expertise to administer and maintain the proposed Program.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Kansas Insurance Department indicates there would be additional expenditures for the operation of the Program and additional revenues when eligible participants enroll in the Program. However, the agency cannot estimate a precise fiscal effect at this time until given an opportunity to operate under the provisions of the bill. The Kansas Highway Patrol indicates the provisions specified in the bill could be absorbed within existing resources. Any fiscal effect associated with the bill is not reflected in *The FY 2016 Governor's Budget Report*.