

MINUTES OF THE HOUSE AGING AND LONG TERM CARE COMMITTEE

The meeting was called to order by Chairman Bob Bethell at 3:30 p.m. on February 12, 2009, in Room 711 of the Docking State Office Building.

All members were present except:

Representative Don Myers- excused

Committee staff present:

Doug Taylor, Office of the Revisor of Statutes

Kelly Navinsky-Wenzl, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Judith Holliday, Committee Assistant

Conferees appearing before the committee:

Jane Rhys, PhD, Executive Director, Kansas Council on Developmental Disabilities

Cindy Hermes, Director, Governmental & Public Affairs Division, Kansas Insurance Department

Others attending:

See attached list.

Chairman Bethell called the meeting to order and reminded the members that if they had not yet signed up for the Fitness Challenge they are encouraged to do so by signing on to Americaonthemove.org.

The Chairman reminded the Committee that there were questions at the last meeting on the tobacco settlement funds, and he had asked Research to get that information for the Committee. Information on the Children's Initiatives Reserve Fund was provided to each member which showed the money received and the agencies receiving the money. ([Attachment 1](#))

Chairman Bethell asked Representative Schwab to tell the Committee what the Subcommittee on Aging and Long Term Care would be hearing today at the conclusion of this committee meeting.

Jane Rhys, PhD, Executive Director, Kansas Council on Developmental Disabilities (KCDD), testified on employment of and funding for individuals with Developmental Disabilities (DD). ([Attachment 2](#)) Ms. Rhys stated that people with DD want to work and live in their communities just as others do, to the extent possible.

Ms. Rhys told the Committee that it is three times more cost-effective to employ or fund persons with DD than Sheltered Workshops which sometimes lack work and do not pay minimum wage. Supported employment, in which a person with DD has on-the-job assistance, is two-thirds cheaper than sheltered work. For several years, the KCDD has provided funding to persons with DD to start their own business. She provided a handout listing a number of successful small businesses funded by grants and owned by developmentally disabled individuals.

Ms. Rhys introduced Joe Steffy from Louisburg, Kansas, owner of Poppin' Joe's Kettle Korn, who distributed bags of his product to the Committee and staff. Ms. Rhys also passed out samples of honey products from Anthony's Beehive. Both of these businesses were funded with grants from the Council.

Ms. Rhys stated that when people become employed, they become taxpayers, paying taxes on food, transportation, housing, clothes, and other services and products. She encouraged providing incentives for business who employ them; disincentives for sheltered workshops; and increased availability of supported employment for those needing this service.

Ms. Rhys also testified on the issue of hospital closure and savings which would be realized through closure of one or both state hospitals for Developmental Disabilities (DD). She provided to Committee members a book entitled "The Right Thing To Do" which detailed the positive outcome of closing Winfield and downsizing of other institutions. ([On file in Room 161-W](#)) A handout provided the numbers of individuals waiting for DD services on the Unserved Waiting List, people who receive no services; and the Underserved Waiting List, people receiving some services but in need of more. ([Attachment 3](#)) Ms. Rhys stated that the way to reduce or eliminate the waiting list is to close one or

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both DD hospitals and put all the savings into community DD services. Those with serious medical or behavior problems can be served in the community, and some funding is available through the Money-Follows-the-Person program.

Chairman Bethell called the Committee's attention to a handout he received on employees of a Walgreens Distribution Center in South Carolina where disabled persons work side by side with non-disabled persons, making the same wage. (Attachment 4) He stated that there was a 20 percent higher efficiency rate than at any other Walgreens distribution facility. He encouraged everyone to go to the website at ABC News.com and watch the video, "How One Super-Store is Saving the Disabled."

Hearing on HB 2019 - Medicaid eligibility requirements; allow collateral assignment of life insurance proceeds.

Chairman Bethell opened the hearing on **HB 2019**. He told the Committee that the Kansas Health Policy Authority has provided information and a fiscal note on the bill that estimates an average of \$13K per Medicaid recipient, which will provide money to the state for the care of individuals receiving Medicaid. The Chairman's intention is to get language that will make **HB 2019** a workable bill.

Cindy Hermes, Director, Governmental and Public Affairs Division, Kansas Insurance Department, testified on **HB 2019**. (Attachment 5) Ms. Hermes explained the definitions of collateral assignment and absolute assignment in the insurance context.

Absolute assignment of a life insurance policy is assignment when the policy owner transfer all of their ownership rights to the assignee; the policy owner-assignor has no further rights under the contract and the assignee becomes the policy owner. Collateral assignment is a temporary assignment of the monetary value of a life insurance policy as collateral, or security, for a loan. The collateral assignment differs from an absolute assignment in three aspects:

1. The collateral assignee's rights are limited to those ownership rights that directly concern the monetary value of the policy; the policy owner-assignor cannot take out a policy loan or surrender the policy for cash surrender value while a collateral assignment is in effect unless the assignee consents.
2. The collateral assignee has a vested, but limited, right to the policy's monetary values. The assignee's rights to the policy's values are limited to the amount of the assignor's indebtedness to the assignee. If the policy proceeds become payable, upon death of the assignor, the assignee receives this amount in a lump sum and any remaining amount must be paid to the policy's beneficiary.
3. The collateral assignee's rights to the policy values are temporary. If the assignor repays the amount owed to the collateral assignee, the assignment terminates and all policy ownership rights revert to the policy owner.

The Kansas Health Policy Authority would establish a procedure which permits the holder of a life insurance policy which has a cash surrender value to give the Kansas program of medical assistance a collateral assignment of the proceeds of the life insurance policy. The proceeds of a life insurance policy benefit paid on death could exceed the cash surrender value of the policy. It was noted that individuals would need to continue payment of life insurance premiums on policies not paid up, should collateral assignment be made.

Discussion ensued regarding language in the bill about premium payments. Chairman Bethell stated that the bill needs work in that area and that continued discussions on **HB 2019** would be held in hopes of coming back with a better bill.

There being no further business to come before the Committee, the meeting adjourned at 4:30 p.m.

The next meeting is scheduled for February 17, 2009.