

**MESSAGE FROM THE GOVERNOR**  
**REGARDING VETO OF HOUSE BILL 2044**

I have long maintained three criteria for evaluating Medicaid expansion under Obamacare. Any attempt to expand this entitlement program should include a plan to eliminate the inherited waiting list for services to our disabled community, include work requirements to help Kansans escape poverty, and have a neutral impact on the state budget. This bill does not meet those requirements. Additionally, I am disappointed this bill will lead to an increase in funding for Planned Parenthood.

The most effective welfare program is one that helps people find a good paying job, escape poverty, and gain economic security. This bill's work component is nothing more than a work referral program, which will not lead to real employment gains for low income families. A true work requirement, as currently exists in the TANF and SNAP programs, would encourage and assist low-income able-bodied Kansans in receiving the educational and employment opportunities they deserve. We cannot help our citizens build better lives without also incentivizing them to find a permanent path out of poverty.

Prior administrations created and expanded waitlists for Kansans with disabilities. Over the course of my administration, I have worked to reduce the disability waitlist for these services. Yet, instead of continuing this critical work, HB 2044 prioritizes service for able-bodied adults without dependents instead of members of the disability community who need services now.

The cost of expanding Medicaid under ObamaCare is irresponsible and unsustainable. A recent third party study from Aon Hewitt estimates that expansion will cost Kansas taxpayers over \$1.2 billion from the state general fund over the coming years. In fact, states that have expanded have seen cost overruns of 110 percent or more than double the projection of enrollees. This bill is not budget neutral, instead placing a burden on the budget of unrestrainable costs.

Furthermore, this legislation ensures a significant increase in state and federal Medicaid dollars funneled towards abortion providers like Planned Parenthood. Kansas is a pro-life state, respecting the value and dignity of each unique human life. Our citizens do not want their tax dollars supporting organizations that are antithetical to human dignity. We cannot and will not support this legislation that continues to fund organizations that undermine a culture of life.

Finally, it is unwise to undertake such a drastic change to our Medicaid system in Kansas while our partners in Washington D.C. continue working to overhaul the Affordable Care Act. Congressional actions indicate there are many changes to Medicaid on the horizon. Despite lack of Congressional action last week, The White House and House Leadership have restarted negotiations on legislation to repeal the Affordable Care Act. These changes may impact many aspects of the Kansas Medicaid program, and attempting to overhaul our current system while these changes are still being worked out is potentially harmful to our state.

Accordingly, pursuant to Article 2, Section 14(a) of the Constitution of the State of Kansas, I hereby veto House Bill 2044.

Dated: March 30, 2017

SAM BROWNBACK  
*Governor of Kansas*

HOUSE BILL No. 2044

AN ACT concerning the department of health and environment; establishing the KanCare bridge to a healthy Kansas program; concerning clubhouse-based psychosocial rehabilitation programs.

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

Section 1. Sections 1 through 13, and amendments thereto, shall be known and may be cited as the KanCare bridge to a healthy Kansas program, which is hereby established. The department of health and environment shall administer and promote the program and provide information to potential eligible individuals who live in medically underserved areas of Kansas.

Sec. 2. For purposes of eligibility determinations under the Kansas program of medical assistance on or after January 1, 2018, medical assistance shall be granted to any adult under 65 years of age, who is a United States citizen or legal resident and who has been a resident of Kansas for at least 12 months, who is not pregnant and whose income does not exceed 133% of the federal poverty level, to the extent permitted under the provisions of 42 U.S.C. § 1396a, as it exists on the effective date of this act, and subject to the requirements of the KanCare bridge to a healthy Kansas program.

Sec. 3. (a) The department of health and environment shall refer all non-disabled adults in the KanCare bridge to a healthy Kansas program who are unemployed or working fewer than 20 hours a week, as a condition of the program, to the state's existing workforce training programs and work search resources, including, but not limited to:

(1) The Kansasworks program administered by the department of commerce; or

(2) the generating opportunities to attain lifelong success program administered by the department for children and family services.

(b) The KanCare bridge to a healthy Kansas program application shall:

(1) Screen applicants for education status;

(2) screen applicants for employment status; and

(3) require applicants to acknowledge the referral required by subsection (a).

(c) Full-time students shall be exempted from the referral required by subsection (a) for each year they are enrolled in a postsecondary education institution or technical school.

(d) Parents with minor children in the home are exempt from the referral required by subsection (a) at the discretion of the department of health and environment.

Sec. 4. (a) The department of health and environment may establish a health insurance coverage premium assistance program for individuals who meet the following requirements:

(1) The individual has an annual household income of not more than 133% of the federal income poverty level, based on the adjusted gross income provisions set forth in section 2001(a)(1) of the federal patient protection and affordable care act; or

(2) the individual is eligible for health insurance coverage through an employer but cannot afford the health insurance coverage premiums.

(b) A program established under this section must:

(1) Contain eligibility requirements that are similar to the eligibility requirements of the KanCare bridge to a healthy Kansas program; and

(2) provide that an individual's payment for a health insurance coverage premium may not exceed 2% of the individual's annual income.

Sec. 5. (a) A denial of federal approval and federal financial participation that applies to any part of the KanCare bridge to a healthy Kansas program shall not prohibit the department of health and environment from implementing any other part of the program, except for section 13, and amendments thereto, that:

(1) Is federally approved for federal financial participation; or

(2) does not require federal approval or federal financial participation.

(b) The secretary may make changes to the KanCare bridge to a healthy Kansas program if the changes are required by the United States department of health and human services or federal statute or regulation.

Sec. 6. The department shall produce and submit a waiver request to the United States department of health and human services to implement the program with services to begin on or before January 1, 2018.

Sec. 7. (a) All moneys collected or received by the secretary of health and environment from drug rebates connected to KanCare bridge to a healthy Kansas program beneficiaries shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the KanCare bridge to a healthy Kansas drug rebate fund.

(b) There is hereby created in the state treasury the KanCare bridge to a healthy Kansas program drug rebate fund as a reappropriating fund. Moneys in the KanCare bridge to a healthy Kansas program drug rebate fund shall be expended for the purpose of medicaid medical assistance payments for KanCare bridge to a healthy Kansas program beneficiaries. All expenditures from the KanCare bridge to a healthy Kansas program drug rebate fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of health and environment or the secretary's designee.

(c) The KanCare bridge to a healthy Kansas program drug rebate fund shall be used for the purposes set forth in the KanCare bridge to a healthy Kansas program and for no other governmental purposes. It is the intent of the legislature that the fund shall remain intact and inviolate for the purposes set forth in the KanCare bridge to a healthy Kansas program, and moneys in the fund shall not be subject to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

(d) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the KanCare bridge to a healthy Kansas program drug rebate fund interest earnings based on:

(1) The average daily balance of moneys in the KanCare bridge to a healthy Kansas program drug rebate fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) On or before January 8, 2018, and on or before the first day of the regular session of the legislature each year thereafter, the secretary of health and environment shall prepare and deliver a report to the legislature that summarizes all expenditures from the KanCare bridge to a healthy Kansas program drug rebate fund, fund revenues and recommendations regarding the adequacy of the fund to support KanCare bridge to a healthy Kansas program expenditures.

Sec. 8. (a) All moneys collected or received by the secretary of health and environment for privilege fees collected pursuant to K.S.A. 40-3213, and amendments thereto, connected to the KanCare bridge to a healthy Kansas program beneficiaries shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the KanCare bridge to a healthy Kansas program privilege fee fund.

(b) There is hereby created in the state treasury the KanCare bridge to a healthy Kansas program privilege fee fund as a reappropriating fund. Moneys in the KanCare bridge to a healthy Kansas program privilege fee fund shall be expended for the purpose of medicaid medical assistance payments for KanCare bridge to a healthy Kansas program beneficiaries. All expenditures from the KanCare bridge to a healthy Kansas privilege fee fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of health and environment or the secretary's designee.

(c) The KanCare bridge to a healthy Kansas privilege fee fund shall be used for the purposes set forth in the KanCare bridge to a healthy Kansas program and for no other governmental purposes. It is the intent of the legislature that the fund shall remain intact and inviolate for the purposes set forth in the KanCare bridge to a healthy Kansas program, and moneys in the fund shall not be subject to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

(d) On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the KanCare bridge to a healthy Kansas privilege fee fund interest earnings based on:

(1) The average daily balance of moneys in the KanCare bridge to a healthy Kansas privilege fee fund for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) On or before January 8, 2018, and on or before the first day of the regular session of the legislature each year thereafter, the secretary of health and environment shall prepare and deliver a report to the legislature that summarizes all expenditures from the KanCare bridge to a healthy Kansas privilege fee fund, fund revenues and recommendations regarding the adequacy of the fund to support necessary KanCare bridge to a healthy Kansas program expenditures.

Sec. 9. (a) On or before January 8, 2018, and on or before the first day of the regular session of the legislature each year thereafter, the secretary of health and environment shall prepare and deliver a report to the legislature that summarizes the cost savings achieved by the state from the movement of beneficiaries from the KanCare program to the KanCare bridge to a healthy Kansas program, including, but not limited to, the MediKan program, the medically needy spend-down program and the breast and cervical cancer program.

(b) State cost savings shall be determined by calculating the cost of beneficiaries if services were provided in the KanCare program less the cost of services provided to beneficiaries under the KanCare bridge to a healthy Kansas program.

Sec. 10. On or before January 8, 2018, and on or before the first day of the regular session of the legislature each year thereafter, the secretary of corrections shall prepare and deliver a report to the legislature that identifies cost savings to the state from the use of the KanCare bridge to a healthy Kansas program to cover inmate inpatient hospitalization.

Sec. 11. On or before February 15 of each year, the secretary of health and environment shall present a report to the house committee on appropriations and the senate committee on ways and means that summarizes the costs for the KanCare bridge to a healthy Kansas program and the cost savings and additional revenues identified in sections 7 through 9, and amendments thereto.

Sec. 12. (a) There is hereby established the KanCare bridge to a healthy Kansas working group.

(b) The working group is charged with identifying non-state general fund sources to fund any shortfall identified by the secretary of health and environment in section 11, and amendments thereto, for the KanCare bridge to a healthy Kansas program.

(c) The working group shall be composed of the following members:

(1) Two members of the house of representatives appointed by the speaker of the house of representatives;

(2) one member of the house of representatives appointed by the minority leader of the house of representatives;

(3) two members of the senate appointed by the president of the senate;

(4) one member of the senate appointed by the minority leader of the senate;

(5) one representative from the Kansas hospital association;

(6) one representative from the Kansas medical society;

(7) one representative from the Kansas association for the medically underserved;

(8) one representative from the Kansas academy of family physicians;

(9) one representative from the association of community mental health centers of Kansas;

(10) one representative from the Kansas dental association;

(11) one representative from the Kansas emergency medical services association;

(12) one representative from the Kansas optometric association;

(13) one representative from the Kansas pharmacist's association; and

(14) one representative of KanCare bridge to a healthy Kansas program consumers from alliance for a healthy Kansas.

(d) The chairperson of the working group shall be elected by the members of the working group:

(1) From members of the working group from the house of representatives in even-numbered years; and

(2) from members of the working group from the senate in odd-numbered years.

(e) The staff of the Kansas legislative research department shall provide such assistance as may be requested by the working group.

(f) (1) Legislative members attending a meeting of the working group or a subcommittee meeting thereof shall receive compensation and travel expenses and subsistence expenses or allowances as provided in K.S.A. 75-3212, and amendments thereto.

(2) Non-legislative members shall not receive compensation, subsistence allowance, mileage or associated expenses from the state for attending a meeting or subcommittee meeting of the working group.

(h) The working group shall meet no fewer than two times in any given calendar year.

(i) A quorum of the working group shall be nine members, of which at least four shall be legislative members of the working group.

(j) The working group shall report to the legislature on or before March 15 of each year with recommendations for funding the KanCare bridge to a healthy Kansas program, as necessary.

Sec. 13. If, at any point, the percentages of federal medical assistance available to the program for coverage of program participants described in section 1902(a)(10)(A)(i)(VIII) of the federal social security act are less than the percentages provided for in section 1201(b)(1)(A) through (E) of the federal health care and education reconciliation act of 2010, as it exists on the effective date of this act, the department of health and environment shall terminate the KanCare bridge to a healthy Kansas program over a 12-month period, beginning on the first day that the federal medical assistance percentages fall below such amount.

Sec. 14. (a) Within the limits of appropriations therefore, on and after the effective date of this act, the secretary of health and environment shall include within the medicaid program reimbursement for clubhouse rehabilitation services. The secretary is hereby granted authority to enter into contracts with certified clubhouse providers for this purpose. The contracts shall be entered into by July 1, 2017, and shall expire on July 1, 2020. Reimbursement under such contracts for any one fiscal year shall not exceed \$1,000,000. On or before January 1, 2020, the secretary shall report to the senate committee of public health and welfare and to the house committee on health and human services information, findings and recommendations which relate to the clubhouse rehabilitation services provided under this subsection.

(b) As used in this section, “clubhouse” means a community-based psychosocial rehabilitation program in which the member, with staff assistance, is engaged in operating all aspects of the clubhouse, including food service, clerical, reception, janitorial and other member services such as employment training, housing assistance and educational support, and which is designed to alleviate emotional or behavior problems with the goal of transitioning to a less restrictive level of care, reintegrating the member into the community and increasing social connectedness beyond a clinical or employment setting.

(c) The provisions of this section shall expire on July 1, 2020.

Sec. 15. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

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*Speaker of the House.*

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*Chief Clerk of the House.*

Passed the SENATE \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*