

Approved: 2-15-93  
Date

## MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by Chair Sandy Praeger at 10:00 a.m. on February 9, 1993 in Room 526-S of the Capitol.

All members were present except: Senator Jones, Excused

Committee staff present: Norman Furse, Revisor of Statutes  
William Wolff, Legislative Research Department  
Emalene Correll, Legislative Research Department  
Jo Ann Bunten, Committee Secretary

Conferees appearing before the committee:

Pam Scott, Kansas Funeral Directors Association  
State Senator Dick Bond  
Marlin L. Rein, University of Kansas  
Chip Wheelen, Kansas Medical Society  
Harold Riehm, Executive Director, Kansas Association of Osteopathic Medicine

Others attending: See attached list

The Chair asked for Committee bill requests. Pam Scott, KFPA, requested introduction of two bills: (1) Amending KSA 65-2438 that would require the hospital or any nursing home at which a person dies to inform those making arrangements for the disposition of the body, and (2) amend KSA 16-308 which would allow the trustee of a prearranged funeral plan to pay the seller or anyone affiliated or connected with the seller a compensation for services performed in an amount not to exceed one percent of the current fair market value of the trust. Senator Langworthy made a motion the Committee introduce the two bills requested, seconded by Senator Hardenburger. No discussion followed. The motion carried.

The Chair opened the hearing on **SCR 1606** - Encouraging full-funding and utilization of various state programs to encourage physicians to practice in nonurban areas of this state, and **SCR 1607** - Request post audit review for agencies providing services for aging for overlap, duplication, efficiency and other areas.

Senator Dick Bond appeared in support of **SCR 1606** and stated the issue in the resolution is a very important one in that it speaks to the issue of the shortage of primary care physicians in rural and underserved communities; moneys in the medical scholarship and loan repayment fund should be used solely to finance the medical student loan act, the medical resident bridging program and two locum tenens faculty positions. Committee discussion related to funding and changes in the medical scholarship program, and the need to encourage more primary care physicians to serve in rural areas.

Senator Dick Bond stated **SCR 1607** would bring attention to the duplication of services to the aging administered by the Department on Aging, the Department of Health and Environment and the Department of Social and Rehabilitation Services in order to better coordinate or eliminate those overlapping services and bring about cost effectiveness.

Marlin Rein, appeared before the Committee on behalf of the University of Kansas Medical Center in support of **SCR 1606**. Mr. Rein stated the resolution is a statement of public policy intent by the Legislature to support programs that increase the likelihood primary care physicians will establish practices in rural and medically-underserved areas of the state. Background history was given on the medical scholarship program in its early years which came about as a result of an interim study in 1978. The program came into being as a financial assistance program, and interest in the program was sufficient that most students participated. In succeeding years, the program became more restrictive, the financial incentives were not increased, and interest began to decline. Currently there is a proposal before the Governor and the Legislature to increase the medical student loan awards from thirty to fifty, with a request for 50 awards again for fiscal year 1994. (Attachment 1) In answer to

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE, Room 526-S  
Statehouse, at 10:00 a.m. on February 9, 1993.

a member's question, Mr. Rein stated this fund is very difficult to estimate on a year to year basis and indicated if there is sufficient interest in the medical student loan program or the residency bridging program to warrant a level of expenditure beyond that which can be supported by the fund, additional state general funds should be appropriated to support full funding of these programs.

The Chair stated continuation of the hearing on SCR 1607 will be held on Friday, February 12, 1993.

Chip Wheelen, KMS, appeared before the Committee and submitted written testimony in support of SCR 1606. Mr. Wheelen stated lawmakers should create financial incentives that offset some of the factors that might otherwise discourage the medical student from pursuing primary care training and locating his or her practice in a rural setting. The Legislature may want to consider the creation of a state income tax exemption or credit for those physicians who practice in non-urban areas of the state. (Attachment 2)

Harold Riehm, KAOM, appeared before the Committee and submitted written testimony in support of SCR 1606. He stated efforts to increase the number of physicians practicing in underserved areas must be a combination of all possible efforts. (Attachment 3)

The meeting was adjourned at 11:00 A.M.

The next meeting is scheduled for February 10, 1993.

# GUEST LIST

COMMITTEE: SENATE PUBLIC HEALTH AND WELFARE

DATE: 2-9-93

NAME	ADDRESS	COMPANY/ORGANIZATION
Paul Horton	Topeka	Post Audit
Chip Wheelen	Topeka	Ks Medical Soc
Jean Taylor	Topeka	Advocacy Intern <sup>W</sup>
FRANK THACHER	TOPEKA	AARP-CCTF
HARRY SPRING	KC	Humboldt
Bettie Sue Shumway	Ottawa, Ks	AARP-CC.T.F
Bob Wunsch	Lawrence	KUMC
Robert Harder	Topeka	KDHE
Danella Johnson Betts	Topeka	KDHE
Bob Heikes	Topeka	Active Prime Timers
Danielle Noe	Wichita	Wichita Hosp. Assoc.
Mack Smith	Topeka	Ks St. Bd of Mortuary Arts
Craig HAMMEN	"	KDOA
Robin Lehman	Topeka	Ks Gov Consulting
George Dugger	Topeka	KDOA
Walter Lehman	Manhattan	KFB
Bill Cutler	Topeka	KDOA
Marlin Rein	Law	KU
Sandra Chand	Lawrence	KINH
R. Epps	Topeka	SRS
W. Whittema	Topeka	SRS
DON MOSES	TOPEKA	KCAA
Lynnda Ann	Topeka	KDOA

## GUEST LIST

COMMITTEE: SENATE PUBLIC HEALTH AND WELFARE

DATE: 2-9-93

[illegible]

Marlin L. Rein  
University of Kansas

**TESTIMONY ON SCR NO. 1606**  
**Public Health and Welfare Committee**  
**Hearing: February 9, 1993**

My name is Marlin Rein. I am appearing here today on behalf of the University of Kansas Medical Center in support of Senate Concurrent Resolution No. 1606.

This resolution is a statement of public policy intent by the Legislature to support programs that increase the likelihood primary care physicians will establish practices in rural and medically-underserved areas of the state. The resolution states that it is the policy of the state to encourage and support full funding of the Medical Student Loan Act and the Medical Residency Bridging Program. Secondly, it establishes as policy that the Medical Scholarship and Loan Repayment Fund should be used solely to finance the Medical Student Loan Act, the Residency Bridging Program, and a faculty locum tenens program which would provide relief for physicians in rural practice areas.

When the medical scholarship program was instituted as a financial aid program in 1979, provision was made to establish a Medical Scholarship Repayment Fund into which the repayment of principle and interest would be made by physicians who failed to satisfy service obligations they incurred under the scholarship act. Physicians out of compliance must not only repay the principle but interest which accrues at an annual rate of 15 percent from the date financial support is received. The original legislation provided that monies in the Scholarship Repayment Fund could be expended only for new scholarships or for administrative costs associated with operating the program. Income first began to accrue to the fund in FY 1985 and commencing the following year the Medical Scholarship Repayment Fund was used to supplement general fund appropriations for new scholarships. In FY '86, \$553,000 was expended from the repayment fund and in the following year, \$1,643,414. That year, FY'87, represented the last year in which any state general fund appropriations were made for scholarships. Beginning FY'88, the entire cost of the program, (\$1,818,765) was financed from the repayment fund.

Although the fund was statutorily limited to funding new scholarships, as the Legislature began to reduce the number of new awards that could be made, and as interest in the program began to decline as the service obligations became more restrictive, income that accrued to the fund at a rate greater than needed for new scholarships. As a result, commencing in FY

*Senate PH&W*  
*Attachment #1*  
*2-9-93*

1989, with the authorization of \$400,000, the Legislature began the practice of committing a portion of the Scholarship Repayment Fund to general operating support for the institution, thereby enabling the Legislature to reduce state general fund appropriations by a like amount. Through the current fiscal year, a total of \$12,243,505 of Repayment Fund proceeds have been committed to general operations.

FY 1989	\$ 400,000
FY 1990	2,434,677
FY 1991	1,632,235
FY 1992	5,372,843
FY 1993	2,403,750

For the current fiscal year, the Legislature authorized thirty (30) new medical student loans to be awarded. However, largely because of the enrichment of the stipend by the 1992 Legislature, there has been a dramatic increase in the interest of students to participate in the new medical student loan program. Currently, we have before the Governor and the Legislature, a proposal to increase from thirty (30) to fifty (50), the number of new awards which we can make for the current year and a request for fifty (50) awards again for fiscal year 1994.

If the Legislature discontinues the practice of utilizing this fund for general operations, we believe there are sufficient funds in the Student Loan Repayment Fund in the current year as well as for fiscal year 1994 to support the level of program that we propose for the three purposes outlined in this resolution. I want to make it clear that it is our position that the future level of program for these three areas not be limited solely to the revenues accruing to the Medical Scholarship and Loan Repayment Fund. We would anticipate that beyond fiscal year 1994 income to the fund should begin to drop due to the declining number of persons who participated in the program during the last half of the past decade. If there is sufficient interest in the medical student loan program or the residency bridging program to warrant a level of expenditure beyond that which can be supported by the Fund, additional state general funds should be appropriated to support full funding of these programs. If these programs become increasingly successful, income to the fund will diminish as more physicians comply with their obligations rather than buying out of their service obligation.

In conclusion, I want to restate our support for this resolution and the policy it would put into place to guide future appropriations. I would be happy to stand for any questions.



## KANSAS MEDICAL SOCIETY

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WATS 800-332-0156 FAX 913-235-5114

February 9, 1993

TO: Senate Public Health and Welfare Committee

FROM: Chip Wheelen  
KMS Director of Public Affairs *Chip*

SUBJECT: SCR 1606 as Introduced

Thank you for this opportunity to express our support for the provisions of SCR 1606. The Kansas Medical Society has historically devoted much of its resources to the goal of improving access to quality health care services for all Kansans, and we have recognized the sometimes difficult challenges of accomplishing that goal in rural, medically underserved areas of the state.

Access to health care in rural areas can sometimes be more problematic than in urban areas because the demographic and economic characteristics of rural communities may not be ideal for a viable medical practice. A physician must maintain an active practice in order to afford overhead expenses and earn a living. A sparsely populated area may not provide a sufficient number and mix of patients to accomplish that.

The dilemma of rural health care has been worsened by principally two factors. The cost of professional liability insurance and other overhead associated with a medical practice has increased substantially. In addition, federal health insurance programs (Medicare and Medicaid) have attempted to provide unlimited access to health care for targeted populations while also attempting to limit resources appropriated for utilization of such services. The result has been a combination of dramatic increases in overhead expense for all physicians while rural physicians experience a declining base of patients with the balance consisting of a disproportionately high ratio of Medicare eligible patients. This presents a problem that is aggravated by the Congress and the federal agencies in charge of administering Medicare. In particular, the Medicare practice of discounting physician reimbursement for those new physicians establishing a practice creates a significant barrier to recruitment for rural communities. This issue was addressed late in the 102nd Congress but because of other measures contained in the same bill, the bill was vetoed by former President Bush. More recently, Senator Bob Dole and others have introduced a bill that would restore equitable payment for new physicians participating in the Medicare Program.

*Senate PH & W*  
*Attachment #2*  
*2-9-93*

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We are hopeful that the 103rd Congress will address a significant problem which is so counterproductive to efforts to locate physicians in medically underserved counties of our state, but in the meantime it is extremely important that Kansas legislators continue to address rural access problems. Because there are so many factors which influence a medical student's decision to pursue residency training in a primary care specialty and locate his or her medical practice in a rural community, it is difficult for government to influence such decisions. Therefore, lawmakers should create financial incentives that offset some of the factors that might otherwise discourage the medical student from pursuing primary care training and locating his or her practice in a rural setting. Examples are increased funding for the Bridging Plan and earmarking the scholarship repayment fund for purposes of future loans. While the statute that creates the repayment fund specifically identifies the use of the fund, that provision has been overlooked at times in the past. We believe it is important to utilize that money in an appropriate fashion. An excellent example is, of course, to increase the number of loans available to new medical students commencing their academic curriculum at the school of medicine. One other possibility that the Legislature may want to consider is the creation of a state income tax exemption or credit for those physicians who practice in non-urban areas of the state.

We believe that the goals and objectives outlined above are envisioned in SCR 1606. For these reasons, we urge you to recommend SCR 1606 for passage.

CW:cb



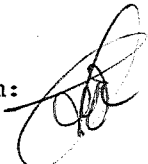
# Kansas Association of Osteopathic Medicine

Harold E. Riehm, Executive Director

1260 S.W. Topeka Blvd.  
Topeka, Kansas 66612  
(913) 234-5563  
(913) 234-5564 Fax

February 09, 1993

To: Chairperson Praeger and Members, Senate Public Health Committee

From:  Harold Riehm, Executive Director, Kansas Association of Osteopathic Medicine

Subject: Support of Programs Addressed in SCR 1606, and Related Programs

I appear today in support of SCR 1606, and other programs related to those addressed in the Concurrent Resolution. Efforts to increase the number of physicians practicing in underserved areas must be a combination of all possible efforts. Certainly medical scholarships, with commitments to serve in underserved areas or rural/small town Kansas, are one important approach, as is the Residency Bridging Program passed last year.

For your information, two Bills have been introduced and passed in the House (HB 2025 & HB 2026) that are related to programs and efforts addressed in SCR 1606. One would clarify that the Bridging Program is available to osteopathic primary care residents in Kansas who are not in residency programs affiliated with or operated by the KU Medical Center, but are approved by the Kansas State Board of Healing Arts. The other Bill would raise the maximum annual stipend for osteopathic scholarship recipients to a figure more in line with tuition charged by osteopathic medical schools.

For years we have analyzed ways to increase the number of physicians willing to locate in underserved areas in Kansas. There is growing recognition that the answer is that which, perhaps, should have been obvious. That is that we are more likely to get a physician to practice in rural areas if he or she was initially a resident of those areas, and, if we encourage residents to conduct their residency training (or, I would be remiss, if I did not include Internship Training), in Kansas, they are more likely to locate their practices in Kansas.

Certainly the subject matter of HCR 1606 is in recognition of this. We support not only the message this Resolution conveys, but also would note our obvious support of the osteopathic counterparts.

Thank you for this opportunity to present our views on HCR 1606.

*Senate P.H. Comm*  
*Attachment 3*  
*2-9-93*