

Date: 3-16-2017

Subject: Neutral Testimony on House Bill 2065

Submitted By: Mike Randol, Kansas Department of Health and Environment – Director of the Division of Health Care Finance – State Medicaid Director

Bill Description

HB 2065 would amend current law regarding privilege fees imposed on health maintenance organizations (MCOs). Under current law the privilege fee is set at 3.31 percent of premium revenue and the fees are deposited into the Medical Assistance Fee Fund of the Kansas Department of Health and Environment (KDHE). On January 1, 2018, the privilege fee will be reduced to 2.00 percent of premium revenue and the fees will be deposited into the State General Fund. HB 2065 would increase the privilege fee to 5.77 percent of premium revenue on January 1, 2018. The bill would direct the State Treasurer, beginning in FY 2019, to deposit the fee revenue in the Medical Assistance Fee Fund instead of the State General Fund and would eliminate the sunset date of July 1, 2018 for the Medical Assistance Fee Fund. The money in the Medical Assistance Fee Fund would be used to make Medicaid medical assistance payments and could not be used for other purposes.

HB 2065 would also increase the annual assessments imposed on hospital providers of inpatient services. The rate imposed on each provider would increase from the current rate of 1.83 percent of a hospital's fiscal year 2010 net inpatient operating revenue to 4.65 percent of a hospital's fiscal year 2014 net inpatient operating revenue. All money would be deposited in the Health Care Access Improvement Fund administered by KDHE, and would be expended for the purpose of improving health care delivery and related health activities. The bill would make technical amendments regarding accounting procedures and allowable expenditures related to the annual assessments imposed on hospital providers.