

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:08 a.m. on February 17, 2011, in Room 346-S of the Capitol.

All members were present

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes  
Nobuko Folmsbee, Office of the Revisor of Statutes  
Alan Conroy, Kansas Legislative Research Department  
J.G. Scott, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Shirley Morrow, Kansas Legislative Research Department  
Cindy O'Neal, Administrative Assistant, Appropriations Committee  
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1            FY 2012 Budget Committee Report - Kansas Department of Health and Environment – Environment
- Attachment 2            Local Environmental Protection Program
- Attachment 3            FY 2012 Budget Committee Report – Kansas Department of Health and Environment – Health and the Kansas Health Policy Authority
- Attachment 4            Kansas Health Policy Authority – Projected Reserve Calculation
- Attachment 5            FY 2006 – 2010 State Employee Health Plan-Contracts and Covered Lives
- Attachment 6            FY 2000 – 2010 State Employees' Health Benefits Plan

Chairman Rhoades welcomed committee members.

Representative Brown made a motion to introduce legislation regarding private activity bonds available for all counties. The motion was seconded by Representative Schwartz. Motion carried.

Representative Kleeb made a motion to introduce legislation regarding the Civil Air Patrol. The motion was seconded by Representative Brown. Motion carried.

Representative Rhoades made a motion to introduce legislation regarding a concurrent resolution that would request the State Board of Education to study, design, and recommend an administrative reorganization of school districts to include one administrator per 10,000 pupils. The motion was seconded by Representative Peck. Motion carried.

Representative Schwartz, Chair, House Agriculture and Natural Resources Budget Committee, presented the Kansas Department of Health and Environment-Environment FY 2012 Budget Report, (Attachment 1). The Budget Committee concurred with the Governor's recommendation with the following adjustments and observations: introduction of legislation to reduce fees in the Waste Tires Management Program, directed that agency to compile information on the Waste Tire Management Program and report back to the Budget Committee during Omnibus, that the agency prioritizes vehicle requests and report back to the Budget Committee at Omnibus, and provide the Budget Committee with information reflecting funding for the Local Environmental Protection Program, (LEPP) program, which has been prepared and distributed to committee members (Attachment 2).

Representative Schwartz made motion to adopt the Kansas Department of Health and Environment – Environment FY 2012 Budget Report. The motion was seconded by Representative Carlin.

Discussion followed by committee members. An explanation of the Waste Tire Management Fund was provided. It was noted that the fund balance is approximately \$200,000, there are no duplication of services, staffing numbers include both the Environment and Health Departments within the Kansas Department of Health and Environment, and the increase in FY 2012 was to replace federal funding. A review of the LEPP Grant History followed.

## CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:08 a.m. on February 17, 2011, in Room 346-S of the Capitol.

The motion was renewed. Motion carried.

Representative Crum, Chair, Social Services Budget Committee, presented the Kansas Health Policy Authority FY 2012 Budget Committee Report (Attachment 3). The Budget Committee concurred with the Governor's recommendations with the following observations: the Budget Committee supports the Governor's Executive Reorganization Order to transfer the duties and responsibilities to the Kansas Department of Health and Environment in FY 2012, review adult dental services at Omnibus, work with the Kansas Hospital Association on emergency room services and report back to the Budget Committee at Omnibus, cost saving measures for prescription drugs was requested to be identified and reviewed at Omnibus, HealthWave backlog corrective action plan outlined, additional language recommended for the Governor's budget bill draft, actions taken to address audit findings presented to the Budget Committee, concerns for limited state actions regarding Medicaid and the Children's Health Insurance Program, service providers commended, report on Medicaid waiver options to the committee at Omnibus, concerns expressed for Medicaid and Children's Health Insurance Program, (CHIP) expenditures, and the need to continue to monitor the balance of and contributions to the State Employee Health Plan.

Representative Crum made a motion to adopt the Kansas Health Policy Authority FY 2012 Budget Committee Report. The motion was seconded by Representative Mast.

Discussion followed by committee members. A review of the federal and state funding for waivers followed. It was noted that there may be other opportunities for federal match dollars for these waivers. Expansion of home and community based services and the need for additional state dollars was discussed. The concern for expansion of Medicaid dollars and the impact on the maintenance of effort through the Affordable Care Act and the federal stimulus funding guidelines was discussed. It was noted that Human Services caseloads falls under the Medicaid State Plan, and the Governor's recommendations includes meeting Medicaid obligations. The impact on the loss of federal stimulus dollars, increased caseloads, and poverty guidelines was discussed. Additional information from staff was requested.

J.G. Scott stated that under the Affordable Care Act the maintenance of effort deals more with eligibility guidelines as opposed to a dollar amount. He noted that the poverty guidelines are established by the federal government and that the state must maintain the FY 2010 level. He referred to the language contained in the Title 19 Act regarding Medicaid co-pay and deductibles.

Committee members continued their discussion and referred to the Kansas Health Policy Authority Projected Reserve Calculation, (Attachment 4). State contributions continue to increase, employee contributions are declining, and the number of contracts in the plan have substantially increased. It was noted that projections change the flow of data on the reports that were not available at the time the committee met, and the state's contribution rate were issues of concern. The importance of preventative care to minimize utilization and excessive use and costs for emergency room services was emphasized. It was suggested that a representative from National Conference of State Legislators present information to the committee on the impact of federal stimulus dollars and what we should expect for the future.

Committee member were referred to the State Employee Health Plan Contracts, (Attachment 5), and it was suggested that a representative from the Department of Health and Environment present an overview of the state health care plan to the committee.

Representative DeGraaf made a substitute motion for an amendment that would add language to the Division of Health, Department of Health and Environment prioritize the use of funds from the federal government. The motion was seconded by Representative Peck. Motion carried.

The motion to adopt the Kansas Health Policy Authority FY 2012 Budget Committee Report as amended was renewed. Motion carried.

Discussion continued by committee members concerning health care priorities and needs that are not being met by the state. It was noted that the waiver program is optional under Medicaid and must meet the maintenance of effort requirements. The original intent was to encourage people to move from institutional services to community based services, which would be cost effective and provide enhanced quality care. A committee member recommended additional time to review the Budget Committee Report for additional amendments.

Chairman Rhoades asked members to bring additional amendments to the committee meeting on Monday,

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:08 a.m. on February 17, 2011, in Room 346-S of the Capitol.

February 21<sup>st</sup> as requested by committee members.

Committee members continued discussion on the Kansas Health Policy Budget Report. Funding for the additional children receiving services from HealthWave is included in the budget. The Health Care Cost and Recovery Contract was discussed, and the details of the contract will be provided at the February 21<sup>st</sup> committee meeting, as requested by a committee member. This contract was just initiated and projections and time-lines with results available within the next few months. It was noted that there are no service expansions in the budget and the committee is concerned about the maintenance of effort requirements and what need to be looked at going forward. Auditing issues, the clearinghouse back-log and the need to review eligibility requirements was discussed.

Alan Conroy and J.G. Scott, Kansas Legislative Research Department, responded to questions from committee members. The federal government provides a 60% match to the state's 40% match for eligible participants. The state matching fund remains the same regardless of the number of eligible participants. Each agency contributes to the Worker's Compensation Fund, which is included in the agency's budget expenditures under employee benefits. Each agency is rated, has their own compensation rate, and the average for all state agencies is 1.28%, it was noted. As requested, this information will be provided at the next committee meeting with the Worker's Compensation rate listed by agency.

Chairman Rhoades reviewed the committee agenda for Monday, February 21<sup>st</sup>.

The meeting was adjourned at 11:00 a.m.

---

Marc Rhoades, Chairman