As Amended by House Committee

Session of 2025

HOUSE BILL No. 2245

By Committee on Insurance

Requested by Representative Sutton

2-4

AN ACT concerning the commissioner of insurance; relating to the division of the state employee health benefits plan; transferring officers, employees, powers, duties and functions relating to the state health care benefits program and the state workers compensation self-insurance fund from the division of the state employee health benefits plan of the department of administration to the insurance department; establishing the commissioner of insurance as the chairperson of the Kansas state employees health care commission; providing that all management functions of such commission shall be administered by the commissioner of insurance; eliminating a pilot program regarding employer contributions for certain children; amending K.S.A. 44-575, 44-577, 44-578 and 75-6503 and ~~K.S.A. 2023 Supp. 75-6502 and~~ K.S.A. 2024 Supp. 44-512 **and 75-6502** and repealing the existing sections**; also repealing K.S.A. 75-6506a and K.S.A. 2024 Supp. 75-37,162, 75-37,163, 75-37,164, 75-37,165, 75-37,166, 75-37,167, 75-37,168, 75-37,169, 75-37,170 and 75-37,171**.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. All powers, duties and functions of the staff of the division of the state employee health benefits plan of the department of administration established in K.S.A. 75-6501 et seq. and 75-7405(c)(7), and amendments thereto, and any other statute involving the administration of the state health care benefits program are hereby transferred to and imposed upon the insurance department under the direction of the commissioner of insurance.

New Sec. 2. (a) All officers and employees of the division of the state employee health benefits plan of the department of administration who, immediately prior to July 1, 2025, are engaged in the exercise and performance of the powers, duties and functions involving the administration of the state employee health benefits plan, as well as all officers and employees of the department of administration who are determined by the commissioner of insurance to be engaged in providing administrative, technical or other support services that are essential to the exercise and performance of the powers, duties and functions transferred by section 1, and amendments thereto, are hereby transferred to the

insurance department. All classified officers and employees so transferred shall retain their status as classified employees.

(b) Officers and employees of the division of the state employee health benefits plan of the department of administration transferred by this section shall retain all retirement benefits and leave balances and rights that had accrued or vested prior to the date of transfer. The service of each such officer and employee so transferred shall be deemed to have been continuous. Any subsequent transfers, layoffs or abolition of classified service positions under the Kansas civil service act shall be made in accordance with the civil service laws and any rules and regulations adopted thereunder. Nothing in this section shall affect the classified status of any transferred person employed by the division of the state employee health benefits plan of the department of administration prior to the date of transfer.

(c) Notwithstanding the effective date of this section, the provisions of this section prescribing the transfer of officers and employees from the division of the state employee health benefits plan of the department of administration to the insurance department shall commence at the start of a payroll period.

New Sec. 3. (a) The insurance department shall be the successor in every way to the powers, duties and functions of the division of the state employee health benefits plan of the department of administration involving the administration of the state health care benefits program that were vested pursuant to K.S.A. 75-37,162 through 75-37,168, prior to their repeal.

(b) Every act performed in the exercise of such transferred powers, duties and functions by or under the authority of the insurance department and the commissioner of insurance involving the administration of the state health care benefits program shall be deemed to have the same force and effect as if performed by the division of the state employee health benefits plan, the secretary of administration or the director of the state employee health benefits plan in which the same were vested pursuant to K.S.A. 75-37,162 through 75-37,168, prior to their repeal.

(c) Whenever the division of the state employee health benefits plan of the department of administration or words of like effect are referred to or designated by a statute, contract, memorandum of agreement or other document and such reference is in regard to any of the powers, duties and functions transferred to the insurance department pursuant to section 1, and amendments thereto, such reference or designation shall be deemed to apply to the insurance department.

(d) All rules and regulations, orders and directives of the division of the state employee health benefits plan of the department of administration that relate to the powers, duties and functions transferred by section 1, and

amendments thereto, and are in effect on July 1, 2024, shall continue to be effective and shall be deemed to be rules and and regulations, orders and directives of the commissioner of insurance until revised, amended, repealed or nullified pursuant to law.

New Sec. 4. (a) The balances of all funds or accounts thereof appropriated or reappropriated for the division of the state employee health benefits plan of the department of administration relating to the powers, duties and functions involving the administration of the state health care benefits program are hereby transferred within the state treasury to the insurance department and shall be used only for the purpose for which the appropriation or reappropriation was originally made.

(b) Liability for all accrued compensation or salaries of officers and employees who are transferred to the insurance department pursuant to section 2, and amendments thereto, shall be assumed and paid by the insurance department.

New Sec. 5. (a) The insurance department shall succeed to all property, property rights, contracts and records that were used for or pertain to the performance of powers, duties and functions involving the administration of the state health care benefits program that were transferred to the division of the state employee health benefits plan of the department of administration pursuant to K.S.A. 75-37,162 through 75-37,168, prior to their repeal.

(b) When any conflict arises as to the disposition of any personnel, property, property right, contract, record, power, duty, function or the unexpended balance of any appropriation as result of any transfer made by or under the provisions of sections 1 through 5, and amendments thereto, such conflict shall be resolved by the commissioner of insurance, whose decision shall be final.

New Sec. 6. (a) No suit, action or other proceeding, judicial or administrative, lawfully commenced, or that could have been commenced, by or against the division of the state employee health benefits plan of the department of administration or by or against the secretary of administration in such secretary's official duties, shall abate by reason of the transfer effected under the provisions of sections 1 through 5, and amendments thereto. The court may allow any such suit, action or other proceeding to be maintained by or against the insurance department or the commissioner of insurance.

(b) No criminal action commenced or that could have been commenced by the state shall abate by reason of the transfer effected under the provisions of sections 1 through 5, and amendments thereto.

New Sec. 7. (a) All powers, duties and functions of the staff of the division of the state employee health benefits plan of the department of administration established in K.S.A. 44-575 through 44-580, and 75-

7405(c)(8), and amendments thereto, and any other statute involving the administration of the state workers compensation self-insurance fund are hereby transferred to and imposed upon the insurance department, under the direction of the commissioner of insurance.

(b) The balances of all funds or accounts thereof appropriated or reappropriated for the division of the state employee health benefits plan of the department of administration or any state agency, department, board, commission or council, relating to the powers, duties and functions involving the administration of the state workers compensation self-insurance fund are hereby transferred within the state treasury to the insurance department and shall be used only for the purpose for which the appropriation or reappropriation was originally made. Liability for all accrued compensation or salaries of officers and employees who are transferred to the insurance department pursuant to this section shall be assumed and paid by the insurance department.

(c) Except as provided in this section, the commissioner of insurance shall be the successor in every way to the powers, duties and functions of the secretary of administration that relate to the state workers compensation self-insurance fund, in which the same were vested prior to July 1, 2025.

(d) All orders and directives of the secretary of administration that relate to the state workers compensation self-insurance fund in existence immediately prior to July 1, 2025, shall continue to be effective and shall be deemed to be the orders or directives of the commissioner of insurance, until revised, amended, repealed or nullified pursuant to law.

(e) The commissioner of insurance shall succeed to all property, property rights, contracts and records that were used for or pertain to the performance of the powers, duties and functions transferred to the commissioner of insurance from the division of the state employee health benefits plan of the department of administration pursuant to this section. Any conflict as to the proper disposition of property, property rights, contracts and records arising under this section shall be resolved by the commissioner of insurance, whose decision shall be final.

(f) All officers and employees of the division of the state employee health benefits plan of the department of administration who, immediately prior to July 1, 2024, are engaged in the exercise and performance of the powers, duties and functions involving the administration of the state workers compensation self-insurance fund and transferred by this section, as well as all officers and employees of the department of administration who are determined by the commissioner of insurance to be engaged in providing administrative, technical or other support services that are essential to the exercise and performance of the powers, duties and functions transferred by this section, are hereby transferred to the

insurance department, under the direction of the commissioner of insurance. All classified officers and employees so transferred shall retain their status as classified employees.

(g) Officers and employees of the division of the state employee health benefits plan of the department of administration transferred by this section shall retain all retirement benefits and leave balances and rights that had accrued or vested prior to the date of transfer. The service of each such officer or employee so transferred shall be deemed to have been continuous. Any subsequent transfers, layoffs or abolition of classified service positions under the Kansas civil service act shall be made in accordance with the civil service laws and any rules and regulations adopted thereunder. Nothing in this section shall affect the classified status of any transferred person employed by the division of the state employee health benefits plan of the department of administration prior to the date of transfer.

~~Sec. 8. K.S.A. 44-512 is hereby amended to read as follows: 44-512. Workers compensation payments shall be made at the same time, place and in the same manner as the wages of the worker were payable at the time of the accident, but upon the application of either party the administrative law judge may modify such requirements in a particular case as the administrative law judge deems just, except that: (a) Payments from the workers compensation fund established by K.S.A. 44-566a, and amendments thereto, shall be made in the manner approved by the commissioner of insurance; (b) payments from the state workers compensation self-insurance fund established by K.S.A. 44-575, and amendments thereto, shall be made in a manner approved by the secretary of health and environment *commissioner of insurance*; and (c) whenever temporary total disability compensation is to be paid under the workers compensation act, payments shall be made only in cash, by check or in the same manner that the employee is normally compensated for salary or wages and not by any other means, except that any such compensation may be paid by warrant of the director of accounts and reports issued for payment of such compensation from the workers compensation fund or the state workers compensation self-insurance fund under the workers compensation act.~~

Sec. 8. K.S.A. 2024 Supp. 44-512 is hereby amended to read as follows: 44-512. ~~(a)~~ **Workers compensation payments shall be made at the same time, place and in the same manner as the wages of the worker were payable at the time of the accident, but upon the application of either party the administrative law judge may modify such requirements in a particular case as the administrative law judge deems just, except that:**

~~(1)~~*(a)* **Payments from the workers compensation fund established**

by K.S.A. 44-566a, and amendments thereto, shall be made in the manner approved by the commissioner of insurance;

~~(2)~~*(b)* **payments from the state workers compensation self-insurance fund established by K.S.A. 44-575, and amendments thereto, shall be made in a manner approved by the** ~~secretary of health and environment~~ *commissioner of insurance*; **and**

~~(3)~~*(c)* **whenever temporary total disability compensation is to be paid under the workers compensation act, payments shall be made only in cash, by check or in the same manner that the employee is normally compensated for salary or wages, or if the parties agree, by electronic funds transfer or a payment card, and not by any other means, except that any such compensation may be paid by warrant of the director of accounts and reports issued for payment of such compensation from the workers compensation fund or the state workers compensation self-insurance fund under the workers compensation act.**

~~(b) When allowed pursuant to the provisions of subsection (a)(1) through (3), if compensation is being paid by electronic funds transfer to the injured worker's account or compensation is being paid by a payment card issued to the injured worker and the injured worker is represented by an attorney, the employer shall notify the injured worker's attorney each time payment is made.~~

Sec. 9. K.S.A. 44-575 is hereby amended to read as follows: 44-575. (a) As used in K.S.A. 44-575 through 44-580, and amendments thereto, "state agency" means the state, or any department or agency of the state, but not including the Kansas turnpike authority, the university of Kansas hospital authority, any political subdivision of the state or the district court with regard to district court officers or employees whose total salary is payable by counties.

(b) For the purposes of providing for the payment of compensation for claims arising on and after July 1, 1974, and all other amounts required to be paid by any state agency as a self-insured employer under the workers compensation act and any amendments or additions thereto, there is hereby established the state workers compensation self-insurance fund in the state treasury. The name of the state workmen's compensation self-insurance fund is hereby changed to the state workers compensation self-insurance fund. Whenever the state workmen's compensation self-insurance fund is referred to or designated by any statute, contract or other document, such reference or designation shall be deemed to apply to the state workers compensation self-insurance fund.

(c) The state workers compensation self-insurance fund shall be liable to pay: (1) All compensation for claims arising on and after July 1, 1974, and all other amounts required to be paid by any state agency as a self-

insured employer under the workers compensation act and any amendments or additions thereto; (2) the amount that all state agencies are liable to pay of the "carrier's share of expense" of the administration of the office of the director of workers' compensation as provided in K.S.A. 74-712 through 74-719, and amendments thereto, for each fiscal year; (3) all compensation for claims remaining from the self-insurance program which existed prior to July 1, 1974, for institutional employees of the commission of community services and programs of the Kansas department for aging and disability services; (4) the cost of administering the state workers compensation self-insurance fund including the defense of such fund and any costs assessed to such fund in any proceeding to which it is a party; and (5) the cost of establishing and operating the state workplace health and safety program under subsection (f). For the purposes of K.S.A. 44-575 through 44-580, and amendments thereto, all state agencies are hereby deemed to be a single employer whose liabilities specified in this section are hereby imposed solely upon the state workers compensation self-insurance fund and such employer is hereby declared to be a fully authorized and qualified self-insurer under K.S.A. 44-532, and amendments thereto, but such employer shall not be required to make any reports thereunder.

(d) The ~~secretary of health and environment~~ *commissioner of insurance* shall administer the state workers compensation self-insurance fund and all payments from such fund shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the ~~secretary of health and environment~~ *commissioner of insurance* or a person or persons designated by the ~~secretary~~ *commissioner*. The director of accounts and reports may issue warrants pursuant to vouchers approved by the ~~secretary~~ *commissioner of insurance* for payments from the state workers compensation self-insurance fund notwithstanding the fact that claims for such payments were not submitted or processed for payment from money appropriated for the fiscal year in which the state workers compensation self-insurance fund first became liable to make such payments.

(e) The ~~secretary of health and environment~~ *commissioner of insurance* shall remit all moneys received by or for the ~~secretary~~ *commissioner* in the capacity as administrator of the state workers compensation self-insurance fund, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state workers compensation self-insurance fund.

(f) There is hereby established the state workplace health and safety program within the state workers compensation self-insurance program of

the *insurance* department ~~of health and environment~~. The ~~secretary of health and environment~~ *commissioner of insurance* shall implement and the division of industrial health and safety of the Kansas department of labor shall assist in administering the state workplace health and safety program for state agencies. The state workplace health and safety program shall include, but not be limited to:

(1) Workplace health and safety hazard surveys in all state agencies, including onsite interviews with employees;

(2) workplace health and safety hazard prevention services, including inspection and consultation services;

(3) procedures for identifying and controlling workplace hazards;

(4) development and dissemination of health and safety informational materials, plans, rules and work procedures; and

(5) training for supervisors and employees in healthful and safe work practices.

Sec. 10. K.S.A. 44-577 is hereby amended to read as follows: 44-577. (a) All claims for compensation under the workers compensation act against any state agency for claims arising on and after July 1, 1974, and claims for compensation remaining from the self-insurance program which existed prior to July 1, 1974, for institutional employees of the commission of community services and programs of the Kansas department for aging and disability services shall be made against the state workers compensation self-insurance fund. Such claims shall be served upon the ~~secretary of health and environment~~ *commissioner of insurance* in the ~~secretary's~~ *commissioner's* capacity as administrator of the state workers compensation self-insurance fund in the manner provided for claims against other employers under the workers compensation act. The chief attorney for the *insurance* department ~~of health and environment~~, or another attorney of the *insurance* department ~~of health and environment~~ designated by the chief attorney, shall represent and defend the state workers compensation self-insurance fund in all proceedings under the workers compensation act.

(b) The ~~secretary of health and environment~~ *commissioner of insurance* shall investigate, or cause to be investigated, each claim for compensation against the state workers compensation self-insurance fund. For the purposes of such investigations, the ~~secretary of health and environment~~ *commissioner of insurance* is authorized to obtain expert medical advice regarding the injuries, occupational diseases and disabilities involved in such claims. If, based upon such investigation and any other available information, the ~~secretary of health and environment~~ *commissioner of insurance* finds that there is no material dispute as to any issue involved in the claim, that the claim is valid and that the claim should be settled by agreement, the ~~secretary of health and environment~~

commissioner of insurance may proceed to enter into such an agreement with the claimant, for the state workers compensation self-insurance fund. Any such agreement may provide for lump-sum settlements subject to approval by the director and all such agreements shall be filed in the office of the director for approval as provided in K.S.A. 44-527, and amendments thereto. All other claims for compensation against such fund shall be paid in accordance with the workers compensation act pursuant to final awards or orders of an administrative law judge or the board or pursuant to orders and findings of the director under the workers compensation act.

(c) For purposes of the workers compensation act, a volunteer member of a regional emergency medical response team as provided in K.S.A. 48-928, and amendments thereto, shall be considered a person in the service of the state in connection with authorized training and upon activation for emergency response, except when such duties arise in the course of employment or as a volunteer for an employer other than the state.

Sec. 11. K.S.A. 44-578 is hereby amended to read as follows: 44-578. The~~ secretary of health and environment~~ *commissioner of insurance* may adopt rules and regulations necessary for the administration of the state workers compensation self-insurance fund, including the processing and settling of claims for compensation made against such fund.

Sec. 12. K.S.A.~~ 2023~~ **2024** Supp. 75-6502 is hereby amended to read as follows: 75-6502. (a) There is hereby established the Kansas state employees health care commission which is composed of seven members as follows: (1) The commissioner of insurance; (2) the secretary of administration; (3) a current state employee who is currently enrolled in the state healthcare benefits program group health insurance medical plan, appointed by the governor; (4) a person who retired from a position in state service and who is currently enrolled in the state healthcare benefits program group health insurance medical plan, appointed by the governor; (5) a representative of the general public, appointed by the governor; (6) a member of the senate ways and means committee, appointed by the president of the senate; and (7) a member of the house of representatives appropriations committee, appointed by the speaker of the house of representatives. A state officer or employee may not be appointed as the member representative of the general public.

(b) Each member appointed under this section by the governor shall serve at the pleasure of the governor. The member appointed by the president of the senate shall serve at the pleasure of the president of the senate, and the member appointed by the speaker of the house of representatives shall serve at the pleasure of the speaker of the house of representatives. Not more than five members of the commission shall be members of the same political party.

(c) The chairperson of the commission shall be ~~designated by~~ the ~~governor~~ *commissioner of insurance*. The commission shall meet at least once each calendar quarter and at such other times as may be required on call of the chairperson or any three members thereof.

(d) A quorum of the Kansas state employees health care commission shall be four. All actions of the commission shall be taken by a majority of all of the members of the commission.

(e) Members of the Kansas state employees health care commission attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

Sec. 13. K.S.A. 75-6503 is hereby amended to read as follows: 75-6503. (a) Except as otherwise provided by this act, all budgeting, purchasing and related management functions of the Kansas state employees health care commission shall be administered by the ~~secretary of administration under the direction and supervision of the chairperson of the commission~~ *commissioner of insurance*. All vouchers for expenditures and all payrolls of the Kansas state employees health care commission shall be approved by the chairperson of the commission or by a person or persons designated by the chairperson.

(b) There is hereby created the position of technical administrator for the state health care ~~benefit~~ *benefits* program. Under the direction and supervision of the ~~secretary of administration~~ *commissioner of insurance*, the technical administrator shall provide primary staffing assistance to the commission and perform such other functions and duties as may be prescribed by the commission. The technical administrator shall be in the ~~classified or~~ unclassified service under the Kansas civil service act ~~as specified by the secretary of administration~~ and shall be appointed by the ~~secretary of administration~~ *commissioner of insurance*. Within the limits of available appropriations, the ~~secretary of administration~~ *commissioner of insurance* shall provide such additional assistance as may be requested by the commission.

Sec. 14. K.S.A. 44-575, 44-577, 44-578 ~~and~~**,** 75-6503 **and 75-6506a** and ~~K.S.A. 2023 Supp. 75-6502 and~~ K.S.A. 2024 Supp. 44-512**, 75-37,162, 75-37,163, 75-37,164, 75-37,165, 75-37,166, 75-37,167, 75-37,168, 75-37,169, 75-37,170, 75-37,171 and 75-6502** are hereby repealed.

Sec. 15. This act shall take effect and be in force from and after **July 1, 2027, and** its publication in the statute book.