

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on February 7, 2007, in Room 514-S of the Capitol.

All members were present except:

Representative Richard Kelsey - excused

Committee staff present:

J. G. Scott, Legislative Research Department
Susan Kannarr, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Jim Wilson, Revisor of Statutes
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

John Waltner, Mayor Hesston and Vice-Chairman of REAP
Joe Yager, Regional Economic Area Partnership
Christie Herrera, Director, Health and Human Services Task Force, American Legislative Exchange Council (ALEC)

Others attending:

See attached list.

- Attachment 1 Testimony on Affordable Airfares by John Waltner
- Attachment 2 Testimony on Affordable Airfares by Les Depperschmidt
- Attachment 3 Presentation on Medicaid Reform by Christie Herrera

HB 2388 was re-referred from Social Services Budget Committee to the General Government Budget Committee.

Representative Powell moved to introduce legislation with regard to increasing the balance in the motor carriers license fee fund. The motion was seconded by Representative Williams. Motion carried.

Representative Powell moved to introduce legislation concerning library board chairmen. The motion was seconded by Representative Lane. Motion carried.

Representative Lane moved to introduce legislation to require the state treasurer to charge a fee for returning property to claimants. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn moved to introduce legislation concerning the Department of Wildlife and Parks relating to Miami County. The motion was seconded by Representative Lane. Motion carried.

Representative Burroughs moved to introduce legislation concerning post-conviction DNA in capital murder trials. The motion was seconded by Representative Sawyer. Motion carried.

Chair Schwartz recognized John Waltner, Mayor of Hesston and Vice-Chairman of the Regional Economic Area Partnership (REAP), who presented an update on the Kansas Affordable Airfares Program (Attachment 1). Mr. Waltner reported that the program to provide affordable airfares for Kansas citizens and businesses has been very successful. Low-fare air service to eastern United States destinations from the Wichita airport is now available. It is hoped that air service can be expanded and include United States western cities in the near future.

Because of the time element in submitting plans for the program during the past year, several western Kansas communities were unable to meet the deadline. Mr. Waltner indicated that the time frame for the next application process will be expanded in order to give more time for submission. A website is in the design process at this time and should be available by April 1st. Information will be available on the website concerning the application process. In order to maintain affordable air

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service in Kansas, Mr. Waltner felt it will be necessary for the State to continue to subsidize the program.

The Committee noted the importance and success of the program as it relates to businesses and individuals in Sedgwick County and throughout the State. The Committee also noted the importance of making the program available to cities and airports in Western Kansas.

Joe Yager, member of REAP, explained that a website is being designed that will provide information on the program and the application process. It is anticipated that the website will be available by April 1, 2007.

Andy Schlapp, Director of Governmental Relations for Sedgwick County, explained the importance of maintaining affordable air service to assist and retain businesses in Kansas. It is their first priority to maintain air service to eastern cities of the United States with a goal of extending service to cities in the West. Responding to a question from the Committee, Mr. Schlapp indicated that he will provide statistics on usage and benefits to Western Kansas.

The Chair recognized Les Depperschmidt, Chairman of the Wichita Metro Chamber of Commerce, presented testimony in support of the Affordable Air Fares Fund (Attachment 2). Mr. Depperschmidt noted that it is a long-term goal to provide air service from small airports in Western Kansas to Wichita.

Jim Gregory, James Gregory Consultancy, lobbyist for the Salina airport, had no written testimony; however, indicated that it is the intention of the management of the Salina airport to participate in the next application process.

The Chair recognized Christie Herrera, Director of the Health and Human Services Task Force, American Legislative Exchange Council (ALEC), who presented an overview of Medicaid Reform (Attachment 3). Ms. Herrera stated that a large part of the cost of health care is spent on Medicaid. A new option for controlling the rising costs of Medicaid is consumer-directed Medicaid reform. New federal rules allow States the flexibility of experimenting with the Medicaid program, allowing for better services and saving taxpayer money. Ms. Herrera noted that the Medicaid program in Kansas consumes approximately 12.7 percent of the State's budget. At the present time, Medicaid cost in Kansas is growing at a rate of 10 percent per year with an increased participation growth rate of 5 percent. Ms. Herrera stated that ALEC believes the growth in the cost of Medicaid is being increased because of (1) expansion of services and (2) patient over-utilization.

Several states have adopted plans for consumer-directed Medicaid. Major components of these plans include:

- Defined contributions (rather than defined benefits);
- Full funding for doctors and hospitals for the cost of care;
- No expansion of Medicaid eligibility;
- Specialized benefit packages;
- Medicaid opt-out for employer-sponsored insurance;
- "Get Healthy" incentives to wellness;
- Bridge from public coverage to private insurance.

Ms. Herrera indicated that cost savings and improved citizen's health should be reasons for overhauling the state's Medicaid program. Any new plan proposed by the State would need the approval of the federal government.

The meeting was adjourned at 10:15 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 8, 2007.

Sharon Schwartz, Chair