

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30a.m. on January 19, 2011, in Room 548-S of the Capitol.

Senators Schmidt and Emler, excused

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
David Wiese, Office of the Revisor of Statutes  
Alan Conroy, Director, Legislative Research Department  
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department  
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department  
Dorothy Hughes, Fiscal Analyst, Legislative Research Department  
Brea Short, Intern, Senator McGinn's Office  
Jan Lunn, Committee Assistant  
Josh Lewis, Chief of Staff

Conferees appearing before the Committee:

Suzanne Cleveland, J.D., Kansas Health Institute  
Amy Deckard, Senior Fiscal Analyst, Kansas Legislative Research Department

**National Health Care Reform: How it impacts Kansas**

Suzanne Cleveland, Kansas Health Institute (KHI), distributed her written testimony ([Attachment 1](#)) and commented that KHI is a non-profit health policy and research organization. Its mission is to inform policymakers by identifying, producing, analyzing and communicating timely, relevant, and objective information.

She described the three components in the Affordable Care Act (ACA): public health; cost containment, payment, and delivery reform; and access to coverage and care. The potential economic impact of these components was reviewed. In addition, the creation of state-based health insurance exchanges; new limits on rating practices and cost-sharing; guaranteed access to health insurance coverage regardless of health status; and the expansion of Medicaid to 133 percent of the Federal Poverty Level (FPL) was discussed. Ms. Cleveland also reported on the costs (by payor) prior to and following implementation of the Federal Health Care Reform Act.

Senator McGinn requested additional information related to health care exchanges. Ms. Cleveland elaborated there can be numerous exchanges within each state (i.e., regional, interstate, multiple exchanges within the state). Many details related to how the exchanges and the market outside of the exchanges will operate is unknown, and much discretion is left to the states in determining how to design the health insurance marketplace.

Discussion was heard regarding the mandate for purchasing health care insurance, what religious and other exemptions exist, and what penalties or consequences exist for the individual not purchasing health care insurance. Ms. Cleveland will research and provide the language related to religious exemptions to Committee members.

Senator McGinn requested information related to how the federal government would backfill the loss of mental health dollars in individual state budgets. Ms. Cleveland indicated she would investigate and provide information related to available federal grants or other possible funding options.

Senator Lee inquired whether ACA reform contained provisions related to accidents and specifically, if the Act identifies the payor when liability insurance overlaps health insurance. Ms. Cleveland will provide additional information at a later time.

Senator Taddiken asked how the new Medicaid and Children's Health Insurance Program (CHIP) beneficiaries will be paid under ACA reform. Ms. Cleveland indicated newly eligible Medicaid enrollees will be paid at 100 percent federal match from 2014 to 2016 at which time the match begins to taper until 2020 where the match will be 90 percent.

## CONTINUATION SHEET

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Senator Teichman indicated there was an information sheet, "Minimum Requirements for Health Insurance Plans Offered through Health Insurance Exchanges under the Affordable Care Act." This information sheet, from the Kansas Health Institute, was distributed in the Senate Financial Institutions and Insurance Committee. Ms. Cleveland will submit this document to members of the Senate Ways and Means Committee.

### **Caseload Estimates Update**

Amy Deckard, Legislative Research Department, distributed an information sheet, "Human Services Consensus Caseload Estimates for FY 2011 and FY 2012" (Attachment 2). Ms. Deckard explained the caseload estimates include expenditures for nursing facilities, regular medical assistance, temporary assistance to families, general assistance, reintegration/foster care contracts, psychiatric residential treatment facilities, and out of home placements. She indicated a chart summarizing estimates for FY 2011 and FY 2012 was included in the handout.

Discussion was heard regarding eligibility criteria for different programs. Ms. Deckard explained there are criteria such as income guidelines and various medical and/or psychosocial assessments to determine eligibility. Ms. Deckard will provide additional information related to eligibility criteria and the qualified provider who performs assessments.

Senator Kelly asked if the Legislative Research Department had tracked their caseload estimates for accuracy and compared actual variances to estimated variances over periods of time. Ms. Deckard indicated this type trend analysis could be developed.

Ms. Deckard verified that the increase in all funds (\$176.7 million) for FY 2011 and FY 2012 compared to the State General Fund (SGF) increase of \$296.1 million is due to the elimination of American Recovery and Reinvestment and Act (ARRA) funds.

Senator Kelly expressed interest in the maintenance of effort issues and how they change as a result of the elimination of ARRA funds. Ms. Deckard explained maintenance of effort resets to the date the ACA was signed (March 2010); however, Kansas made no changes to eligibility from the beginning date of ARRA. Ms. Cleveland added that the penalty for making changes is stiffer under the ACA maintenance of effort requirement; with the ARRA maintenance of effort penalty was loss of Medicaid dollars. Senator Kelly requested information on where we were in October 2008 related to program status compared to the current time. Ms. Deckard indicated it was her understanding that optional population eligibility could not be changed or eliminated until ARRA stimulus dollars ended (December 31, 2010); however, states were not required to provide certain services under the "optional services" category.

Senator Huntington questioned what the provisions are in the "Health Care Cost Containment Contract." Ms. Deckard explained provisions were contained in the appropriations bill which required the Kansas Health Policy Authority (KHPA) to contract for cost recovery. The contract with Health Data Insight resulted in recoveries in which the contractor retains a percentage of any monies recovered. Both Senators Huntington and Taddiken requested more detailed information on any recoveries. Dustin Moyer, government liaison for KHPA, indicated he would provide that information.

The meeting was adjourned at 11:30 a.m.