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MEMORANDUM

To: Senate Committee on Ways and Means
From: Scott Abbott, Assistant Revisor
Date: February 18, 2019
Re: Senate Bill No. 2

SB 2 would create the federal medical assistance percentage stabilization fund. The fund would be administered by the department of health and environment and would consist of all moneys recovered by the attorney general in the civil action *Texas v. United States*. Moneys in the fund could be used to fund any additional title XIX costs incurred due to any decrease to the federal medical assistance percentage for the state of Kansas.

Each fiscal year on December 1 and June 30, beginning in fiscal year 2020, the secretary of health and environment would be required to determine and certify the estimated amount of reduced or increased title XIX costs incurred due to an increase or decrease to the federal medical assistance percentage. For any certification of reduced costs, the director of accounts and reports would transfer the certified amount from the state general fund to the federal medical assistance percentage stabilization fund. For any certification of increased costs, the director of accounts and reports would transfer the certified amount from the federal medical assistance percentage stabilization fund to the state general fund.

In *Texas v. United States*, six states, including Kansas, sued the federal government, alleging that the federal Affordable Care Act's health insurance provider fee, imposed on for-profit and privatized managed care organizations, was unconstitutionally coercive and delegated to an independent, private organization, and imposed on states in violation of statutory directive. The district court found that the plaintiff states are entitled to repayment of their health insurance provider fee payments.

The secretary of health and environment would be required to submit an annual report to the legislature and the legislative budget committee, including actual expenditures related to adjustments to the federal medical assistance percentage for the state of Kansas and amounts transferred into and out of the federal medical assistance percentage stabilization fund.

If enacted, SB 2 would take effect upon publication in the Kansas register.