

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on February 8, 2006 in Room 514-S of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Matt Spurgin, Legislative Research Department
Julian Efird, Legislative Research Department
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

George Pearson, Trustee, Flint Hills Center for Public Policy
Dr. Michael Bond, Senior Fellow in Health Care Policy at the Buckeye Institute,
Cleveland State University

Others attending:

See attached list.

- Attachment 1 Information on Flint Hills Center
- Attachment 2 Bio on Dr. Michael Bond
- Attachment 3 Policy Paper by Dr. Michael Bond
- Attachment 4 Budget Committee Reports on Kansas Lottery and Kansas Racing and Gaming Commission

SB 296 was referred to the Revenue, Judicial, Transportation and Retirement Budget Committee.

Chairman Neufeld recognized George Pearson, Trustee for the Flint Hills Center for Public Policy. The Flint Hills Center is an independent non-profit public policy organization in Kansas, who generate information through their studies, to provide resources to the Legislature, public and media concerning health care, education and tax issues (Attachment 1). The organization has compiled a Medicaid resource handbook which contains studies regarding the Medicaid problem in Kansas, information on other states with similar challenges and possible solutions as to what Kansas can do. The information is available on their website or upon request from the Flint Hills Center.

Mr. Pearson introduced Dr. Michael Bond, Senior Fellow in Health Care Policy at the Buckeye Institute, Professor of Finance at Cleveland State University and adjunct lecturer at the Weatherhead School of Management at Case Western Reserve University (Attachment 2), who presented testimony on Reforming Medicaid in Kansas: A Market-Based Approach (Attachment 3).

Dr. Bond stated that Medicaid, Social Security and the Medicare system are in serious trouble, posing challenges for the nation and the State of Kansas. The problems are complex. Dr. Bond felt that some solutions to the Medicaid problem are to slow the growth of Medicaid, produce better health care, create competition in the marketplace for Medicaid beneficiaries giving a choice of plans, and provide for prepaid health plans. He noted that Florida is the first state to make major changes in the Medicaid program and currently is in the process of creating changes in the program. Responding to a question from the Committee with regard to start-up costs associated with the new program in the State of Florida, Dr. Bond noted that there will be no additional funds contributed by the federal government above the current reimbursement and any start-up costs will need to be absorbed by the State of Florida.

The Chair thanked Dr. Bond for his presentation.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on February 8, 2006 in Room 514-S of the Capitol.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Lottery for FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2006 and FY 2007 (Attachment 4). The motion was seconded by Representative Yoder. Motion carried.

Ed Van Petten, Executive Director of the Kansas Lottery, responded to questions from the Committee, stating that there is no set program in dealing with state distributors who are part of a lottery game. Mr. Van Petten noted that the state demands a discounted rate, does not promote a product from one retailer to another and there is no competition between vendors with any Kansas products. With regard to the earlier problem with the duplicate numbers from the "Pick 3" tickets, Mr. Van Petten stated that this problem was caused when the primary system that picks the numbers had a malfunction; however, indicated that the Lottery has taken steps to resolve the problem with ticket holders and the computer system. With regard to marketing costs, Mr. Van Petten stated that advertising is important to the Lottery and has been shown to increase participation. With regard to "off budget" receipts, Mr. Van Petten noted that retailers only remit to the State the amount of their sales less the amount paid out to winners. This procedure of accounting was recommended by the Division of Budget to eliminate excess paperwork and not inflate the State's 7.5% ending balance.

Representative Lane, member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Kansas Racing and Gaming Commission for FY 2006 and FY 2007 and moved for the adoption of the Budget Committee recommendation for FY 2006 and FY 2007 (Attachment 4). The motion was seconded by Representative Yoder. Motion carried.

With reference to the Budget Committee's recommendation of an additional \$250,000 to the FY 2006 budget, the Budget Committee stated that these funds are recommended in case an emergency arises if a race track is forced to close and there is a need to provide care for the animals involved in the operation.

The meeting was adjourned at 10:55 a.m. The next Committee meeting will be held at 9:00 a.m. on February 9, 2006.

Melvin Neufeld, Chairman