

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. March 15, 2011, in Room 548-S of the Capitol.

All members were present

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:

Daniel Yoza, Office of the Revisors of Statute  
Rob Fillion, Executive Director, Smoky Hill Development Corporation  
Jill Wolters, Office of the Revisors of Statute  
Chad Austin, Vice President, Government Relations, Kansas Hospital Authority  
Viola Riffin, Director of Healthcare Services of the Department of Corrections from Kansas University  
Dan Morin, Kansas Medical Society

See attached list for others attending.

**Bill Introductions**

Senator McGinn moved introduction of a bill concerning lodging inspections (#rs0028). The bill was seconded by Senator Schmidt and carried on voice vote

**HB 2258 – Conveyance of land in Ellsworth County**

Daniel Yoza, Office of the Revisor of Statutes, briefed committee members on **HB 2258**. The bill authorizes SRS to convey by quitclaim deed a tract of real estate in Ellsworth County to the Evangelical Lutheran Good Samaritan Society (Attachment 1).

Rob Fillion, Executive Director of the Smoky Hill Development Corporation, was present to testify in support of **HB 2258**. The Smoky Hill Development Corporation is a 501 (c) 6 private-public organization, dedicated to the economic prosperity of Ellsworth County. The bill removes the deed restrictions placed on the property currently owned and operated by the Good Samaritan Ellsworth Campus. It allows Good Samaritan to sell property to Smoky Hill Development Corporation for a price of \$100. The bill would allow the purchase to move forward, to bring the property to the tax role, and to create development opportunities. Mr. Fillion elaborated that the State retains the mineral rights (Attachment 2).

Written testimony submitted:

Representative Steven Johnson (Attachment 3)

Senator McGinn closed the hearing on **HB 2258**.

Senator Emler moved favorable passage of **HB 2258** as amended by House Committee. Senator Kelly seconded the motion, which carried on a voice vote.

**SB 199 -- Inmates in correctional facilities; medicaid eligibility**

Jill Wolters, Office of the Revisor of Statutes, indicated the purpose of the bill is to direct Kansas Health Policy Authority (KHPA), in consultation with the Department of Corrections (DOC), to pursue available federal Medicaid funding for medical care provided to inmates in public institutions. The bill directs KHPA to submit a report on its progress to obtain federal funding to the Joint Committee on Health Policy Oversight during the 2011 interim (Attachment 4).

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Chad Austin, Kansas Hospital Association, spoke in opposition to **SB 199**, expressing concern regarding the policy implications in the bill (Attachment 5). He indicated Medicaid rates to providers are already below the actual cost of providing care. Losses are exacerbated when providing care to inmates because of additional expenses (security, transportation, increase in Emergency Room usage) associated with treatment.

Viola Riggan, Director of Healthcare Services for the Department of Corrections/Juvenile Justice Authority from Kansas University, was in the audience, and provided clarification. She indicated there is a contractual agreement with Correct Care Solutions to pay for outpatient services for adult and juvenile inmates. She indicated, in her opinion, the bill has merit and could reap savings for the State of Kansas. Considerable discussion was heard concerning hospitals that contract for inpatient care of inmates and those that do not, professionals who contract for providing care to inmates and those who do not, and other pertinent issues (no written testimony submitted).

Dan Morin, Kansas Medical Society, acknowledged the financial challenges facing the state. He expressed concern from the physician community relative to **SB 199**. He reported the majority of physicians in the State participate in the Medicaid network. Medicare, Medicaid, and Tricare rates are below the cost of providing care to a patient. Together these publicly funded programs cover over 30 percent of Kansas residents. It is predicted that in 2013, that figure will grow to 42 percent. The concern is an attrition of providers who may not be able to absorb the influx of patients at lower reimbursement rates (no written testimony submitted).

It was the consensus of committee members to draft a letter to forward to the Kansas Health Policy Authority, Juvenile Justice Authority and the Department of Corrections. The letter would direct agencies to collaborate in the process of gathering information/facts and to submit a follow-up report to the Senate Ways and Means Committee.

Senator McGinn closed the hearing on **SB 199**.

Investor Education Fund

Aaron Jack, Securities Commissioner, was present to brief committee members on the state's Investor Education Fund (Attachment 6). This fund was established as a result of a settlement from a securities investigation. The Securities Commissioner is allowed to develop and implement investor education initiatives to inform the public in investing in securities. Kansas' portion of the settlement discussed was approximately \$800,000. Various educational programs have been presented in the past: education on securities fraud, financial literacy programs, educating senior citizens groups, media campaigns, and youth financial literacy programs. The Commissioner's website has a report for which funds have been spent; it can be accessed at: [http://www.ksc.ks.gov/opinion/Investor\\_Ed\\_Report.pdf](http://www.ksc.ks.gov/opinion/Investor_Ed_Report.pdf). Committee members encouraged the Commissioner to publicize the availability of grant funding to schools and other eligible entities. Committee members requested a summary of revenues, expenditures, transfers, and a listing of grants awarded for the Investor Education Fund.

Staff Briefing on Budget Items Considered Non-Reportable

J.G. Scott, Chief Fiscal Analyst of the Legislative Research Department, was present to discuss those items considered non-reportable expenditures (off-budget) and how they impact the state's budget. Mr. Scott distributed information concerning reportable expenditures and non-reportable (off-budget) expenditures (Attachment 7) with a table listing those expenditures and associated monies (by agency) in FY 2011 and for FY 2012. He reported that some of the non-reportable expenditures are the result of policy decisions.

Included in Mr. Scott's written testimony was a table exhibiting selected off-budget and non-reportable expenditures and demand transfers (SGF expenditure) which were changed to revenue transfers (non-SGF expenditure) accompanied by the year removed/started, the original amount, and the FY 2011 estimate.

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Considerable discussion ensued in which committee members requested additional information on selected revenue transfers including for what purpose the money (in the following funds) is used, the initial purpose for creating the funds, and who is being taxed.

- Spirit Aerosystems Incentive
- Cessna Incentive
- Senior Services Trust Fund
- Rental Motor Vehicles Excise Tax Fund
- Homestead Property Tax Refunds
- State Housing Trust Fund

Senator Vratil distributed an article from The Wichita Eagle from March 14, 2011, in which the headline is: “Off budget’ items exceed \$1.3 billion in Kansas budget” (Attachment 8).

A suggestion was heard that a Subcommittee be created to evaluate non-reportable/off-budget items.

Subcommittee Report on Board of Pharmacy

Senator McGinn reported that in review of Subcommittee reports, the Board of Pharmacy Subcommittee report had not been adopted (refer to February 18, 2011 minutes).

Senator Schmidt moved to remove from the table the Board of Pharmacy Subcommittee report. Senator Francisco seconded the motion, which carried on a voice vote.

Senator Schmidt moved to amend the Board of Pharmacy Subcommittee report by transferring \$150,000, from the Board of Pharmacy Fee Fund, into a special litigation fund account in FY 2011. The motion was seconded by Senator Huntington, which carried on a voice vote.

Senator Schmidt moved to adopt the Board of Pharmacy Subcommittee report as amended. Senator Huntington seconded the motion, which carried on a voice vote.

The meeting was adjourned at 11:50 a.m.