		Approved	Date
MINUTES OF THE SENATE C	COMMITTEE ON	WAYS AND MEANS	
The meeting was called to order by _	Senator Paul	Hess Chairperson	at
11:00 a.m./p.m. onF	'ebruary 11, 1983	, 19 in room	-S of the Capitol.
All members were present except:			
Senators Doyen, Gaines and H	larder		
Committee staff present:			
Research Department: Marlin Revisor's Office: Norman Fu Committee Office: Mark Skin	ırse	ry Galligan	
Conferees appearing before the comm Art Griggs, Attorney, Depart		· .	

Senate Bill 12 - Establishing the state health care benefits program

carried by voice vote.

Senator Werts distributed balloons of SB 12 with amendments approved by the subcommittee comprised of Senators Werts, Hein and Steineger. He noted that in approving the amendments, the subcommittee had consulted with Art Griggs, Attorney for the Department of Administration, and the Division of Accounts and Reports. (See Attachment A)

Motion was made by Senator Bogina and seconded by Senator McCray to approve

committee minutes from the beginning of the session through February 3, 1983. The motion

Senator Werts was asked if most amendments were suggested by the Department of Administration. He answered that all amendments were recommendations of that Department, but that the committee did not include the suggestions with which they did not concur.

Senator McCray questioned the stricken language on page 7 of the proposal. Senator Hess explained that, by striking that language, the requirement that a single member premium must be paid entirely by the State of Kansas is eliminated. Mr. Griggs further explained that the amount paid by the state will always be determined by the appropriation process.

Following a short review by the staff of certain sections of the bill, it was determined that all of the language in Section 1, Subsection (b), should be re-inserted, with the exception of certain language.

Motion was made by Senator Werts and seconded by Senator Steineger to adopt subcommittee amendments to SB 12, including reinstitution of Subsection (b) with the exception of the following language: "and the amount of the costs of the state health care benefits program payable by such persons." The motion carried by voice vote.

Motion was made by Senator Werts and seconded by Senator Steineger to report SB 12 as amended favorably for passage. The motion carried by roll call vote.

SB 18 - Creating joint committee on state employee compensation and benefits

Motion was made by Senator Werts and seconded by Senator Steineger that SB 18 be reported favorably for passage without amendment. The motion carried by roll call vote.

SB 128 - Designation of Chairperson of Joint Committee on State Building Construction

Senator Bogina suggested that the bill be amended to allow the Building Construction Committee to introduce legislation. He explained that it is now necessary to ask another committee to introduce their proposals.

SENATE COMMITTEE ON WAYS AND MEANS, February 11, 1983 - 2

SB 128, Continued

Motion was made by Senator Hein and seconded by Senator McCray to amend SB 128 to allow the Joint Committee on State Building Construction to introduce legislation. The motion carried by voice vote.

Motion was made by Senator Bogina and seconded by Senator Talkington to report SB 128 as amended favorably for passage. The motion carried by roll call vote.

SB 19 - Student residency requirements for certain postsecondary educational institutions

Motion was made by Senator Talkington to report SB 19 adversely. The motion was seconded by Senator Warren.

There was an extended discussion concerning the fiscal impact of changing residency requirements at all state institutions to six months. It was noted by staff that the fiscal impact would be a \$300,000 loss in tuition payments.

A substitution motion was made by Senator McCray and seconded by Senator Hein to make the residency requirement six months for all schools of higher education. The motion lost on a voice vote.

Senator Talkington's motion to report SB 19 adversely lost on a tie vote.

Motion was made by Senator Steineger and seconded by Senator Werts to report SB 19 favorably. The motion lost on a tie vote.

The result of the above votes was that the bill remains in the Senate Ways and Means Committee.

SB 72 - Tuition grants for members of Kansas army and air national quard

Following a brief discussion, it was decided by committee members to take no action on SB 72 at this time.

The meeting was adjourned by the Chairman.

SENATE BILL No. 12

By Special Committee on State Health Insurance

Re Proposal No. 29

12-20

O018 AN ACT establishing the state health care benefits program; providing for the administration thereof by the secretary of administration; amending K.S.A. 20-358 and 40-223 and K.S.A. 1982 Supp. 75-4101, 75-4105 and 75-4106 and repealing the existing sections; and also repealing K.S.A. 1982 Supp. 75-0023 4108, 75-4108a, 75-4110, 75-4113 and 75-4113a.

0024 Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) Within the limits of appropriations there0026 for and subject to the provisions of appropriation acts relating
0027 thereto, the secretary of administration shall develop and pro0028 vide for the implementation of a state health care benefits pro0029 gram. The state health care benefits program may provide ben0030 efits for persons qualified to participate in the program for
0031 hospitalization, medical services, surgical services and other
0032 health services and may include provisions relating to qualifica0033 tions for benefits, services covered, schedules and graduation of
0034 benefits, conversion privileges, deductible amounts, limitations
0035 on eligibility for benefits by reason of termination of employ0036 ment or other change of status, leaves of absence, military ser0037 vice or other interruptions in service and other reasonable pro0038 visions as may be established by the secretary.

(b) The secretary of administration shall designate by rules 0040 and regulations those persons who are qualified to participate in 0041 the state health care benefits program (and the amount of the 0042 costs of the state health care benefits program payable by such 0043 persons) In designating persons qualified to participate in the 0044 state health care benefits program, the secretary may establish 0045 such conditions, restrictions, limitations and exclusions as the

(b) There is hereby created within the department of administration the position of administrator of the state health care benefits program, which shall be within the unclassified service. The administrator shall have the responsibility to assist the secretary of administration in administering the state health care benefits program, carrying out the provisions of this act and performing such other duties as may be assigned by the secretary of administration.

(c)

The program

such provisions as are established by the secretary of administration, including but not limited

0046-secretary deems reasonable.

70047 (c) The state health care benefits program established under 10048 this act shall be effective on and after August 1, 1984.

New Sec. 2. (a) Subject to the provisions of appropriation acts relating thereto, in developing and providing for the implementation of a state health care benefits program the secretary of administration may:

- 0053 (1) Enter into one or more group insurance contracts to pro-0054 vide coverage for all or part of the state health care benefits 0055 program;
- (2) establish a self-funded program on an actuarially sound most basis to provide coverage for all or part of the state health care benefits program and administer the self-funded program or contract for all or part of the administration of the self-funded program;
- (3) provide for the self-administration of all or part of the state health care benefits program;
- one (4) enter into contracts with one or more health care providence ers for the provision of health care services;
- 0065 (5) enter into contracts in accordance with the provisions of section 3 with one or more health maintenance organizations for the provision of health care services; or
- 0068 (6) perform any combination of the authority granted under 0069 this subsection (a).
- 0070 · (b) All group insurance contracts, contracts for health care 0071 services of a health maintenance organization and contracts for 0072 the administration of a self-funded program authorized under 0073 subsection (a) shall be subject to the competitive bid require 0074 ments of K.S.A. 75-3739 and amendments thereto. The secretary 0075 of administration may negotiate contracts under paragraph (4) o 0076 subsection (a), and these contracts shall not be subject to the 0077 competitive bid requirements of K.S.A. 75-3739 and amend 0078 ments thereto.

New Sec. 3. The secretary, in accordance with the provious sions of section 2, may contract to provide health care services (0081 a health maintenance organization for persons qualified to pa

(d)

Subject to the provisions of subsection (c),

(c) Subject to the approval of the secretary of administration, the administrator of the state health benefits program is authorized to negotiate and enter into contracts with qualified insurers and other contracting parties for the purpose of establishing a state health care benefits program, including the acquisition of actuarial and other services necessary therefor. The administrator shall advertise for proposals, shall negotiate with not less than three firms or other parties submitting proposals, and shall select from among those submitting proposals the firm or other contracting party to contract with for the purpose of entering into contracts for services related to the state health care benefits program. Contracts entered into pursuant to this subsection (c) shall not be subject to the provisions of K.S.A. 75-3738 through 75-3740, and amendments thereto.

ones shall provide that coverage under the contract is applicable to those persons qualified to participate in the state health care benefits program as the secretary determines feasible. This covous erage may be available to such qualified persons as an alternative to other benefits under the state health care benefits process gram or may be part of the benefits provided to such persons under the program. The contract may include services for spouses and dependents of members at rates established in accordance with such contract. A contract to provide health care services of a health maintenance organization under this section shall be construed to be part of the state health care benefits program.

New Sec. 4. The participation of a person qualified to par-0096 ticipate in the state health care benefits program shall be volun-0097 tary, and the cost of the state health care benefits program for 0098 such person shall be established by the secretary of administra-0099 tion. Periodic deductions from state payrolls may be made in 0100 accordance with procedures prescribed by the secretary of ad-0101 ministration to cover the costs of the state health care benefits 0102 program payable by persons who are on the state payroll when 0103 authorized by such persons. Any such periodic payroll deduc-0104 tions in effect on an implementation date for biweekly payroll 0105 periods shall be collected in the manner prescribed by the 0106 secretary of administration.

New Sec. 5. (a) There is hereby created in the state treasury the health care benefits program fund. The cost of the state health care benefits program shall be paid from this fund. The secretary of administration shall remit all moneys received by or other secretary in the capacity as administrator of the state health care benefits program to the state treasurer. Upon receipt of such remittance the state treasurer shall deposit the entire amount thereof in the state treasury to the credit of the health care benefits program fund. All expenditures from the health care benefits program fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of administration or by a person designated by the secretary.

The director of accounts and reports shall issue warrants pursuant to vouchers approved by the secretary for payments from the 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 fund first became liable to make such payments.

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- (b) The pooled money investment board may invest and ollowed the proof of the United States of America or obligations the ollowing principal and interest of which are guaranteed by the United ollowed States of America or in interest-bearing time deposits in any ollowed commercial bank or trust company located in Kansas, or, if the ollowed board determines that it is impossible to deposit such moneys in ollowed days' duration with a Kansas bank for direct obligations of, or ollowed ollowed ollowed by the united States government or any agency thereof. Any income or ollowed health care benefits program fund.
- (c) Each state agency which has on its payroll persons par-0134 ticipating in the state health care benefits program shall pay from 0135 any moneys available to the agency for such purpose an amount 0136 specified by the secretary of administration as the cost to the 0137 agency for the state's contribution for persons participating in the 0138 state health care benefits program.
- 0139 (d) Payments from public funds for coverage under the state 0140 health care benefits program for persons participating in that 0141 program shall not be deemed a payment or supplement of wages 0142 of such person notwithstanding any other provision of law or 0143 rules and regulations relating to wages of any such person.
- (e) Commencing with the regular session of the legislature in 1984 and with each regular session of the legislature thereafter, the secretary of administration shall submit to the president of the senate and to the speaker of the house of representatives, on the day the governor's budget report is submitted to the legislature, recommendations with respect to the state health care benefits program together with estimates of the cost of the program proposed by the secretary, including a five-year projection of the cost of the program. Together with the recommendations submitted, the secretary of administration shall include alternatives for cost containment and benefit coverage for qualified persons for both the proposed program and the five-year projected program.

New Sec. 6. In administering the provisions of sections 1 to 0158 6, inclusive, the secretary of administration may:

- 0159 (a) Adopt rules and regulations as provided in K.S.A. 1982 0160 Supp. 75-3706 and amendments thereto;
- 0161 (b) enter into such contracts as may be necessary; and
- 0162 (c) establish an advisory committee to advise the secretary on 0163 matters relating to fringe benefits of state officers and employees 0164 and to assist the secretary in the development of policy with 0165 respect to such fringe benefits.

New Sec. 7. The director of accounts and reports shall make periodic deductions from state retirement or other benefit payments to retired state officers and employees and other persons who are qualified to participate in the state health care benefits program for the costs of the state health care benefits program which are payable by such retired state officers and employees and other persons when authorized to make such deductions by the written, voluntary authorization of such retired state officers and employees and employees and other persons. No such authorization shall be construed to be an assignment of any annuity, benefits, funds, property or rights of any person under K.S.A. 74-4923 and amendments thereto.

Sec. \$.9 On August 1, 1984, K.S.A. 20-358 is hereby amended 0179 to read as follows: 20-358. With regard to district court officers 0180 and employees whose total salary is payable by a county, such 0181 county shall either provide for insurance coverage for hospital-0182 ization, medical services, surgical services and other health 0183 services at least equal to insurance coverage provided to other 0184 state officers and employees pursuant to K.S.A. 75 4108, and any 0185 amendments thereto, under the state health care benefits pro-0186 gram or, if such district court officers and employees are desig-0187 nated by the secretary of administration under subsection (b) of 0188 section 1 as qualified to participate in the state health care 0189 benefits program, shall pay the employer's costs for enrolling 0190 such employees under the same insurance coverage plan pro-0191 vided to other state officers and employees state health care 0192 benefits program. In the event a county elects the latter type of 0193 insurance coverage, counties shall remit the employer and emNew Sec. 8. In contracting pursuant to K.S.A. 1982 Supp. 75-4108 for hospitalization, medical, surgical or other health services, including services of health maintenance organizations, the next contracts entered into by the committee on surety bonds and insurance shall be for a term ending July 31, 1984, except that such contracts shall include provisions which provide for an option to extend the coverage under the contract, on a month-to-month basis for up to six additional months. The costs for such extended coverage for each additional month shall be specified in the contract. Such contracts shall provide that the secretary of administration shall be the individual authorized to exercise the option to extend such coverage.

ployee premiums to the director of accounts and reports secreolys tary of administration in accordance with the directions of said
olio director the secretary of administration, and counties may adopt
olio the same type payroll deduction plan for employee premiums as
olio provided in K.S.A. 75 4108a, and any amendments thereto, for
other state officers and employees; section 4. The provisions of
olio K.S.A. 75 4110 and 75 4113, and any amendments thereto, secolio tions 1 to 6, inclusive, shall be applicable to such employees in
olio the same manner as other state officers and employees persons
olio eligible to participate in the state health care benefits program.

Sec. 97 On August 1, 1984, K.S.A. 40-223 is hereby amended to read as follows: 40-223. Any person or persons who shall make who makes any examination under the provisions of this act, except as provided in K.S.A. 40-110 and 40-253 and amendments 0208 thereto, may receive, as full compensation for such person's 0209 services, on a per diem basis an amount fixed by the commis-0210 sioner, which shall not exceed the amount recommended by the national association of insurance commissioners, for such time 0212 necessarily and actually occupied in going to and returning from 0213 the place of such examination and for such time the examiner is 0214 necessarily and actually engaged in making such examination including any day within the regular work week when the examiner would have been so engaged had the company or 0217 society been open for business, together with such necessary and 0218 actual expenses for traveling and subsistence as the examiner 0219 shall incur and on account because of the performance of such 0220 services. For the purposes of this act, "necessary and actual expenses" shall be limited, whether for travel within the state or travel outside the state, to those limitations expressed in K.S.A. 1980 Supp. 75-3207 and amendments thereto which pertain to official travel outside the state. The daily charge shall be calculated by dividing the amount the examiner is authorized by 0226 the commissioner of insurance to charge per week by the 0227 number of days in the regular work week of the company or 0228 society being examined.

O229 All of said such compensation, expenses, the employer's share O230 of the federal insurance contributions act taxes, the employer's

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0231 contribution to the Kansas public employees retirement system 0232 as provided in K.S.A. 74-4920 and amendments thereto, the 0233 self-insurance assessment for the workmen's compensation act as 0234 provided in K.S.A. 44-576 and amendments thereto, the single 0235 member premium under the group health insurance plan as provided in K.S.A. 1980 Supp. 75-4110 and 75-4113 and acts amendatory thereof or supplemental thereto employer's cost of 0238 the state health care benefits program under section 5, and a pro 0239 rata amount determined by the commissioner to provide annual 0240 leave for the examiner not to exceed the number of days allowed 0241 state officers and employees in the classified service pursuant to 0242 regulations promulgated in accordance with the Kansas civil 0243 service act, shall be paid to the commissioner of insurance by the 0244 insurance company or society so examined, on demand of the 0245 commissioner. Such demand shall be accompanied by the sworn 0246 statement of the person making such examination, setting forth 0247 in separate items the number of days necessarily and actually 0248 occupied in going to and returning from the place of such 0249 examination, the number of days the examiners were necessarily 0250 and actually engaged in making such examination including 0251 those days within the regular work week while the examination 0252 was in progress and the company or society had closed for 0253 business, and the necessary and actual expenses for traveling 0254 and subsistence, incurred in and on account of such services. A 0255 duplicate of every such sworn statement shall be kept on file in 0256 the office of the commissioner of insurance. All moneys so paid 0257 to the commissioner of insurance shall be remitted to the state 0258 treasurer and the state treasurer shall issue duplicate receipts 0259 therefor, one to be delivered to the commissioner of insurance 0260 and the other to be filed with the director of accounts and 0261 reports.

Sec. 10. On August 1, 1984, K.S.A. 1982 Supp. 75-4101 is 0263 hereby amended to read as follows: 75-4101. (a) There is hereby 0264 created a committee on surety bonds and insurance, which shall 0265 consist of the state treasurer, the attorney general, and the 0266 commissioner of insurance. The commissioner of insurance shall 0267 be the chairperson of the committee and the director of pur-

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0268 chases shall be ex officio secretary. The committee shall meet on 0269 call of the chairperson and at such other times as the committee 0270 shall determine but at least once a month on the second Monday 0271 in each month. Meetings shall be held in the office of the 0272 commissioner of insurance. The members of the committee shall $^{\circ}$ 0273 serve without compensation. The secretary shall be the custo-0274 dian of all property, records, and proceedings of the committee. 0275 Except as provided in subsection (b) and in K.S.A. 74-4925 and 0276 74-4927, and amendments thereto, and in sections 1 to 6, inclu-0277 sive, no state agency shall purchase any insurance of any kind or 0278 nature, any health care services of a health maintenance organi-0270 zation or any surety bonds upon state officers or employees, 0280 except as provided in this act. Effective on August 1, 1984, and 0281 except as otherwise provided in this section, health care cover-0282 age and health care services of a health maintenance organiza-0283 tion for state officers and employees designated under subsec-0284 tion (b) of section 1 shall be provided in accordance with the 0285 provisions of sections 1 to 6, inclusive.

(b) The Kansas turnpike authority may purchase group life, 0287 health and accident insurance or health care services of a health 0288 maintenance organization for its employees or members of the 0289 highway patrol assigned, by contract or agreement entered pur-0290 suant to K.S.A. 68-2025, and amendments thereto, to police toll 0291 or turnpike facilities, independent of the committee on surety 0292 bonds and insurance and of the provisions of sections 1 to 6, 0293 inclusive. Such authority may purchase liability insurance cov-0294 ering all or any part of its operations and may purchase liability 0295 and related insurance upon all vehicles owned or operated by 0296 the authority, and such insurance may be purchased without 0297 complying with K.S.A. 75-3738 to 75-3744, inclusive, and 0298 amendments thereto. Any board of county commissioners may 0299 purchase such insurance or health care services, independent of 0300 such committee, for district court officers and employees any 0301 part of whose total salary is payable by the county. Nothing in 0302 any other provision of the laws of this state shall be construed as 0303 prohibiting members of the highway patrol so assigned to police 0304 toll or turnpike facilities from receiving compensation in the

0305 form of insurance or health maintenance organization coverage 0306 as herein authorized.

Sec. 11. On August 1, 1984, K.S.A. 1982 Supp. 75-4105 is 0308 hereby amended to read as follows: 75-4105. All surety bonds, 0309 and insurance contracts and contracts for health care services of a 0310 health maintenance organization purchased pursuant to this act 0311 shall be purchased by the committee in the manner prescribed 0312 for the purchase of supplies, materials, equipment or contractual 0313 services under K.S.A. 75-3738 to 75-3744, inclusive, and amend-0314 ments thereto. The director of accounts and reports shall not pay 0315 any premium or rate on any surety bond, or insurance contract or 0316 contract for health care services of a health maintenance organi-0317 zation until the purchase of such surety bond or contract shall 0318 have been approved by the secretary of the committee. Surety 0319 bonds, or insurance contracts or contracts for health care services of a health maintenance organization having a premium or rate in 0321 excess of fifty dollars (\$50) \$50 purchased hereunder shall be 0322 purchased on sealed bids as provided by law for the purchase of 0323 other materials, equipment or contractual services. Where more 0324 than one (1) state agency is covered by any bond, or insurance 0325 contract or contract for health care services of a health mainte-0326 nance organization, the committee shall prorate the cost of pre-0327 miums or rates on any and all such bonds or contracts, except as 0328 provided in K.S.A. 75-4114 and K.S.A. 1982 Supp. 75-4108, and 0329 amendments thereto, purchased as charges upon the funds of the 0330 state agency wherein any covered state officers or employees are 0331 employed or covered property is located or controlled. Such 0332 prorated charges shall constitute a lawful charge by the commit-0333 tee upon the funds available to any such state agency and shall 0334 be paid by each such state agency to the committee, or to the 0335 surety, or insurance carrier or health maintenance organization if 0336 the committee requires it, in the manner provided by law for the 0337 payment of other obligations of such state agency. Nothing in 0338 this act shall prohibit the committee, in its discretion, from renewing a group insurance or health maintenance organization contract or contracts which provide for hospitalization, medical 0341 services, surgical services or other health services or any combi12

0342	nation thereof, and all such contracts shall be contracted in	•
0343	accordance with K.S.A. 75 3738 to 75 3744, inclusive, and acts	· •
0344	amendatory thereof.	13
0345	Sec. 12. On August 1, 1984, K.S.A. 1982 Supp. 75-4106 is	
0346	hereby amended to read as follows: 75-4106. All surety bonds, or	
	insurance contracts and contracts for health care services of a	
0348	health maintenance organization purchased shall be kept in the	
0349	office of the secretary of the committee or in the office of his or	
0350	her the designated representative of the secretary. No bond or	
0351	contract purchased hereunder may be cancelled by the insur-	
0352	ance or surety company, the health maintenance organization or	
0353	the committee during the term of such contract unless a substi-	
0354	tute contract upon the same terms and conditions covering the	
	affected officers, employees or property is in force, or the com-	
0356	mittee determines that the officers, employees or property or	
0357	class of officers, employees or property affected no longer re-	
0358	quires the coverage provided by the contract.	14
0359		
0360	K.S.A. 1982 Supp. 75-4101, 75-4105, 75-4106, 75-4108, 75-4108a,	
0361	75-4110, 75-4113 and 75-4113a are hereby repealed.	15
0362	Sec. 14. This act shall take effect and be in force from and	
9360	after its publication in the Kansas register.	

Service 1