

As Amended by House Committee

Session of 2017

HOUSE BILL No. 2180

By Committee on Appropriations

1-26

1 AN ACT concerning health maintenance organizations; relating to  
2 privilege fees; rate; disposition of moneys; extending the medical  
3 assistance fee fund; **establishing the community mental health**  
4 **center improvement fund**; amending K.S.A. 2016 Supp. 40-3213 and  
5 40-3236 and repealing the existing sections.

6  
7 *Be it enacted by the Legislature of the State of Kansas:*

8 **New Section 1. There is hereby established in the state treasury**  
9 **the community mental health center improvement fund. All moneys**  
10 **credited to the community mental health center improvement fund**  
11 **shall be used by the Kansas department for aging and disability**  
12 **services only for purposes related to community mental health centers.**  
13 **All expenditures from the community mental health center**  
14 **improvement fund shall be made in accordance with appropriation**  
15 **acts upon warrants of the director of accounts and reports issued**  
16 **pursuant to vouchers approved by the secretary for aging and**  
17 **disability services or the secretary's designee.**

18 ~~Section 1.~~ **Sec. 2.** K.S.A. 2016 Supp. 40-3213 is hereby amended to  
19 read as follows: 40-3213. (a) Every health maintenance organization and  
20 medicare provider organization subject to this act shall pay to the  
21 commissioner the following fees:

- 22 (1) For filing an application for a certificate of authority, \$150;  
23 (2) for filing each annual report, \$50;  
24 (3) for filing an amendment to the certificate of authority, \$10.

25 (b) Every health maintenance organization subject to this act shall  
26 pay annually to the commissioner at the time such organization files its  
27 annual report; a privilege fee in an amount equal to 1% per annum of the  
28 total of all premiums, subscription charges or any other term which may be  
29 used to describe the charges made by such organization to enrollees,  
30 except during the reporting period beginning January 1, 2015, and ending  
31 ~~December 31, 2017~~ **June 30, 2017**, the privilege fee shall be 3.31%,  
32 ~~and on and after January 1, 2018~~ **during the reporting period beginning July 1,**  
33 **2018** ~~2017~~, **and ending December 31, 2022**, the privilege fee shall be ~~2%~~  
34 **5.77% and on and after January 1, 2023, the privilege fee shall be 2%.**  
35 In such computations all such organizations shall be entitled to deduct  
36 therefrom any premiums or subscription charges returned on account of

1 cancellations and dividends returned to enrollees. If the commissioner  
2 shall determine at any time that the application of the privilege fee, or a  
3 change in the rate of the privilege fee, would cause a denial of, reduction  
4 in or elimination of federal financial assistance to the state or to any health  
5 maintenance organization subject to this act, the commissioner is hereby  
6 authorized to terminate the operation of such privilege fee or the change in  
7 such privilege fee.

8 (c) For the purpose of insuring the collection of the privilege fee  
9 provided for by subsection (b), every health maintenance organization  
10 subject to this act and required by subsection (b) to pay such privilege fee  
11 shall at the time it files its annual report, as required by K.S.A. 40-3220,  
12 and amendments thereto, make a return, generated by or at the direction of  
13 its chief officer or principal managing director, under penalty of K.S.A.  
14 2016 Supp. 21-5824, and amendments thereto, to the commissioner,  
15 stating the amount of all premiums, assessments and charges received by  
16 the health maintenance organization, whether in cash or notes, during the  
17 year ending on the last day of the preceding calendar year. Upon the  
18 receipt of such returns the commissioner of insurance shall verify the same  
19 and assess the fees upon such organization on the basis and at the rate  
20 provided herein and such fees shall thereupon become due and payable.

21 (d) Premiums or other charges received by an insurance company  
22 from the operation of a health maintenance organization subject to this act  
23 shall not be subject to any fee or tax imposed under the provisions of  
24 K.S.A. 40-252, and amendments thereto.

25 (e) Fees charged under this section shall be remitted to the state  
26 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
27 amendments thereto. Upon receipt of each such remittance, the state  
28 treasurer shall deposit the entire amount in the state treasury to the credit  
29 of the state general fund, ~~except during the period beginning July 1, 2015,~~  
30 ~~and ending on June 30, 2018, such deposit shall be to the credit of~~  
31 the medical assistance fee fund created by K.S.A. 2016 Supp. 40-3236, and  
32 amendments thereto.

33 ~~Sec. 2.~~ **3.** K.S.A. 2016 Supp. 40-3236 is hereby amended to read as  
34 follows: 40-3236. (a) There is hereby created in the state treasury the  
35 medical assistance fee fund. The commissioner of insurance shall remit to  
36 the state treasurer, in accordance with the provisions of K.S.A. 75-4215,  
37 and amendments thereto, all moneys collected or received by the  
38 commissioner from health maintenance organizations and medicare  
39 provider organizations for the fees specified in K.S.A. 40-3213, and  
40 amendments thereto. Upon receipt of each such remittance, the state  
41 treasurer shall deposit the entire amount in the state treasury to the credit  
42 of the medical assistance fee fund.

43 (b) **(1)** Moneys in the medical assistance fee fund shall be expended

1 ~~first~~ **subject to the following priorities:**

2 (A) **First**, to restore any reductions initiated during calendar year  
3 2016 to provider reimbursement rates for state medicaid services ~~and~~  
4 ~~then~~;

5 (B) **second, on July 1, 2017, or as soon thereafter as moneys are**  
6 **available, the director of accounts and reports shall transfer the sum**  
7 **of \$3,500,000 to the community mental health center improvement**  
8 **fund created by section 1, and amendments thereto, and on July 1 of**  
9 **each year thereafter, or as soon after each such date as moneys are**  
10 **available, the director of accounts and reports shall transfer the sum**  
11 **of \$15,000,000 to the community mental health center improvement**  
12 **fund created by section 1, and amendments thereto; and**

13 (C) **third**, if any moneys remain, for the purpose of medicaid medical  
14 assistance payments.

15 (2) All expenditures from the medical assistance fee fund shall be  
16 made in accordance with appropriation acts upon warrants of the director  
17 of accounts and reports issued pursuant to vouchers approved by the  
18 secretary of health and environment or the secretary's designee.

19 (c) On or before the 10<sup>th</sup> of each month, the director of accounts and  
20 reports shall transfer from the state general fund to the medical assistance  
21 fee fund interest earnings based on:

22 (1) The average daily balance of moneys in the medical ~~programs~~  
23 ~~assistance~~ fee fund for the preceding month; and

24 (2) the net earnings rate of the pooled money investment portfolio for  
25 the preceding month.

26 (d) The medical assistance fee fund shall be used for the purposes set  
27 forth in this act and for no other governmental purposes. It is the intent of  
28 the legislature that the fund shall remain intact and inviolate for the  
29 purposes set forth in this act, and moneys in the fund shall not be subject  
30 to the provisions of K.S.A. 75-3722, 75-3725a and 75-3726a, and  
31 amendments thereto.

32 (e) The secretary of health and environment shall prepare and deliver  
33 to the legislature on or before the first day of each regular legislative  
34 session; a report ~~which~~ *that* summarizes all expenditures from the medical  
35 assistance fee fund, fund revenues and recommendations regarding the  
36 adequacy of the fund to support necessary medical assistance programs.

37 ~~(f) The provisions of this section shall expire on July 1, 2018.~~

38 ~~Sec. 3.~~ **4.** K.S.A. 2016 Supp. 40-3213 and 40-3236 are hereby  
39 repealed.

40 ~~Sec. 4.~~ **5.** This act shall take effect and be in force from and after its  
41 publication in the statute book.