

SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE BILL NO. 180

As Amended by Senate Committee of the Whole

Brief*

SB 180 would create in the State Treasury the Medical Assistance Fee Fund (Fund); would increase the annual privilege fees paid by every health maintenance organization for the period beginning January 1, 2015, and ending December 31, 2017, from 1.0 percent per year to 5.5 percent per year of the total of all premiums, subscription charges, or any other term that may be used to describe the charges made by such organization to enrollees; and the privilege fees paid from January 1, 2015, through December 31, 2017, would be deposited in the Fund, instead of the State General Fund (SGF). Additional bill details regarding the Fund and its administration follow.

Medical Assistance Fee Fund

The provisions in Section 1, pertaining to the Fund, its administration, and reporting, would expire on December 31, 2017.

From January 1, 2015, through December 31, 2017, all moneys collected or received by the Insurance Commissioner from health maintenance organizations, including the three KanCare Managed Care Organizations (MCOs), and Medicare provider organizations for fees specified in KSA 40-3213 would be remitted to the State Treasurer for deposit in the State Treasury to the credit of the Fund. (Those fees would include filing an application for a certificate of authority,

*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>

filing each annual report, filing an amendment to the certificate of authority, and privilege fees.)

The use of moneys in the Fund would be expended for the purpose of Medicaid medical assistance payments and for no other governmental purpose. The moneys in the Fund would not be subject to allotments by the Governor, certificates of indebtedness, and transfers by the Secretary of Health and Environment.

The Secretary of Health and Environment would be required to prepare and deliver to the Legislature, on or before the first day of each regular legislative session, a report summarizing all expenditures from the Fund, Fund revenues, and recommendations regarding the adequacy of the Fund to support necessary medical assistance programs.

Background

The bill was introduced by the Senate Committee on Public Health and Welfare at the request of the Kansas Department of Health and Environment (KDHE). In the Senate Committee hearing on the bill, as introduced, a representative of KDHE testified in support of the bill stating the increased privilege fee would be placed in the Fund and would be limited to paying only costs associated with Medicaid medical assistance payments. No other testimony was provided at the hearing.

The Senate Committee amended the bill to allow for the increase in the privilege fees for a limited time and to establish an expiration date for the provisions in Section 1 of the bill relating to the Fund, its administration, and reporting requirements.

The Senate Committee of the Whole amended the bill to change the sunset date to December 31, 2017, on the increase in the privilege fees and the deposit of these fees in

the Fund, and on the provisions in Section 1 of the bill relating to the Fund, its administration, and reporting requirements.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, in FY 2014, the Kansas Insurance Department collected and transferred to the SGF \$23.7 million in privilege fees. Of that amount \$22.1 million, or 93.3 percent, was collected from the three KanCare MCOs. KDHE estimates the increase in privilege fees would increase revenue by \$106.1 million in FY 2016. Under the provisions of the bill, 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. According to KDHE, transfers to the SGF would decrease by \$30.3 million.