

Approved: February 8, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on February 1, 1994 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Kathy Porter, Legislative Research Department
Scott Rothe, Legislative Research Department
Norm Furse, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Richard Ryan, Director, Legislative Research Department
James Cobler, Director, Division of Accounts and Reports
John Peterson, Kansas Society of Medical Technologists
Christine Crenshaw, Director of Financial Aid, Kansas Board of Regents
Richard Morrissey, Department of Health and Environment
Helen Stephens, Kansas Association of Physicians' Assistants

Others attending: See attached list

SB 442--STATE FINANCES, CERTIFICATES OF INDEBTEDNESS, ABOLISHING STATE CASH OPERATING RESERVE FUND

The Chairman called the hearing to order on SB 442 and requested that Richard Ryan, Director of the Legislative Research Department, provide informational background on the bill. Mr. Ryan informed the Committee that SB 442 was a recommendation of the Legislative Budget Committee. He explained the current operations of the fund and added that the Budget Committee saw no necessity in having two funds and, thus, recommended its abolishment. He advised that the bill is amended to clarify that in FY 95 the targeted ending balance will be 7.5%. The bill also includes technical amendments relating to certificates of indebtedness. Mr. Ryan brought to the attention of the Committee that the Governor and the Director of the Budget support SB 442.

It was moved by Senator Karr and seconded by Senator Rock that SB 442 be recommended favorable for passage. The motion carried on a roll call vote.

SB 13--MEDICAL LABORATORY AND PHYSICIANS' ASSISTANTS STUDENT SCHOLARSHIP PROGRAM

John Peterson appeared before the Committee on behalf of the Kansas Society of Medical Technologists in support of SB 13 and reviewed Attachment 1. He presented the concept of a student loan forgiveness program which was detailed in his written testimony. Mr. Peterson noted that the Board of Regents had worked with the Kansas Society of Medical Technology since the 1993 legislative session to prepare the amendments contained in Attachment 2. In answer to a question, Mr. Peterson stated that the maximum financial obligation of the state for 60 students would be \$210,000 two fiscal years out. He stated that the Committee could control the state's financial obligation by adjusting the number of scholarships. In answer to a question, staff noted this would be viewed as an entitlement if the student complies with the terms of the contract.

Christine Crenshaw, Director of Student Financial Aid for the Kansas Board of Regents, testified in support of SB 13 with the proposed amendments contained in Attachment 2. She discussed problems associated with the Kansas Nursing Scholarship program and recommended that scholarship programs with service/loan components be converted to loan forgiveness programs (Attachment 3). Ms. Crenshaw informed the Committee that the Board of Regents' role in the loan forgiveness program would be to set up the repayment

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 1, 1994.

features with the state guarantor who handles the federal programs. Under this program, the federal government would become the collection agency. Because of the small number of scholarships available, she said that the Board of Regents would recommend that the selection of students be delegated to the institutions that offer the programs under policy guidelines through Rules and Regulations. The students would be monitored at the institution level and when the student has successfully completed the program, the Board of Regents would handle the forgiveness feature. She stated that adequate funds are available to students through the federal loan program.

Ms. Crenshaw expressed the Board of Regents' opinion that if the program is not converted to a loan forgiveness program, it would take an additional FTE to monitor it. If the proposed amendments are adopted, the Board would request .5 FTE.

Ms. Crenshaw discussed the change in definition of rural area, noting that it includes all 95 counties except Johnson, Wyandotte, Sedgwick, Douglas, and Shawnee. She explained that in awarding "scholarships" the first priority always goes to those who commit to working in an underserved area. If there are slots still available, the Board then goes to the next pool of applicants because there is no point in leaving a slot unfilled. Senator Morris expressed concern that students would wait to apply until the deadline and manipulate the system. Ms. Crenshaw concurred and stated that she realized that the loopholes might need to be tightened up. In response to Senator Rock, Ms. Crenshaw stated that tracking data regarding the Primary Care Physicians' program would be made available.

In answer to Senator Moran, Patricia Hargrave, Kansas Society for Medical Technology, stated that this legislation applies to regents and non-regents institutions.

In response to Senator Karr, Ms. Crenshaw stated that the Board of Regents would recommend that the Nursing Scholarship program be converted to a loan forgiveness program in 1995.

Mr. Richard Morrissey, Department of Health and Environment, distributed information which focused on the need for the scholarship program (Attachment 4). He added that the Department does not oppose the elimination of the physicians' assistants from the bill, but would recommend including cytotechnologists. In answer to Senator Salisbury, Mr. Morrissey stated that Health and Environment has no data relating to the effectiveness in retaining physicians' assistants, medical technologists, etc., but stated that the scholarship program has not guaranteed retention of physicians in rural areas.

The Chairman appointed Senators Lawrence, Morris and Rock to a subcommittee to review SB 13.

Helen Stephens, representing the Kansas Association of Physicians' Assistants, reminded members that the Association had requested that the Committee consider a subsidy for the time students spend in rural clinics rather than scholarships. She confirmed that 203 students had applied for the 30 physicians' assistants slots available at Wichita State University in 1993 and informed the Committee that the Kansas Health Foundation had provided a grant to expand the number of available slots from 30 to 45 in the next year.

The Chairman requested that the subcommittee on Wichita State University chaired by Senator Salisbury consider the issue of stipends for physicians' assistants.

SB 56--VACATION LEAVE INCLUDED IN PAYMENTS FROM STATE LEAVE PAYMENT RESERVE FUND

James Cobler, Director of the Division of Accounts and Reports, appeared before the Committee in support of SB 56 and reviewed Attachment 5. The Chairman brought to the attention of the Committee that funds have been appropriated in the Governor's report to implement this bill. In answer to a question, Mr. Cobler stated that a fund has been established for sick leave; SB 56 would amend current law to add annual leave reimbursements. The combined rate for sick and annual leave would be .34% in FY 95.

In discussing the proposal to create a fund for annual leave, concern was expressed by some members about encouraging the accruing of annual leave. It was noted by the Chairman that the final lump sum payment of sick leave can increase the final average salary for retirement purposes, and adding annual leave to that amount would definitely have an impact. He suggested that SB 56 be studied during the interim.

It was moved by Senator Moran and seconded by Senator Lawrence that SB 56 be amended by adopting the balloon in Attachment 5. The motion carried on a voice vote.

Senator Karr moved, Senator Lawrence seconded, that the minutes of January 26 be approved. The motion carried on a voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on February 1, 1994.

INTRODUCTION OF BILLS

As requested by Secretary Seltsam, it was moved by Senator Karr and seconded by Senator Morris that bill drafts numbered 3 RS 1859, 3 RS 1665, 3 RS 1841 and 3 RS 2027 be introduced. The motion carried on a voice vote.

The meeting was adjourned at 12:30 P.M. The next meeting is scheduled for February 2, 1994.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: Feb. 1, 1994

[illegible]

SENATE COMMITTEE ON WAYS AND MEANS

**TESTIMONY OF JOHN PETERSON
KANSAS SOCIETY OF MEDICAL TECHNOLOGY**

SB-13 - February 1, 1994

Mr. Chairman, member of the Committee, my name is John Peterson and I am pleased to appear in support of Senate Bill 13 on behalf of the Kansas Society of Medical Technology.

During the summer of 1992, the Joint Committee on Health Care Decisions for the 90's held hearings and identified a critical shortage of medical technologists and medical technicians in Kansas. The shortage has been particularly exacerbated by the passage of federal legislation known as CLIA 88. Its provisions require that individuals who perform certain test procedures obtain at least an associate degree in medical laboratory science or medical laboratory technology within five years. The Joint Committee on Health Care Decisions for the 90's recommended what became Senate Bill 13 in order to meet these training needs and to minimize the impact of these new federal standards on hospitals and other laboratories.

Last session, your Committee received extensive testimony from the Kansas Department of Health and Environment, from the Department of Medical Technology of the University of Kansas Medical Center, the Hospital Association, and others concerning the need for such a program. Towards the end of the session, your

*SWAM
February 1, 1994
Attachment 1*

Committee worked the bill amending out the 20 physicians assistant scholarship positions.

At that time concern had been expressed by the Board of Regents about the difficulty in administering the proposed program. The current nurse scholarship program, after which this is patterned, has proven difficult and highly labor intensive to administer. They propose instead a loan forgiveness program in which the State would repay federal student loans (up to an agreed amount) as service is rendered. They note that such a program:

. . . is less risky to the state and more understandable to the student in real terms. Additionally, it builds upon the federal loan structure which is already in place in which, unlike state loans, the federal loans are deferred while the recipient is a student, the interest on most loans does not accrue while the recipient is a student and there is a six month grace period. A loan forgiveness program carries approximately 50 percent of the administrative demands of a "service scholarship/loan penalty" program. By converting all service scholarship programs to loan forgiveness programs, we would eliminate the collection agency functions we currently maintain.

The proposed amendments to Senate Bill 13 incorporate such a change to a loan forgiveness program. A student who is in receipt of a scholarship would obtain federal loans and pay for their own education. Once they had graduated from the appropriate program, had completed a year of service as they had agreed pursuant to the scholarship, the State would then repay one year of their scholarship.

Additional amendments contained in the balloon would:

1. lower the maximum number of scholarships from 100 to 60;
2. change the definition of rural area to make it consistent with other loan programs, also a suggestion of the Regents; and

3. eliminate the role of a statutory advisory board committee, which was contained in Section 9, also a suggestion of the Regents.

Mr. Chairman, we would urge you to favorably consider these amendments. Thank you for your consideration.

SENATE BILL No. 13

By Joint Committee on Health Care Decisions for the 1990's

1-11

AN ACT establishing the medical laboratory [and physicians' assistants] student scholarship program; authorizing the awarding of scholarships and establishing eligibility, terms, conditions and requirements therefor; providing for administration of the act; establishing the medical laboratory [and physicians' assistants] student scholarship program fund; establishing a scholarship review committee and providing the duties and functions thereof.

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

Section 1. This act shall be known and may be cited as the medical laboratory [and physicians' assistants] student scholarship program.

Sec. 2. As used in this act:

(a) "Committee" means the scholarship review committee established under section 9 and amendments thereto.

(b) "Executive officer" means the executive officer of the state board of regents appointed under K.S.A. 74-3203 and amendments thereto.

(c) "Family exigency" means an unforeseen occurrence or condition which has caused a change in the circumstances of the immediate family of a scholarship recipient and which change in circumstances places an undue burden upon the scholarship recipient in fulfilling the terms of an agreement with an original sponsor.

(d) "Immediate family" means the parents, brothers and sisters, spouse and children of the scholarship recipient.

(e) "Rural area" means any county in this state [which has a population of not more than 20,000 people at the time of application]

(f) "Medical laboratory educational program" means a program offered by a school within the state of Kansas which is accredited by the committee on allied health education and accreditation of the American medical association to provide medical technologist or medical laboratory technician education and grant a certificate, associate degree or baccalaureate degree with a major emphasis of study in medical technology or clinical laboratory science.

(g) "Physicians' assistants educational program" means a course of education and training offered by a school within the state of

other than Johnson, Wyandotte,
Douglas, Shawnee or Sedgwick.

SWAM

February 1, 1994
Attachment 2

[or as a physician's assistant] unless terminated before such period of time. Such scholarships shall provide to the student receiving the scholarship the payment of tuition, fees, books, room and board in an amount not to exceed the total of \$3,500 annually. The amount of each scholarship shall be established annually by the executive officer and shall be financed equally by the sponsor of the student and by the state of Kansas, except that if the sponsor is located in a rural area or is a medical care facility which has less than 100 beds, the total amount of the scholarship financed by such sponsor shall not exceed \$1,000 and the balance of such amount shall be paid by the state of Kansas.

repayment of loans which loans were incurred for

Following completion of the program and commencement of practice as required by the scholarship award, for each year of practice, the state shall pay on the recipient's behalf, one year of loans covering a years payment of tuition, room and board.

agreeing to practice

(d) If all scholarships authorized to be awarded under this section to medical laboratory students whose sponsors are located in rural areas have not been awarded by a date established by the state board of regents, the scholarships which have not been awarded by that date may be awarded to medical laboratory students who have a sponsor and who are otherwise qualified to be awarded a scholarship under this act. [If all scholarships authorized to be awarded under this section to physician assistant students whose sponsors are located in rural areas have not been awarded by a date established by the state board of regents, the scholarships which have not been awarded by that date may be awarded to physician assistant students who have a sponsor and who are otherwise qualified to be awarded a scholarship under this act.]

Sec. 4. (2) An applicant for a scholarship under this scholarship program shall provide to the executive officer, on forms supplied by the executive officer, the following information:

(1) The name and address of the applicant;

(2) the name and address of the educational program which the applicant is enrolled in or to which the applicant has been admitted;

(3) [the name and address of the sponsor of the applicant and a verified copy of the agreement entered into by the applicant and the sponsor in accordance with the provisions of this act; and

(4) any additional information which may be required by the executive officer.

(b) As a condition to awarding a scholarship under this act, the executive officer and the applicant for a scholarship shall enter into an agreement which shall require that the scholarship recipient:

(1) Complete the required course of instruction;

(2) engage in the full-time practice, or the equivalent to full-time practice as specified by rules and regulations of the state board of regents adopted in accordance with the provisions of section 7 and amendments thereto, [in the employment of the sponsor in accor-

and

Kansas which is approved by the state board of healing arts for the education and training of physicians' assistants.

(h) "Physician" means a person licensed to practice medicine and surgery.

(i) "Sponsor" means any medical care facility licensed under K.S.A. 65-425 *et seq.* and amendments thereto, any physician's office, laboratory or medical laboratory, any physician, any consortium or association of health care providers and any state agency which employs medical technologists, medical laboratory technicians or physicians' assistants.

Sec. 3. (a) There is hereby established the medical laboratory and physicians' assistants student scholarship program. A scholarship may be awarded under this program to any qualified student enrolled in or admitted to a medical laboratory educational program leading to graduation as a medical technologist or medical laboratory technician or to any qualified student enrolled in a physicians' assistants educational program leading to graduation as a physician's assistant.

The number of scholarships awarded under this scholarship program in any year shall not exceed 100. Of this number, 80 scholarships shall be awarded to medical laboratory students as follows: 40 schol-

arships shall be awarded to medical laboratory students whose sponsors are located in rural areas and who are enrolled in a medical laboratory educational program and the remaining 40 scholarships shall be awarded to any medical laboratory students who have a sponsor and are enrolled in or admitted to a medical laboratory educational program. Of the total number of scholarships, 20 scholarships shall be awarded as follows: 10 scholarships shall be awarded to physician assistant students whose sponsors are located in rural areas and who are enrolled in a physicians' assistants educational program; and the remaining 10 scholarships shall be awarded to any physician assistant students who have a sponsor and are enrolled in or admitted to a physicians' assistants educational program.

(b) The determination of the individuals qualified for such scholarships shall be made by the executive officer after seeking advice from the committee. Within each scholarship category prescribed by this subsection, scholarships shall be awarded on a priority basis to qualified applicants who have the greatest financial need for such scholarships. To the extent practicable and consistent with the other provisions of this section, consideration shall be given to minority applicants.

(c) Scholarships awarded under this scholarship program shall be awarded for the length of the course of instruction required for graduation as a medical technologist or medical laboratory technician

60

at least 30

who agree to practice

1 dance with the agreement entered into by the scholarship recipient
2 and the sponsor and comply with such other terms and conditions
3 as may be specified by such agreement;

4 (3) commence full-time practice, or the equivalent to full-time
5 practice as specified by rules and regulations of the state board of
6 regents adopted in accordance with the provisions of section 7 and
7 amendments thereto, within six months after graduation from the
8 accredited educational program in accordance with the agreement
9 entered into by the scholarship recipient and the sponsor and con-
10 tinue such full-time practice for the total amount of time required
11 under the agreement, which shall be for a period of not less than
12 the length of the course of instruction for which the scholarship
13 assistance was provided;

14 (4) maintain records and make reports to the executive officer as
15 may be required by the executive officer to document the satisfaction
16 of the obligation under this act and under agreements entered into
17 with the sponsor; and

18 (5) upon failure to satisfy an agreement to engage in full-time
19 practice, or the equivalent to full-time practice as specified by rules
20 and regulations of the state board of regents adopted in accordance
21 with the provisions of section 7 and amendments thereto, for the
22 required period of time under any such agreement, repay to the
23 state and to the sponsor amounts as provided in section 5 and amend-
24 ments thereto.

25 (c) Upon the awarding of a scholarship under this act, the sponsor
26 shall pay to the executive officer 50% of the amount of such schol-
27 arship. Each such amount shall be deposited in the medical labo-
28 ratory and physicians' assistants student scholarship program fund in
29 accordance with section 5 and amendments thereto.

30 (d) The sponsorship by a scholarship recipient may be transferred
31 from one sponsor to another upon the agreement of the original
32 sponsor, the scholarship recipient and the sponsor to which the
33 sponsorship is to be transferred. The terms, conditions and obliga-
34 tions of the transferred agreement shall be substantially similar to
35 the terms, conditions and obligations of the original agreement. Ex-
36 cept for sponsorships transferred because of a family exigency, no
37 sponsorship shall be transferred unless the agreement transferring
38 such sponsorship provides for service in a rural area. An agreement
39 transferring a sponsorship shall not be effective until the agreement
40 is approved by the executive officer as consistent with the provisions
41 of this act and as consistent with any rules and regulations relating
42 thereto adopted by the state board of regents in accordance with
43 the provisions of section 7 and amendments thereto.

Sec. 5. [Except as provided in section 6 and amendments thereto, upon the failure of any person to satisfy the obligation under any agreement entered into pursuant to this act, such person shall pay to the executive officer an amount equal to the total amount of money received by such person pursuant to such agreement which is financed by the state of Kansas plus annual interest at a rate of 15% and shall pay to the sponsor an amount equal to 15% of the total amount of money received by such person pursuant to such agreement which was financed by the sponsor plus annual interest at a rate of 15%. Installment payments of such amounts may be made in accordance with the provisions of agreements entered into by the scholarship recipient and the sponsor or if no such provisions exist in such agreements, in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the executive officer based upon the circumstances of each individual case. Amounts paid under this section to the executive officer shall be deposited in the medical laboratory and physicians' assistants student scholarship program fund in accordance with section 8 and amendments thereto.]

Sec. 6. (a) Except as otherwise specified in the agreement with the sponsor, an obligation under any agreement entered into with the medical laboratory [and physicians' assistants] student scholarship program shall be postponed: (1) During any required period of active military service; (2) during any period of service in the peace corps; (3) during any period of service as a part of volunteers in service to America (VISTA); (4) during any period of service commitment to the United States public health service; (5) during any period of religious missionary work conducted by an organization exempt from tax under subsection (c) of section 501 of the internal revenue code of 1958 as in effect on January 1, 1993; (6) during any period of temporary medical disability during which the person obligated is unable because of such medical disability to practice clinical laboratory science; or (7) during any period of time the person obligated is enrolled and actively engaged on a full-time basis in a course of study leading to a graduate degree in a field in which such person was awarded a scholarship under this act which is higher than that attained formerly by the person obligated. [Except for clause (6) of this subsection (a), an obligation under any agreement entered into under this act shall not be postponed unless the postponement is approved by the sponsor or is otherwise provided for in the agreement with the sponsor.]

An

(b) [An obligation] under any agreement under the medical laboratory [and physicians' assistants] student scholarship program shall be [satisfied] (1) If the obligation in accordance with an agreement under the scholarship program has been completed; (2) if the person obligated dies; (3) if, because of permanent physical disability, the person obligated is unable to satisfy the obligation; (4) if the person obligated fails to satisfy the requirements for completion of the educational program after making the best effort possible to do so; [or (5) if, because of bankruptcy, loss of licensure or certification or other failure in the operations of the sponsor, the sponsor cannot or will not employ the person obligated.]

loans incurred

paid

or

Sec. 7. [The state board of regents, after consultation with the committee, may adopt rules and regulations establishing minimum terms, conditions and obligations which shall be incorporated into the provisions of any agreement entered into between a sponsor and the recipient of a scholarship under the medical laboratory and physicians' assistants student scholarship program. The terms, conditions and obligations shall be consistent with the provisions of law relating to the medical laboratory and physicians' assistants student scholarship program. The terms, conditions and obligations so established shall include, but not be limited to, the terms of eligibility for financial assistance under the medical laboratory and physicians' assistants student scholarship program, the amount of financial assistance to be offered, the length of employment with the sponsor required as a condition to the receipt of such financial assistance to be offered, the circumstances under which such employment may be discharged or forgiven, the amount of money required to be repaid because of failure to satisfy the obligations under an agreement and the method of repayment and such other additional provisions as may be necessary to carry out the provisions of the medical laboratory and physicians' assistant student scholarship program.] The state board of regents, after consultation with the committee, shall adopt rules and regulations establishing criteria for evaluating the financial need of applicants for scholarships and may adopt such other rules and regulations as may be necessary to administer the medical laboratory and physicians' assistants student scholarship program.

Sec. 8. There is hereby created in the state treasury the medical laboratory [and physicians' assistants] student scholarship program fund. [The executive officer shall remit all moneys received under this act to the state treasurer at least monthly. Upon receipt of each such remittance the state treasurer shall deposit the entire amount hereof in the state treasury, and such amount shall be credited to the medical laboratory and physicians' assistants student scholarship

1 ~~gram fund~~ All expenditures from the medical laboratory ~~and~~
2 ~~physicians' assistants' student scholarship program fund shall be for~~
3 ~~scholarships awarded under this act and shall be made in accordance~~
4 ~~with appropriation acts of the director of accounts and reports issued~~
5 ~~pursuant to vouchers approved by the executive officer or by a person~~
6 ~~designated by the executive officer.~~

7 Sec. 9. ~~(a) There is hereby created the scholarship review com-~~
8 ~~mittee which shall consist of the following members appointed by~~
9 ~~the governor: One member representing Kansas hospitals, one mem-~~
10 ~~ber representing Kansas medical technologists, one member rep-~~
11 ~~resenting Kansas medical laboratory technicians, one member~~
12 ~~representing Kansas physicians' assistants, one member who is a~~
13 ~~"responsible physician" as defined under K.S.A. 65-2887a and~~
14 ~~amendments thereto, the chief executive officer of a college or uni-~~
15 ~~versity under the control and supervision of the state board of regents~~
16 ~~which college or university has an accredited medical technology~~
17 ~~educational program, and the chief executive officer of a college or~~
18 ~~university under the control and supervision of the state board of~~
19 ~~regents which college or university has an approved physicians' as-~~
20 ~~sistants educational program.~~ and

21 ~~(b) The members of the review committee appointed by the~~
22 ~~governor shall be appointed for three-year terms and until their~~
23 ~~successors are appointed and qualified. Upon the vacancy of a po-~~
24 ~~sition on the committee appointed by the governor, the governor~~
25 ~~shall appoint a person of like qualifications to fill such position. If~~
26 ~~a vacancy occurs prior to the expiration of a term, the governor shall~~
27 ~~appoint a person of like qualifications to fill such position for the~~
28 ~~unexpired term.~~

29 ~~(c) The committee shall elect annually from among its members~~
30 ~~a chairperson. The committee shall meet on the call of the chair-~~
31 ~~person or upon the request of a majority of the committee. A majority~~
32 ~~of the members shall constitute a quorum.~~

33 ~~(d) The committee shall provide oversight of the medical labo-~~
34 ~~ratory and physicians' assistants' student scholarship program and shall~~
35 ~~be advisory to the executive officer and the state board of regents~~
36 ~~in the administration of such program. The committee shall exercise~~
37 ~~such other powers and duties as may be specified by law.~~

38 ~~(e) The members of the committee who are not state officers or~~
39 ~~employees and who are attending meetings of such committee, or~~
40 ~~attending a subcommittee meeting thereof authorized by such com-~~
41 ~~mittee, shall be paid amounts provided in subsection (e) of K.S.A.~~
42 ~~75-3223 and amendments thereto. Amounts paid under this subsec-~~
43 ~~tion shall be from appropriations to the state board of regents upon~~

- 1 ~~ments of the director of accounts and reports issued pursuant to~~
- 2 ~~vouchers approved by the executive officer or a person designated~~
- 3 ~~by the executive officer.~~
- 4 Sec. 10. This act shall take effect and be in force from and after
- 5 its publication in the statute book.

The Testimony of

N. Christine Crenshaw
Director of Student Financial Aid
Kansas Board of Regents

before
THE SENATE COMMITTEE ON WAYS & MEANS
1994 Legislative Session

in re
Senate Bill 13
Introduced in Session of 1993
Medical Laboratory and Physician's Assistants Scholarship Program

11:00 a.m.
February 1, 1994
Room 123-S
Kansas Statehouse

SWAM
February 1, 1994
Attachment 3

February 1, 1994

Chairperson Bogina and Members of the Committee:

My name is Christine Crenshaw and I am Director of Student Financial Aid for the Kansas Board of Regents and this morning I am representing the Board of Regents.

I appear to comment on Senate Bill 13. I appreciate this opportunity to provide information and share discussion with members of the Committee.

With eleven years of scholarship experience behind me including positions at a selective liberal arts college in Iowa, Kansas State University and the Board of Regents I can assure you that programs can become too complex to market or to administer. Such is the case with the Nursing Scholarship Program and there is no reason to think Senate Bill 13, **without the amendments presented by John Peterson**, will not suffer similarly.

Please let me summarize some of the experiences students and sponsors have had with the Kansas Nursing Scholarship program, the program upon which this bill was originally modeled.

Sponsors who are obligated to provide future employment to a particular person and students who are obligated to a particular future employer in a specific location are likely to become disenchanted when all the pieces do not fall into place. Because life isn't tidy and predictable our files are filled with requests for service termination because spouses were transferred and the scholarship recipient no longer wants to finish the work obligation for the sponsor. Or, the census count has dipped and sponsors cannot provide employment within the six month timeframe. These participants must repay the scholarship at a 15% interest rate. Disgruntled students and sponsors feel victimized. Sponsors discontinue participation in the program. And, without sponsors the program withers.

For these reasons the Task Force on Student Financial Aid recommended in 1992 (to the Board of Regents) that scholarship programs with service/loan components should be converted to loan forgiveness programs similar to the University of Kansas medical student program which, until academic year 1991, was also a scholarship program with a loan penalty for non-service. It was converted to a loan forgiveness program in which the student obligates to a loan which is then forgiven by the State if the physician serves in Kansas as agreed. Billie Jo Hamilton, Director of Student Financial Aid at the University of Kansas Medical Center reports that the program suffered no loss of applications as a result of the conversion. This year applications reached an all-time high of 118 applicants for 35 slots.

Based in part on the success of the KU program, the 1993 Legislative Educational Planning Committee was informed that the Student Financial Aid Committee of the Board of Regents may recommend loan forgiveness conversion for both the teacher scholarship program and the nursing scholarship program to be implemented in 1995 or 1996.

A loan forgiveness program carries these advantages:

For the student - there is no misunderstanding by the student on the loan component of the program. The student has a loan that can be forgiven instead of a scholarship that can become a loan.

For the State - Students can be employed in all 95 rural counties and not just specific facilities willing or able to serve as sponsors for specific students.

Financial Implications

Even if the proposed amendments are accepted, this program will be inadequately administered without an increase in staffing resources. Therefore, we recommend that the selection of students and maintenance of records be delegated to the institutions enrolling the students with the Board of Regents responsible for negotiating with the State approved student loan guarantor (currently USA Group, Kansas) and maintaining service verification records once the student has graduated and begins working in Kansas. This approach is similar to the Ethnic Minority Graduate Fellowship program. Without a different distribution of work than is implied in the bill, it is our estimation that at least a half-time person will need to be added to the staff. This estimate is based on our experience with programs with a service component.

If the proposed bill is accepted without any amendments we estimate the need for one full-time person to manage the program. Additional legal resources will also be necessary.

Thank you for the opportunity to review this program from an administrative/managerial perspective.

State of Kansas

Joan Finney, Governor



Department of Health and Environment

Robert C. Harder, Secretary

Testimony presented to

Senate Ways and Means Committee

by

The Kansas Department of Health and Environment

Senate Bill No. 13

Medical Laboratory Scholarships

The Kansas Department of Health and Environment has responsibility to administer several state and federal programs which regulate clinical laboratories and address clinical laboratory testing in Kansas.

Effective September 1, 1992 federal Clinical Laboratory Improvement Amendment 1988, known as CLIA will require that individuals who perform certain test procedures obtain at least an associate degree in medical laboratory science or medical laboratory technology within five years. This bill establishes a medical laboratory student scholarship plan which will help to minimize the impact of these federal personnel standards on hospitals and physician office laboratories.

Clinical laboratory tests which require formally educated analysts include: crossmatching of blood for transfusions, tests to measure oxygen, sodium, potassium and HDL cholesterol concentrations in the blood, tests to classify various types of blood cells, pap smears and tests for HIV. Some of these test procedures are performed in physician's office laboratories, statewide. Without the ability to provide these laboratory tests, adjustments in patient care practices would have to be made. Specimen for measurement of oxygen content in the blood, for example, must be tested within 30 minutes of the time they are collected.

Due to the complex nature of these test procedures and the resulting patient treatments, it is appropriate to limit the performance of these tests to individuals with appropriate education and training in order to ensure the quality of the test result. Studies have shown that test results from laboratories which meet the impending personnel requirements are more reliable. However, the implementation of these academic requirements will require some time to complete, especially for currently employed individuals who will pursue an

educational program on a part-time basis. In a 1990 KDHE study of the 85 non-accredited hospitals, it was found that 50 hospitals (59%) employed 70 non-degree individuals to perform laboratory testing. A proposed scholarship program for medical laboratory professionals provides a timely solution to a problem which will impact upon health care facilities, individuals employed in clinical laboratories, and members of the public seeking medical care.

Similarly, the examination of slide preparations for tests such as the Pap Smear will require a trained cytotechnologist. Federal CLIA '88 regulations will impose maximum workload limits on individuals who screen cytology slides, including pap smears. This has given rise to many concerns about the shortage of cytotechnologist in our state. Due to previous regulatory differences, independent laboratories have been required to employ only trained cytotechnologist while hospitals have not been subject to this requirement. Under the uniform requirement of CLIA'88 additional cytotechnologist will be needed to avoid increased time to obtain test results. For this reason we would recommend adding cytotechnologist to this scholarship bill.

Physicians' Assistant Scholarships

Physician Assistants are health care professionals who provide Midlevel health care to all age individuals. This type of practitioner works under the direct supervision of a physician and is a valuable member of health care team.

To date there are approximately 150 PA's in the state of Kansas. 68% of the PAs in Kansas work in rural and underserved areas. Services by the PA are reimbursed by third party payers. They must pass the AMA national certifying exam prior to practicing in Kansas and must be registered with the Board of Healing Arts with a licensed physician who assumes responsibility for the PA's actions. PAs are required by law to continually update their skills through required continuing education courses at the same level required for Physicians practicing in the state.

Wichita State University has the only PA program in the state. Students who graduate have a Bachelor of Science - Physician Assistant degree. Thirty students currently graduate per year. The length of the program is 24 months.

In Kansas Physicians' Assistants may be employed in any of the following areas:

Rural Health Clinics - currently 80 are located within the state.

Primary care clinics, currently there are 10 state-funded clinics, 3 federally funded community health centers and approximately 12 other non-profit clinics which serve medically underserved populations.

EACH/RPCH networks developing health care systems in rural areas.

Other health departments or clinics serving high risk populations

Physicians offices and group practices located throughout the state, many of which are in underserved areas.

The resource of these providers enhance access to care for persons in any of these underserved areas where they have direct access to physician supervision and can participate as an integral part of the health professional team.

KDHE supports establishing a scholarship program for Physician's Assistants if it will help in increasing the supply of these professionals. It is our understanding that the single training program for PA's at Wichita State University is currently operating at capacity. Additionally it strongly supports the establishment of a scholarship program for medical technologists, medical technicians and recommends that cytotechnologist be added to the list of scholarship recipients.

Testimony presented by:

Richard Morrissey
Director
Office of Local and Rural Health Systems
February 1, 1994



DEPARTMENT OF ADMINISTRATION
DIVISION OF ACCOUNTS AND REPORTS

JOAN FINNEY
Governor

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February 1, 1994

The Honorable August "Gus" Bogina, Jr., Chairperson
Senate Ways and Means Committee
State Capitol - Room 120-S
Topeka, KS 66612

Dear Senator Bogina:

My comments for testimony regarding the State Leave Payment Reserve Fund (State Leave Fund) and the assessment rate in Senate Bill (SB) 56, are as follows:

Currently the State Leave Fund provides for the lump sum payments for accumulated sick leave payable to retiring employees. These payments are funded through budgeted payroll assessments. By claiming reimbursement from this centralized fund, agencies avoid having to absorb these unanticipated costs in their approved budgets. Current goals include:

- providing full funding of reimbursements on retirement, while
- maintaining the lowest possible assessment rate and State Leave Fund cash balance to minimize affects on agency budgets.

Analysis of Proposed Legislation:

SB 56 as introduced in the 1993 Legislative Session includes three major elements to which we recommend the following:

1. SB 56 amends current law to add annual leave reimbursements.

SB 56 includes provisions to include reimbursements for annual leave for retirees from the centralized State Leave Fund in addition to the existing sick leave reimbursements.

SWAM
February 1, 1994
Attachment 5

This further alleviates the agency burden of funding accumulated annual leave payouts to retirees without the option of budgeting for these costs.

2. Further revise SB 56 to eliminate Section 2. (b).

This subsection would statutorily establish a leave payment assessment rate. As "carry over" legislation from the 1993 Session, Section 2. (b) is now redundant to current law. Existing statutes already mandate the Secretary of Administration to determine the assessment rate annually.

Pursuant to K.S.A. 1993 Supp. 75-5543 this assessment rate determination is already currently calculated annually for sick leave.

Therefore, we recommend an amendment to eliminate Section 2. (b), page 2, lines 17-19.

3. SB 56 would give Secretary of Administration authority to revise the assessment rate as needed.

Pursuant to existing statute and budgeting procedure time frames, original rate projections are calculated 15 months prior to implementation, leaving wide time spans for other legislation to materially affect projections.

For example, the "85 Point" early retirement plan passed during the 1993 Legislative Session caused a 117% increase in the number of sick leave payouts during the first 5 months of FY 1994 as compared to the same period during FY 1993. Situations such as this complicate the rate development process, distort trends used in the analysis, and increase the possibility of incurring a negative cash balance in the State Leave Fund.

Therefore the flexibility to revise the rate is needed to adequately provide funding of reimbursements because it is not possible to foresee all the unknown variables which may affect the number of retirements in a given fiscal year.

Implementation Needs:

We are currently in the 2nd fiscal year of centralized sick leave reimbursements. Since the central payroll system (KIPPS) is already modified for sick leave, the provisions of SB 56 can be implemented with minor changes within current budget allocations. It is not anticipated that Regent payroll systems would require significant modifications.

Long Range Fiscal Effects:

The objective is to sustain a budgeted assessment rate sufficient to allow the funding of both sick and annual leave retirement reimbursements.

The sick and annual leave reimbursements from the State Leave Fund to agencies do **not** represent increased statewide expenditures because agencies ultimately bear these costs regardless whether the retirement leave payouts are reimbursed from the central State Leave Fund or paid from agency operating funds.

The effects of the provision allowing the Secretary of Administration to adjust the rate as needed is considered minimal (if any). Any increases(decreases) in the assessment rate over(under) annual projections will be solely to allow full funding of retirement leave reimbursements while maintaining a minimum operating fund balance.

Summary of proposed revisions to SB 56 as "carry over" legislation from 1993:

The attached copy of SB 56 incorporates proposed amendments:

- one substantive change to eliminate Section 2. (b), page 2, lines 17-19 as discussed above, and
- various date revisions which are necessary because, as a "carry over" bill from 1993, the original language assumes FY 1994 implementation.

If you need additional information, please contact me.

Sincerely,



James R. Cobler, Director
Division of Accounts and Reports

JRC:MEE:

attachment

SENATE BILL No. 56

By Committee on Ways and Means

1-20

8 AN ACT concerning the state leave payment reserve fund; amending
 9 K.S.A. ~~1992~~ Supp. 75-5542, 75-5543 and 75-5544 and repealing
 10 the existing sections. 1993

11

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

13 Section 1. K.S.A. ~~1992~~ Supp. 75-5542 is hereby amended to read
 14 as follows: 75-5542. (a) As used in K.S.A. ~~1992~~ Supp. 75-5542 to 75- 1993

15 5545, inclusive, and amendments thereto, "state agency" means the
 16 state, or any department or agency of the state, but not including
 17 the Kansas turnpike authority, the council on vocational education
 18 or any political subdivision of the state. 1993

19 (b) For the purposes of providing for the payment of compen-
 20 sation for accumulated sick *and vacation* leave on retirement from
 21 state service arising on and after July 1, 1992 ~~1993~~ there is hereby
 22 established the state leave payment reserve fund in the state 1994
 23 treasury.

24 (c) The state leave payment reserve fund shall be liable to pay
 25 compensation for accumulated sick *and vacation* leave on retirement
 26 from state service arising on and after July 1, 1992 ~~1993~~. To this 1994
 27 end and for the purposes of K.S.A. ~~1992~~ Supp. 75-5542 to 75-5545,
 28 inclusive, and amendments thereto, all state agencies are hereby
 29 deemed to be a single employer whose liabilities specified in sub-
 30 section (b) are hereby imposed upon the state leave payment reserve
 31 fund. 1993

32 (d) The secretary of administration shall administer the state leave
 33 payment reserve fund and all payments from such fund shall be upon
 34 warrants of the director of accounts and reports issued pursuant to
 35 the system of payroll accounting formulated under K.S.A. 75-5501
 36 *et seq.*, and amendments thereto, or pursuant to K.S.A. 75-5540 and
 37 amendments thereto. The director of accounts and reports may issue
 38 warrants pursuant to vouchers approved by the secretary for pay-
 39 ments from the state leave payment reserve fund notwithstanding
 40 the fact that claims for such payments were not submitted or proc-
 41 essed for payment from money appropriated for the fiscal year in
 42 which the state leave payment reserve fund first became liable to
 43 make such payments.

(e) The secretary of administration shall remit all moneys received by or for the secretary in the capacity as administrator of the state leave payment reserve fund, to the state treasurer. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury to the credit of the state leave payment reserve fund.

Sec. 2. K.S.A. ~~1992~~ Supp. 75-5543 is hereby amended to read as follows: 75-5543. (a) Commencing with the first payroll period chargeable to funds appropriated for the fiscal year beginning on July 1, 1992 ~~1993~~, and for each payroll period thereafter, each state agency shall certify with each payroll, the amount of each leave payment reserve assessment for such state agency, not in conflict with appropriations therefor. The director of accounts and reports shall transfer the amount of each leave payment reserve assessment for such state agency to the credit of the state leave payment reserve fund.

1993

1994

~~(b) The rate of the leave payment reserve assessment for all state agencies for the fiscal year beginning July 1, 1992 1993, shall be .23% .34%.~~

~~(c) For fiscal years beginning July 1, 1993 1994, and each July 1 thereafter, the secretary of administration shall determine annually the rate of the leave payment reserve assessment for all state agencies based upon the experience of all state agencies. Such rate shall be expressed as a percentage and shall be the same for all state agencies. The secretary of administration may utilize actuarial and other professional assistance in determining the rate of the leave payment reserve assessment under this section. On or before July 15, 1992 1993, and each July 15 thereafter, the director of the budget shall notify each state agency of the rate of the leave payment reserve assessment for the next fiscal year. The secretary of administration may adjust the rate of the leave payment reserve assessment during a fiscal year as necessary to pay projected expenditures as they become due.~~

b

1994

~~(d) The amount of the leave payment reserve assessment for each state agency shall be determined by multiplying the total gross wages for each employee for each payroll period of such state agency, by the rate of the leave payment reserve assessment for the fiscal year.~~

c

~~(e) As used in this section "gross wages" means all compensation for services, including commissions, bonuses, back pay and the value of all remuneration including benefits paid in any medium other than cash.~~

d

Sec. 3. K.S.A. ~~1992~~ Supp. 75-5544 is hereby amended to read as follows: 75-5544. Compensation for accumulated sick and vacation

1993

1 leave on retirement from state service arising on and after July 1,
2 ~~1992 1993~~, shall be made from the state leave payment reserve fund
3 in the manner specified by the secretary of administration.

1994

4 Sec. 4. K.S.A. ~~1992~~ Supp. 75-5542, 75-5543 and 75-5544 are
5 hereby repealed.

6 Sec. 5. This act shall take effect and be in force from and after
7 its publication in the statute book.

1993