

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2774

As Recommended by House Committee on
Health and Human Services

Brief*

HB 2774 would amend statutes relating to the state health care benefits program (benefits program) by adding certain nonprofit charitable organizations to the list of entities the Kansas State Employees Health Care Commission (Commission) would be allowed to designate, through rules and regulations, as having a group of persons on the payroll eligible to participate in the State Employee Health Plan (SEHP).

The bill would require a nonprofit charitable organization to provide services or food support to Kansas residents who are elderly or disabled and receive 75.0 percent or more of its funding through grants from the Kansas Department for Children and Families, the Kansas Department for Aging and Disability Services, or the Kansas Department of Health and Environment (KDHE) to be considered for such designation. If the Commission designates a nonprofit charitable organization as qualified to participate in the benefits program, the organization's participation would be conditioned on meeting the specific requirements in law. Some requirements included in law are at least a 70.0 percent employee participation rate, participation for a minimum of three consecutive years, and a rate charge that would not increase the premium rate paid by the State for its employees.

Upon a nonprofit charitable organization's designation of eligibility, law provides for authorized periodic deductions

*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>

from the payroll of the organization to cover the costs of the benefits program payable by the persons; for payment to the Commission of an amount specified by the Commission from moneys available to the organization for this purpose; and allow charges by the Commission to the organization for persons participating in the benefits program, including charges for the costs of administering the benefits program.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Finch. The bill was referred to the House Committee on Health and Human Services. In the House Committee hearing, a representative of Mid-America Nutrition testified in support of the bill. The proponent stated Mid-America Nutrition would qualify for designation as eligible for the benefits program and has many staff members without health insurance or who pay large premiums who would benefit from participation in the benefits program. The SEHP Director was present at the hearing and answered House Committee questions on the bill. Representative Finch provided written-only proponent testimony. No opponent or neutral testimony was provided.

According to the fiscal note prepared by the Division of the Budget on the bill, KDHE states enactment of the bill would have a fiscal effect on the State, but it should be budget neutral. The Commission would monitor the effect to the overall utilization expense to SEHP and would make necessary adjustments if they negatively affect the overall costs to the fund balance. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2019 Governor's Budget Report*.