

SESSION OF 2008

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 541**

As Amended by Senate Committee of the Whole

**Brief\***

SB 541 would, if enacted, amend one statute that relates to the makeup of the Kansas Health Policy Authority, one statute enacted by the 2007 Legislature as a part of House Sub. for Senate Sub. for SB 11, and a statute that authorizes the State Children's Health Insurance Program (SCHIP). The bill also would create three new statutes that concern health care issues and recommendations arising from the 2007 legislation.

A new provision would be added to the statute that authorizes the Kansas Children's Health Insurance Program that would direct the Health Policy Authority to provide coverage under the program, subject to appropriations, for children living in a household having a gross income at or under 225 percent of the federal poverty guidelines in 2009 and at or under 250 percent of the federal poverty guidelines in 2010 and subsequent years. Participants would be required to contribute to the coverage on the basis of a sliding scale, and new participants would not be eligible for at least eight months if they previously had comprehensive health benefit coverage through another plan and such coverage was not terminated for one of the reasons set out in the legislation. Under new language added to the statute, any individual seeking to participate in the SCHIP program would be required to present documentary evidence of citizenship or of being a lawful alien as a condition of eligibility. The criteria for determining whether the documentation is satisfactory could not be more restrictive than that followed by the Social Security Administration to determine citizenship. Certain types of documents issued by

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Indian tribes would constitute satisfactory evidence of citizenship. The coverage of children in families up to 225 and 250 percent of federal poverty guidelines authorized by the bill would not be construed as an entitlement, would be subject to state and federal funds and requirements, and, were it determined available federal funds and state appropriations are insufficient to sustain the increased levels of eligibility, a lower income level would be required to be adopted and implemented.

The bill would amend existing law to increase the nonvoting membership of the Kansas Health Policy Authority from seven to eight members by adding the Commissioner of Education as a nonvoting member.

New legislation created by the bill would define the term “medical home” for the purposes of the new statute which directs the Health Policy Authority to incorporate the use of a medical home delivery system into the Kansas Medical Assistance (Medicaid) program, the State Children’s Health Insurance program (SCHIP), and the MediKan program. The Kansas State Employees Health Care Commission also is directed to incorporate the use of a medical home delivery system into the State Employee Health Benefits program. By February 1, 2009, the Authority, acting in conjunction with the Department of Health and Environment and state stakeholders, would be required to develop systems and standards for the implementation and administration of a medical home in Kansas.

Other new legislation that would be created by the bill would define the term “wellness program” and direct the Health Policy Authority to establish a small business wellness grant program to provide technical assistance to small businesses in the development of workplace wellness programs and to provide start-up funds for such programs. The bill would establish a new fund to be known as the Health Reform Fund which would be administered by the Kansas Health Policy Authority for the purpose of funding the small business wellness grant program created by the bill and other health reform

options. No moneys from the Fund could be used to replace or substitute for moneys appropriated from the State General Fund in the preceding fiscal year.

An existing statute would be amended to delete all references to a phased in premium assistance plan to assist eligible low-income residents with the purchase of private insurance or other benefits that are actuarially equivalent to the Kansas State Employee Health Plan.

## **Background**

SB 541 was introduced by the Joint Committee on Health Policy Oversight at the request of the Kansas Health Policy Authority to implement some of the 21 recommendations made by the Authority in response to legislative directives enacted in 2007.

Representatives of the Kansas Health Policy Authority, the Department of Health and Environment, the Kansas Association for the Medically Underserved, the Kansas Hospital Association, the Kansas State Nurses Association, the Kansas Health Consumer Coalition, the American Cancer Society, the American Heart Association, the Tobacco Free Kansas Coalition, the Kansas Faith Alliance for Health Reform, and the Kansas Cooperative Council spoke in support of or provided written testimony in support of the bill. Representative of the Kansas Academy of Family Physicians and the Kansas Medical Society spoke in support of the bill but requested amendments to the definition of a medical home. Representatives of the Kansas Association of Health Underwriters spoke in opposition to a premium assistance plan, stating the plan as proposed funds another state-run entitlement program rather than helping Kansans secure insurance in the market.

The Senate Committee of the Whole added new provisions to the eligibility criteria for participation in SCHIP and clarified the conditions applicable to increased eligibility that would be established by the bill.

The fiscal note on SB 541 indicates the Health Policy Authority estimates incorporating a medical home delivery system in state-funded programs would result in total additional costs of \$ 20.1 million, including \$13.7 million from the State General Fund in FY 2010. Estimated costs are \$22.2 million (\$14.8 million State General Fund) in FY 2011, \$23.8 million, (\$16.0 million State General Fund) in FY 2012, and \$25.4 million (\$17.3 million State General Fund) in FY 2013. The small business wellness grant program is estimated to cost \$585,000 (\$440,000 SGF) in FY 2011, \$645,000 (\$505,000 SGF) in FY 2012, and \$630,000 (\$465,000 SGF) in FY 2013.