

HOUSE BILL No. 2001

By Representatives Swenson and Powers

12-8

9 AN ACT concerning insurance; establishing the Kansas health care com-
10 mission and providing for the powers, duties and functions thereof;
11 providing comprehensive, statewide health insurance coverage for all
12 residents of the state; providing for the financing thereof; and repeal-
13 ing K.S.A. 40-2248, 40-2249 and 40-2249a.

14
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. (a) The Kansas health care commission is hereby created
17 for the purpose of providing a single, publicly financed statewide insur-
18 ance program to provide comprehensive coverage for all necessary health
19 care services for all residents of this state.

20 (b) As used in this act:

21 (1) "Board" means the board of governors of the Kansas health care
22 commission.

23 (2) "Eligible person" means every person regardless of preexisting
24 conditions of eligibility who is a resident of this state.

25 (3) "Fund" means the Kansas health care trust fund.

26 (4) "Participating provider" means any person who is authorized to
27 furnish covered services pursuant to the provisions of this act and to rules
28 and regulations adopted by the board of governors of the Kansas health
29 care commission.

30 (5) "Commission" means the Kansas health care commission.

31 (6) "Plan" means the Kansas health care plan, developed and imple-
32 mented by the Kansas health care commission.

33 (7) "Employer" means every person, partnership, association, cor-
34 poration, trustee, receiver, the legal representatives of a deceased em-
35 ployer, and every other person, including any person or corporation op-
36 erating a railroad and any public service corporation, the state, county,
37 municipal corporation, township, school, drainage district, school boards,
38 boards of education, regents, curators, commission, board or any other
39 political subdivision, corporation or quasi-corporation or cities, using the
40 service of another for compensation in this state.

41 (8) "Employ" means to suffer or to permit to work.

42 (9) "Employee" means any individual who works for an employer.

43 (10) "Resident" means a person whose usual place of residence is in

1 this state.

2 (11) “Interest” has the meaning given to such word in section 6049(b)
3 of the internal revenue code of 1986 (100 Stat. 2085, 26 U.S.C. 1, as
4 amended).

5 (12) “Dividend” has the meaning given to such word in section 316
6 of the internal revenue code of 1986 (100 Stat. 2085, 26 U.S.C. 1, as
7 amended).

8 (13) “Price” means the total cost of the property purchased at retail
9 sale including any taxes included in that cost.

10 Sec. 2. The Kansas health care commission shall be a body corporate
11 and an instrumentality of the state. In the commission shall be vested the
12 powers and duties specified in this act and such other powers as may be
13 necessary or proper to enable it, its officers, employees and agents to
14 carry out fully and effectively all the purposes of this act.

15 Sec. 3. (a) The Kansas health care commission shall be administered
16 by a board of governors composed of 21 members:

17 (1) Fifteen members shall be appointed by the governor subject to
18 confirmation by the senate, as follows:

- 19 (A) One representative of a hospital;
- 20 (B) one physician;
- 21 (C) one nurse;
- 22 (D) one representative of a public health care provider;
- 23 (E) one representative of a mental health care provider;
- 24 (F) one person whose annual income does not exceed the federal
25 poverty level;
- 26 (G) one person 65 years of age or older;
- 27 (H) two representatives of labor organizations;
- 28 (I) one representative of a business employing fewer than 15 persons;
- 29 (J) one representative of a business employing more than 15 persons;
- 30 (K) four members selected from the general public;
- 31 (2) six members shall be the following:
 - 32 (A) The secretary of health and environment;
 - 33 (B) the secretary of social and rehabilitation services;
 - 34 (C) the commissioner of insurance;
 - 35 (D) the secretary of revenue;
 - 36 (E) the secretary of administration; and
 - 37 (F) the secretary of labor.

38 (b) The terms of the initial appointees shall be staggered as specified
39 by the governor at the time of appointment as follows: Four shall be
40 appointed for a term of four years, four for a term of three years, four
41 for a term of two years and three for a term of one year. Thereafter all
42 terms shall be for a term of four years each, but a member appointed to
43 fill a vacancy in an unexpired term shall serve only for the remainder of

1 that term. No member may be appointed to serve more than two con-
2 secutive terms.

3 (c) The board shall elect a chairperson and a vice-chairperson.

4 (d) Meetings shall be called by the chairperson or by any 11 mem-
5 bers. The board shall meet at least six times per year. All meetings of the
6 board shall be announced in advance and open to the public as required
7 by law.

8 (e) Eleven members of the board constitute a quorum, and the affir-
9 mative vote of 11 members shall be necessary for any action to be taken
10 by the board.

11 (f) The members of the board attending meetings of such board, or
12 attending a subcommittee meeting thereof authorized by such board,
13 shall be paid amounts provided in subsection (e) of K.S.A. 75-3223 and
14 amendments thereto.

15 Sec. 4. (a) The board of governors of the Kansas health care com-
16 mission shall perform the following functions:

17 (1) Establish budget and policy guidelines for the plan;

18 (2) establish fee schedules;

19 (3) approve changes in coverage offered by the plan;

20 (4) adopt rules and regulations necessary to administer and imple-
21 ment the plan and administer the Kansas health care trust fund created
22 under section 6 and amendments thereto;

23 (5) monitor the operation of the plan;

24 (6) study and implement the most cost-effective methods of provid-
25 ing comprehensive personal health services to all persons within this state,
26 including increased reliance on primary and preventive care, community-
27 based alternatives to institutional long-term care and increased emphasis
28 on alternative providers and modes of care;

29 (7) study means of incorporating long-term care benefits into the plan
30 and report on the progress of such study to the legislature and the
31 governor;

32 (8) report annually to the legislature and the governor on the com-
33 mission's activities and recommend any changes in the insurance and
34 health care law to improve access to and quality of health care for resi-
35 dents of this state;

36 (9) disseminate, to providers of services and to the public, informa-
37 tion concerning the plan and the persons eligible to receive the benefits
38 of the plan;

39 (10) study and evaluate the operation of the plan including, but not
40 limited to, the adequacy and quality of services furnished under the plan,
41 the cost of each type of service and the effectiveness of cost containment
42 measures under the plan;

43 (11) conduct necessary investigations and inquiries and compel the

- 1 submission of information, documents and records the board considers
2 necessary to carry out its duties under the provisions of this act;
- 3 (12) employ and supervise staff;
- 4 (13) conduct other activities the board considers necessary to carry
5 out the purposes of this act;
- 6 (14) establish standards and procedures for negotiating and entering
7 into contracts with participating providers;
- 8 (15) develop a plan of operation;
- 9 (16) appoint an 11-member health services subcommittee to deter-
10 mine appropriate levels of coverage and services to be provided under a
11 two-tiered coverage plan;
- 12 (17) purchase prescription drugs from any source whatsoever, in-
13 cluding, but not limited to, vendors located outside the United States to
14 be disseminated under the plan; and
- 15 (18) establish guidelines for the purchase of prescription drugs to be
16 disseminated under the plan.
- 17 (b) The subcommittee shall recommend to the commission part I
18 coverage which shall provide for the highest level of public health to the
19 greatest number of persons within the actuarial fiscal confines of the plan:
- 20 (1) Part I coverage to include services shall provide basic health care
21 services to every resident of the state and to assure adequate quality and
22 access to all covered health services, with increased reliance on primary
23 and preventive care, community-based alternatives to institutional long-
24 term care and increased emphasis on alternative providers and modes of
25 care.
- 26 (2) Part II coverage shall be optional and may be purchased from the
27 plan or from private insurers. Private coverage under part II may dupli-
28 cate those coverages provided under part II coverage offered by the plan.
- 29 (3) Premiums for part II coverage shall be based on actuarial tables
30 and shall cover all costs associated with part II coverage based on a state-
31 wide community rate. There shall be a 12-month waiting period for pre-
32 existing conditions. Part II coverage may include any treatment or pro-
33 cedure deemed appropriate by the subcommittee and approved by the
34 entire commission subject to public hearings.
- 35 (4) All recommendations of the subcommittee must be approved by
36 the entire commission subject to public hearings.
- 37 (5) Five subcommittee members shall be physicians licensed to prac-
38 tice medicine in this state who have clinical expertise in the general areas
39 of obstetrics, perinatal, pediatrics, adult medicine, geriatrics or public
40 health. Other members shall include a public health nurse, a social service
41 worker and four consumers of health care.
- 42 (6) Members of the health services subcommittee shall serve for
43 terms of four years, at the pleasure of the board of governors.

1 (c) The following copayment schedule shall be implemented for in-
 2 dividuals receiving covered services:

3 SINGLE

4 INCOME	5 Copayment % of 6 Procedure Costs	7 Max. Out of Pocket 8 Annual
9 \$0-9,999	10 10 %	11 \$ 2,000
12 \$10,000-24,999	13 20 %	14 \$ 3,000
15 \$25,000-39,999	16 25 %	17 \$ 6,000
18 \$40,000-74,999	19 30 %	20 \$12,000
21 \$75,000-99,999	22 40 %	23 \$30,000
24 \$100,000 and above	25 50 %	26 \$50,000

27 MARRIED AND WHO FILE JOINT TAX RETURNS

28 INCOME	29 Copayment % of 30 Procedure Costs	31 Max. Out of Pocket 32 Annual
33 \$0-12,629	34 10 %	35 \$ 1,500
36 \$12,630-24,999	37 20 %	38 \$ 2,500
39 \$25,000-39,999	40 25 %	41 \$ 5,000
42 \$40,000-74,999	43 30 %	44 \$10,000
45 \$75,000-99,999	46 40 %	47 \$25,000
48 \$100,000 and above	49 50 %	50 \$40,000

51 FAMILY OF THREE

52 INCOME	53 Copayment % of 54 Procedure Costs	55 Max. Out of Pocket 56 Annual
57 \$0-15,840	58 10 %	59 \$ 1,000
60 \$15,841-24,999	61 20 %	62 \$ 2,000
63 \$25,000-39,999	64 25 %	65 \$ 4,000
66 \$40,000-74,999	67 30 %	68 \$ 8,000
69 \$75,000-99,999	70 40 %	71 \$20,000
72 \$100,000 and above	73 50 %	74 \$38,000

75 FAMILY OF FOUR OR MORE

76 INCOME	77 Copayment % of 78 Procedure Costs	79 Max. Out of Pocket 80 Annual
81 \$0-19,049	82 10 %	83 \$ 750
84 \$19,050-29,999	85 20 %	86 \$ 1,500
87 \$30,000-59,999	88 25 %	89 \$ 3,000
90 \$60,000-74,999	91 30 %	92 \$ 8,000
93 \$75,000-99,999	94 40 %	95 \$18,000
96 \$100,000 and above	97 50 %	98 \$35,000

99 Individuals may not insure against payment of copayments.

100 (d) The board, after providing notice to consumers, policyholders,
 101 providers and all other interested parties, may hold hearings in connection
 102 with any action that it proposes to take under subsection (a) of this section.

103 Sec. 5. (a) The governor shall appoint the executive director of the

1 commission.

2 (b) The executive director shall serve as secretary to the board and
3 shall perform such duties in the administration of the commission as the
4 board may assign.

5 (c) The board may delegate to the executive director any of its func-
6 tions or duties under this act except the adoption of rules and regulations
7 and the determination of availability of funds and their allocation.

8 Sec. 6. (a) The board shall establish a Kansas health care trust fund,
9 in which shall be placed all federal payments received as a result of any
10 waiver of requirements granted by the United States secretary of health
11 and human services under health care programs established under title
12 XIX of the social security act, as amended, and all moneys appropriated
13 by the legislature to the plan pursuant to this act. Moneys in the fund
14 shall be used solely to establish and maintain primary community pre-
15 ventation programs, to pay participating providers, in accordance with this
16 act and rules and regulations established by the board of governors of the
17 commission and for no other purpose. The board shall have power, in the
18 name and on behalf of the plan, to purchase, acquire, hold, invest, lend,
19 lease, sell, assign, transfer and dispose of all property, rights and securi-
20 ties, and enter into written contracts, all as may be necessary or proper
21 to carry out the purposes of this act.

22 (b) All money received by or belonging to the commission shall be
23 paid to the executive director and deposited by the executive director to
24 the credit of the commission in one or more banks or trust companies.
25 No such money shall be deposited in or be retained by any bank or trust
26 company which does not have on deposit with and for the board at the
27 time the kind and value of collateral required by Kansas Statutes Anno-
28 tated for depositaries of the state treasurer. The executive director shall
29 be responsible for all funds, securities and property belonging to the plan
30 and shall give such corporate surety bond for the faithful handling of the
31 same as the board shall require.

32 (c) Revenues held in the trust fund are not subject to appropriation
33 or allotment by the state or any political subdivision of the state.

34 (d) The board of governors shall administer the fund and shall con-
35 duct a quarterly review of the expenditures from and revenues received
36 by the fund.

37 (e) The board may invest the funds of the plan as authorized by law.

38 (f) On and after January 1, 2011, the amount of reserves in the fund
39 at any time shall equal at least the amount of expenditures from the fund
40 during the entire three preceding months.

41 Sec. 7. (a) The prevention account is hereby created within the Kan-
42 sas health care trust fund. Moneys in the prevention account shall be used
43 solely to establish and maintain primary community prevention programs,

1 including preventive screening tests. The board of governors of the Kan-
2 sas health care commission shall administer the prevention account and
3 shall determine the amount to be allocated to it.

4 (b) The health services account is hereby created within the Kansas
5 health care trust fund. Moneys in the health services account shall be
6 used solely to pay participating providers in accordance with section 12
7 and amendments thereto.

8 Sec. 8. (a) There is hereby created within the state treasury the
9 health professional education and training fund which shall consist of all
10 moneys received from federal health professional training moneys. Upon
11 appropriation, moneys in the health professional education and training
12 fund shall be used by the board solely to pay for the education and training
13 of health professionals who contract with the board to practice in Kansas
14 for a minimum of five years after graduation.

15 (b) During the five-year period commencing January 1, 2007, and
16 ending December 31, 2011, the annual amount of state expenditures for
17 the education and training of health professionals shall not be reduced
18 below the level of such expenditures in calendar year 2005.

19 Sec. 9. (a) Every person regardless of preexisting conditions of eli-
20 gibility who is a resident of this state is eligible to receive benefits for
21 covered services under the Kansas health care act. No person eligible for
22 benefits under the Kansas health care act who receives covered services
23 from a participating provider may be charged an additional amount for
24 such services.

25 (b) Persons who are not residents of this state but who work in Kansas
26 and for whom a health premium surcharge is paid, either by such person
27 or by an employer, may receive benefits, including benefits for depend-
28 ents, under the Kansas health care plan, if such person also pays the
29 income tax surcharge required in section 16 and amendments thereto.

30 (c) If a person who is not a resident of the state of Kansas and who
31 is not eligible for benefits pursuant to subsection (b) receives medical
32 treatment in Kansas, such person is subordinated to the state of Kansas
33 for reimbursement from a third-party payor for such medical treatment.

34 Sec. 10. (a) Every eligible person is entitled to receive benefits for
35 any covered service furnished within this state by a participating provider
36 if the service is necessary and appropriate for the maintenance of health
37 or for the diagnosis or treatment of, or rehabilitation following, injury,
38 disability or disease.

39 (b) Covered services include, but are not limited to, all of the
40 following:

41 (1) Prescription medications, subject to a copayment.

42 (2) ambulatory mental health visits. The board of governors shall es-
43 tablish the number of annual visits. The board may require additional

1 copayments for extended therapy under circumstances that it determines.
2 (3) Treatment in a facility for substance abuse. Admission to a facility
3 shall be limited to one per year. After an insured has been admitted three
4 times, a review board, appointed by the board of governors, shall study
5 individual referrals for subsequent admissions.

6 (c) Covered services do not include any of the following:

7 (1) Surgery for cosmetic purposes other than for reconstructive
8 surgery.

9 (2) Medical examinations conducted and medical reports prepared
10 for either of the following purposes:

11 (A) Purchasing or renewing life insurance; or

12 (B) participating as a plaintiff or defendant in a civil action for the
13 recovery or settlement of damages.

14 (3) Basic care rendered in a nursing home.

15 (d) Insurers, employers and other plans may offer benefits that do
16 not duplicate coverage that is offered by part I of the plan, but may offer
17 benefits that duplicate coverage that is offered under optional part II of
18 the plan.

19 Sec. 11. No participating provider shall refuse to furnish services to
20 an eligible person on the basis of race, color, income level, national origin,
21 religion, sex, sexual orientation or other nonmedical criteria.

22 Sec. 12. (a) The Kansas health care commission shall pay the ex-
23 penses of institutional providers of inpatient services on the basis of global
24 budgets that are approved by the board of governors of the plan.

25 (b) Each institutional provider shall negotiate an annual budget with
26 the plan to cover its anticipated services for the next year based on past
27 performance and projected changes in factor prices and services levels.

28 (c) Every physician or other provider employed by a globally budg-
29 eted institutional provider shall be paid through and in a manner deter-
30 mined by the institutional provider.

31 (d) The plan shall reimburse independent providers of health care
32 services on a fee-for-service basis. The plan shall annually negotiate the
33 fee schedule with the appropriate professional group. The fee schedule
34 shall be applied to health care services rendered by independent provid-
35 ers throughout the state.

36 (e) A provider may not charge rates that are higher than the negoti-
37 ated reimbursement level. A provider may not charge separately for cov-
38 ered services under section 10 and amendments thereto.

39 (f) A multispecialty organization of providers may elect to be reim-
40 bursed on a capitation basis, in lieu of the fee-for-service basis. Payment
41 on a capitation basis does not include services rendered for inpatient
42 services by institutional providers.

43 Sec. 13. The legislature shall appropriate annually to the Kansas

1 health care trust fund an amount equal to the revenue derived from the
2 surcharges collected pursuant to sections 16 and 17 and amendments
3 thereto as specified by the secretary of revenue.

4 Sec. 14. Sections 1 through 13 and amendments to such sections
5 shall be effective two years after notice to the secretary of social and
6 rehabilitation services that a waiver has been obtained from the federal
7 secretary of health and human services by the secretary of social and
8 rehabilitation services based on a request filed pursuant to section 18 and
9 amendments thereto.

10 Sec. 15. Not later than 30 days after the effective date of this act,
11 the department of social and rehabilitation services shall do both of the
12 following:

13 (a) Apply to the United States secretary of health and human services
14 for all waivers of requirement under health care programs established
15 under title XIX of the social security act, as amended, that are necessary
16 to enable this state to deposit all federal payments under such programs
17 in the state treasury to the credit of the Kansas health care trust fund
18 created in section 6 and amendments thereto and to allow the state to be
19 the supplemental payor of benefits for persons receiving medicare
20 benefits.

21 (b) Identify any other federal programs that provide federal funds for
22 payment of health care services to individuals. The department shall com-
23 ply with any requirements under those programs and apply for any waiv-
24 ers of those requirements that are necessary to enable this state to deposit
25 such federal funds to the credit of the Kansas health care trust fund.

26 Sec. 16. For the purpose of providing revenue for the Kansas health
27 care plan, and to pay the expenses of administering the taxes, the follow-
28 ing taxes are hereby levied:

29 (a) Every employer shall pay a health premium surcharge equal to
30 8% of the total amount such employer paid in wages to all persons pro-
31 viding services for pay to such employer.

32 (b) The health insurance premium surcharge required by this act to
33 be paid by employers shall be paid to the department of revenue and
34 shall be remitted by the secretary of revenue to the state treasurer who
35 shall deposit the entire amount in the state treasury to the credit of the
36 state general fund. Such health insurance premium surcharge shall be
37 paid at the same time that the employer is required to file a withholding
38 return with the department of revenue pursuant to state law.

39 (c) Self-employed persons or independent contractors shall make es-
40 timated quarterly payments of a health premium surcharge equal to 8%
41 of such person's Kansas adjusted gross income as defined under K.S.A.
42 79-32,117 and amendments thereto. Such premiums shall be paid to the
43 department of revenue for deposit into the state general fund.

1 (d) The secretary of revenue shall provide forms and may adopt rules
2 and regulations to implement the provisions of this section.

3 (e) The provisions of this section are effective for all tax years begin-
4 ning on or after January 1 of the year following the receipt of notice by
5 the secretary of social and rehabilitation services that the waivers re-
6 quested pursuant to section 15 and amendments thereto have been
7 received.

8 (f) Any employer who has a contract with an insurer, health services
9 corporation or health maintenance organization to provide health care
10 services or benefits for its employees, which is in effect on the effective
11 date of this act, shall be entitled to an income tax credit against taxes
12 otherwise due, in an amount equal to the health premium surcharge due
13 pursuant to this section.

14 Sec. 17. (a) Any insurer, health services corporation or health main-
15 tenance organization which provides health care services or benefits un-
16 der a contract with an employer which is in effect on the effective date
17 of this act, shall pay a premium tax in an amount equal to the health
18 premium surcharge which would have been paid by the employer if the
19 contract with the insurer, health services corporation or health mainte-
20 nance organization were not in effect. For purposes of this section, the
21 term "insurer" includes union health and welfare funds and self-insured
22 employers.

23 (b) There is hereby imposed the following surcharge:

24 (1) On each resident who receives interest in an amount exceeding
25 \$1,000 per year, a tax equal to 2% of the interest so received;

26 (2) on each resident who receives dividends in an amount exceeding
27 \$1,000 per year, a tax equal to 2% of the dividends so received;

28 (3) for all tax years beginning on or after January first of the year
29 following the receipt of notice by the secretary of social and rehabilitation
30 services that the waivers requested pursuant to section 15 of this act have
31 been received, there is hereby imposed in addition to the state income
32 tax imposed, an additional surcharge on Kansas taxable income, as such
33 term is defined under K.S.A. 79-32,117 and amendments thereto. Such
34 surcharge shall be imposed on the Kansas taxable income of resident
35 individuals as follows:

36 If the Kansas taxable income is:	The surcharge is:
37 Not over \$5,000	0 %
38 \$5,001-9,999	1 %
39 \$10,000-24,999	2 %
40 \$25,000-39,999	2.5%
41 \$40,000-74,999	3 %
42 \$75,000-99,999	4 %
43 \$100,000 and above	5 %

- 1 (4) on taxes levied under article 38 of chapter 79 of the Kansas Stat-
2 utes Annotated, under article 41 of chapter 79 of the Kansas Statutes
3 Annotated and under article 41a of chapter 79 of the Kansas Statutes
4 Annotated, and acts amendatory of the provisions thereof, a surcharge
5 equal to 10% of the retail price;
- 6 (5) on taxes levied on the sale at retail of cigarettes, cigars, snuff and
7 other tobacco products under article 33 of chapter 79 of the Kansas Stat-
8 utes Annotated, and acts amendatory of the provisions thereof, a sur-
9 charge equal to 10% of the retail price.
- 10 (c) The surcharge imposed pursuant to subsections (b)(1) through
11 (b)(3) shall be collected in the same manner and at the same times as
12 resident individual income tax is collected and the taxes subject to the
13 surcharge under subsections (b)(4) and (b)(5) shall be collected in the
14 same manner and at the same times as such taxes are collected under
15 law. Moneys so collected shall be deposited in the state general fund. All
16 applicable provisions of law, including provisions relating to withholding,
17 shall apply to the surcharge imposed by this section.
- 18 (d) An employer may agree to pay all or part of the employee's in-
19 come tax surcharge. Such payment shall not be considered income for
20 Kansas income tax purposes.
- 21 (e) The secretary of revenue shall provide forms and shall promulgate
22 rules and regulations necessary to implement the provisions of this
23 section.
- 24 (f) The board of governors of the Kansas health care commission shall
25 adopt rules and regulations regarding the levy and collection of the taxes
26 described under this section, and may enter into contracts with the sec-
27 retary of revenue for the collection of the taxes levied by this section.
- 28 Sec. 18. The secretary of health and environment shall prepare, in
29 cooperation with the departments of aging, social and rehabilitation serv-
30 ices, insurance and revenue and the division of budget, a report identi-
31 fying and evaluating the probable effects on the quality and costs of health
32 care in this state that would result from requiring that all money that local
33 governmental agencies raise through locally imposed taxes and currently
34 spend for local health care be deposited instead in the Kansas health care
35 trust fund created by section 6 and amendments thereto. The secretary
36 of health and environment shall serve as lead agency and provide staff
37 services and office facilities as needed for preparation of the report. On
38 or before December 31, 2006, the secretary of health and environment
39 shall submit the report to the speaker of the house of representatives, the
40 president of the senate and the governor.
- 41 Sec. 19. (a) The taxes authorized under section 17 and amendments
42 thereto shall be levied for taxable years commencing on and after De-
43 cember 31, 2006.

1 (b) Any employer whose employee health benefit costs, on January
2 1, 2006, exceed 8% of the employer's payroll may continue its existing
3 coverage until the expiration of the plan or contract that provides for this
4 coverage. Upon the expiration of the plan or contract, the employer shall
5 convert to coverage under the Kansas health plan.

6 (c) Any employer whose employee health benefit costs, on January
7 1, 2006, are less than 8% of the employer's payroll shall pay to the Kansas
8 health care trust fund the amount by which the current payments are less
9 than 8%.

10 (d) Any employer who, on January 1, 2005, does not make any pay-
11 ments for health care for employees may pay a 4% payroll tax in 2006,
12 and an 8% payroll tax in every subsequent year pursuant to section 14
13 and amendments thereto.

14 Sec. 20. Not later than March 1, 2006, the governor shall make the
15 initial appointments to the board of governors of the Kansas health care
16 commission pursuant to section 3 and amendments thereto.

17 Sec. 21. K.S.A. 40-2248, 40-2249 and 40-2249a are hereby repealed.

18 Sec. 22. This act shall take effect and be in force on and after January
19 1, 2006, and its publication in the statute book.