

February 17, 2015

The Honorable Mary Pilcher-Cook, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 441-E
Topeka, Kansas 66612

Dear Senator Pilcher-Cook:

SUBJECT: Fiscal Note for SB 180 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 180 is respectfully submitted to your committee.

SB 180 would increase the managed care organization privilege fee from 1.0 percent of total premiums to 5.5 percent of total premiums. Under current law the fees are deposited into the State General Fund. The bill would require the fees to be deposited into the newly created Medical Assistance Fee Fund in the Kansas Department of Health and Environment (KDHE). The new fee fund could only be used for medical assistance payments.

In FY 2014 the Kansas Insurance Department collected and transferred to the State General Fund \$23.7 million in privilege fees. Of that amount \$22.1 million, or 93.3 percent, was collected from the three KanCare Managed Care Organizations. The Kansas Department of Health and Environment estimates that the increase in privilege fees from 1.0 percent to 5.5 percent would increase revenue by \$106.1 million in FY 2016. Under the provisions of SB 180 an estimated \$136.4 million from privilege fees would be deposited into the new fee fund in FY 2016 to be used for medical assistance payments. Transfers to the State General Fund would decrease by \$30.3 million.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Aaron Dunkel, Health & Environment
Glenda Haverkamp, Insurance