

**SENATE BILL No. 54**

By Committee on Ways and Means

1-29

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1 AN ACT concerning the department of health and environment;  
2 establishing the KanCare bridge to a healthy Kansas program;  
3 amending K.S.A. 2018 Supp. 40-3213 and repealing the existing  
4 section.

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

7 New Section 1. Sections 1 through 13, and amendments thereto, shall  
8 be known and may be cited as the KanCare bridge to a healthy Kansas  
9 program, which is hereby established. The department of health and  
10 environment shall administer and promote the program and provide  
11 information to potential eligible individuals who live in medically  
12 underserved areas of Kansas. The legislature expressly consents to expand  
13 eligibility for receipt of benefits under the Kansas program of medical  
14 assistance, as required by K.S.A. 39-709(e)(2), and amendments thereto,  
15 by the passage and enactment of the KanCare bridge to a healthy Kansas  
16 program.

17 New Sec. 2. For purposes of eligibility determinations under the  
18 Kansas program of medical assistance on and after January 1, 2020,  
19 medical assistance shall be granted to any adult under 65 years of age who  
20 is not pregnant and whose income does not exceed 133% of the federal  
21 poverty level, to the extent permitted under the provisions of 42 U.S.C. §  
22 1396a, as it exists on the effective date of this act, and subject to the  
23 requirements of the KanCare bridge to a healthy Kansas program.

24 New Sec. 3. (a) The department of health and environment shall refer  
25 all non-disabled adults in the KanCare bridge to a healthy Kansas program  
26 who are unemployed or working fewer than 20 hours a week, as a  
27 condition of the program, to the state's existing workforce training  
28 programs and work search resources, including, but not limited to:

29 (1) The Kansasworks program administered by the department of  
30 commerce; or

31 (2) the generating opportunities to attain lifelong success program  
32 administered by the Kansas department for children and families.

33 (b) The KanCare bridge to a healthy Kansas program application  
34 shall:

35 (1) Screen applicants for education status;

36 (2) screen applicants for employment status; and

1 (3) require applicants to acknowledge the referral required by  
2 subsection (a).

3 (c) Full-time students shall be exempted from the referral required by  
4 subsection (a) for each year they are enrolled in a postsecondary education  
5 institution or technical school.

6 (d) Parents with minor children in the home may be exempted from  
7 the referral required by subsection (a) at the discretion of the department  
8 of health and environment.

9 New Sec. 4. (a) The department of health and environment may  
10 establish a health insurance coverage premium assistance program for  
11 individuals who meet the following requirements:

12 (1) The individual has an annual household income of not more than  
13 133% of the federal income poverty level, based on the modified adjusted  
14 gross income provisions set forth in section 2001(a)(1) of the federal  
15 patient protection and affordable care act; or

16 (2) the individual is eligible for health insurance coverage through an  
17 employer but cannot afford the health insurance coverage premiums.

18 (b) A program established under this section must:

19 (1) Contain eligibility requirements that are the same as in sections 2  
20 and 3, and amendments thereto; and

21 (2) provide that an individual's payment for a health insurance  
22 coverage premium may not exceed 2% of the individual's annual income.

23 New Sec. 5. A denial of federal approval and federal financial  
24 participation that applies to any part of the KanCare bridge to a healthy  
25 Kansas program shall not prohibit the department of health and  
26 environment from implementing any other part of the program that is  
27 federally approved for federal financial participation or does not require  
28 federal approval or federal financial participation.

29 New Sec. 6. The department of health and environment shall submit  
30 to the centers for medicare and medicaid services of the United States  
31 department of health and human services any state plan amendment,  
32 waiver request or other approval request necessary to implement the  
33 KanCare bridge to a healthy Kansas program.

34 New Sec. 7. (a) All moneys collected or received by the secretary of  
35 health and environment from drug rebates connected to KanCare bridge to  
36 a healthy Kansas program beneficiaries shall be remitted to the state  
37 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
38 amendments thereto. Upon receipt of each such remittance, the state  
39 treasurer shall deposit the entire amount in the state treasury to the credit  
40 of the KanCare bridge to a healthy Kansas drug rebate fund.

41 (b) There is hereby created in the state treasury the KanCare bridge to  
42 a healthy Kansas program drug rebate fund as a reappropriating fund.  
43 Moneys in the KanCare bridge to a healthy Kansas program drug rebate

1 fund shall be expended for the purpose of medicaid medical assistance  
2 payments for KanCare bridge to a healthy Kansas program beneficiaries.  
3 All expenditures from the KanCare bridge to a healthy Kansas program  
4 drug rebate fund shall be made in accordance with appropriation acts upon  
5 warrants of the director of accounts and reports issued pursuant to  
6 vouchers approved by the secretary of health and environment or the  
7 secretary's designee.

8 (c) The KanCare bridge to a healthy Kansas program drug rebate  
9 fund shall be used for the purposes set forth in the KanCare bridge to a  
10 healthy Kansas program and for no other governmental purposes. It is the  
11 intent of the legislature that the fund shall remain intact and inviolate for  
12 the purposes set forth in the KanCare bridge to a healthy Kansas program,  
13 and moneys in the fund shall not be subject to the provisions of K.S.A. 75-  
14 3722, 75-3725a and 75-3726a, and amendments thereto.

15 (d) On or before the 10<sup>th</sup> day of each month, the director of accounts  
16 and reports shall transfer from the state general fund to the KanCare bridge  
17 to a healthy Kansas program drug rebate fund interest earnings based on:

18 (1) The average daily balance of moneys in the KanCare bridge to a  
19 healthy Kansas program drug rebate fund for the preceding month; and

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

22 (e) On or before January 11, 2021, and on or before the first day of  
23 the regular session of the legislature each year thereafter, the secretary of  
24 health and environment shall prepare and deliver a report to the legislature  
25 that summarizes all expenditures from the KanCare bridge to a healthy  
26 Kansas program drug rebate fund, fund revenues and recommendations  
27 regarding the adequacy of the fund to support necessary KanCare bridge to  
28 a healthy Kansas program expenditures.

29 New Sec. 8. (a) All moneys collected or received by the secretary of  
30 health and environment for privilege fees collected pursuant to K.S.A. 40-  
31 3213, and amendments thereto, connected to KanCare bridge to a healthy  
32 Kansas program beneficiaries shall be remitted to the state treasurer in  
33 accordance with the provisions of K.S.A. 75-4215, and amendments  
34 thereto. Upon receipt of each such remittance, the state treasurer shall  
35 deposit the entire amount in the state treasury to the credit of the KanCare  
36 bridge to a healthy Kansas program privilege fee fund.

37 (b) There is hereby created in the state treasury the KanCare bridge to  
38 a healthy Kansas program privilege fee fund as a reappropriating fund.  
39 Moneys in the KanCare bridge to a healthy Kansas program privilege fee  
40 fund shall be expended for the purpose of medicaid medical assistance  
41 payments for KanCare bridge to a healthy Kansas program beneficiaries.  
42 All expenditures from the KanCare bridge to a healthy Kansas privilege  
43 fee fund shall be made in accordance with appropriation acts upon

1 warrants of the director of accounts and reports issued pursuant to  
2 vouchers approved by the secretary of health and environment or the  
3 secretary's designee.

4 (c) The KanCare bridge to a healthy Kansas privilege fee fund shall  
5 be used for the purposes set forth in the KanCare bridge to a healthy  
6 Kansas program and for no other governmental purposes. It is the intent of  
7 the legislature that the fund shall remain intact and inviolate for the  
8 purposes set forth in the KanCare bridge to a healthy Kansas program, and  
9 moneys in the fund shall not be subject to the provisions of K.S.A. 75-  
10 3722, 75-3725a and 75- 3726a, and amendments thereto.

11 (d) On or before the 10<sup>th</sup> day of each month, the director of accounts  
12 and reports shall transfer from the state general fund to the KanCare bridge  
13 to a healthy Kansas privilege fee fund interest earnings based on:

14 (1) The average daily balance of moneys in the KanCare bridge to a  
15 healthy Kansas privilege fee fund for the preceding month; and

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

18 (e) On or before January 11, 2021, and on or before the first day of  
19 the regular session of the legislature each year thereafter, the secretary of  
20 health and environment shall prepare and deliver a report to the legislature  
21 that summarizes all expenditures from the KanCare bridge to a healthy  
22 Kansas privilege fee fund, fund revenues and recommendations regarding  
23 the adequacy of the fund to support necessary KanCare bridge to a healthy  
24 Kansas program expenditures.

25 New Sec. 9. (a) On or before January 11, 2021, and on or before the  
26 first day of the regular session of the legislature each year thereafter, the  
27 secretary of health and environment shall prepare and deliver a report to  
28 the legislature that summarizes the cost savings achieved by the state from  
29 the movement of beneficiaries from the KanCare program to the KanCare  
30 bridge to a healthy Kansas program, including, but not limited to, the  
31 MediKan program, the medically needy spend-down program and the  
32 breast and cervical cancer program.

33 (b) State cost savings shall be determined by calculating the cost of  
34 beneficiaries if services were provided in the KanCare program less the  
35 cost of services provided to beneficiaries under the KanCare bridge to a  
36 healthy Kansas program.

37 New Sec. 10. On or before January 11, 2021, and on or before the  
38 first day of the regular session of the legislature each year thereafter, the  
39 secretary of corrections shall prepare and deliver a report to the legislature  
40 that identifies cost savings to the state from the use of the KanCare bridge  
41 to a healthy Kansas program to cover inmate inpatient hospitalization.

42 New Sec. 11. On or before February 15 of each year, the secretary of  
43 health and environment shall present a report to the house committee on

1 appropriations and the senate committee on ways and means that  
2 summarizes the costs for the KanCare bridge to a healthy Kansas program  
3 and the cost savings and additional revenues identified in sections 7  
4 through 9, and amendments thereto.

5 New Sec. 12. (a) There is hereby established the KanCare bridge to a  
6 healthy Kansas working group.

7 (b) The working group is charged with identifying non-state general  
8 fund sources to fund any shortfall of the KanCare bridge to a healthy  
9 Kansas program, identified by the secretary of health and environment in  
10 section 11, and amendments thereto.

11 (c) The working group shall be composed of the following members:

12 (1) Two members of the house of representatives appointed by the  
13 speaker of the house of representatives;

14 (2) one member of the house of representatives appointed by the  
15 minority leader of the house of representatives;

16 (3) two members of the senate appointed by the president of the  
17 senate;

18 (4) one member of the senate appointed by the minority leader of the  
19 senate;

20 (5) one representative from the Kansas hospital association;

21 (6) one representative from the Kansas medical society;

22 (7) one representative from the community care network of Kansas;

23 (8) one representative from the Kansas academy of family physicians;

24 (9) one representative from the association of community mental  
25 health centers of Kansas;

26 (10) one representative from the Kansas dental association;

27 (11) one representative from the Kansas emergency medical services  
28 association;

29 (12) one representative from the Kansas optometric association;

30 (13) one representative from the Kansas pharmacist's association; and

31 (14) one representative of KanCare bridge to a healthy Kansas  
32 program consumers from alliance for a healthy Kansas.

33 (d) The chairperson of the working group shall be elected by the  
34 members of the working group:

35 (1) From members of the working group from the house of  
36 representatives in even-numbered years; and

37 (2) from members of the working group from the senate in odd-  
38 numbered years.

39 (e) Legislative staff shall provide such assistance as may be requested  
40 by the working group.

41 (f) (1) Legislative members attending a meeting of the working group  
42 or a subcommittee meeting thereof shall receive compensation and travel  
43 expenses and subsistence expenses or allowances as provided in K.S.A.

1 75-3212, and amendments thereto.

2 (2) Non-legislative members shall not receive compensation,  
3 subsistence allowance, mileage or associated expenses from the state for  
4 attending a meeting or subcommittee meeting of the working group.

5 (h) The working group shall meet no fewer than two times in any  
6 given calendar year.

7 (i) A quorum of the working group shall be nine members, of which  
8 at least four shall be legislative members of the working group.

9 (j) The working group shall report to the legislature on or before  
10 March 15 of each year with recommendations for funding the KanCare  
11 bridge to a healthy Kansas program, as necessary.

12 New Sec. 13. If, at any point, the percentages of federal medical  
13 assistance available to the program for coverage of program participants  
14 described in section 1902(a)(10)(A)(i)(VIII) of the federal social security  
15 act are less than the percentages provided for in section 1201(b)(1)(A)  
16 through (E) of the federal health care and education reconciliation act of  
17 2010, as it exists on the effective date of this act, the department of health  
18 and environment may terminate the KanCare bridge to a healthy Kansas  
19 program over a 12-month period, beginning on the first day that the federal  
20 medical assistance percentages fall below such amount.

21 Sec. 14. K.S.A. 2018 Supp. 40-3213 is hereby amended to read as  
22 follows: 40-3213. (a) Every health maintenance organization and medicare  
23 provider organization subject to this act shall pay to the commissioner the  
24 following fees:

25 (1) For filing an application for a certificate of authority, \$150;

26 (2) for filing each annual report, \$50; *or*

27 (3) for filing an amendment to the certificate of authority, \$10.

28 (b) Every health maintenance organization subject to this act shall  
29 pay annually to the commissioner at the time such organization files its  
30 annual report, a privilege fee in an amount equal to the following  
31 percentages of the total of all premiums, subscription charges or any other  
32 term that may be used to describe the charges made by such organization  
33 to enrollees: 3.31% during the reporting period beginning January 1, 2015,  
34 and ending December 31, 2017; and 5.77% on and after January 1, 2018.  
35 In such computations all such organizations shall be entitled to deduct  
36 therefrom any premiums or subscription charges returned on account of  
37 cancellations and dividends returned to enrollees. If the commissioner  
38 shall determine at any time that the application of the privilege fee, or a  
39 change in the rate of the privilege fee, would cause a denial of, reduction  
40 in or elimination of federal financial assistance to the state or to any health  
41 maintenance organization subject to this act, the commissioner is hereby  
42 authorized to terminate the operation of such privilege fee or the change in  
43 such privilege fee.

1 (c) For the purpose of insuring the collection of the privilege fee  
2 provided for by subsection (b), every health maintenance organization  
3 subject to this act and required by subsection (b) to pay such privilege fee  
4 shall at the time it files its annual report, as required by K.S.A. 40-3220,  
5 and amendments thereto, make a return, generated by or at the direction of  
6 its chief officer or principal managing director, under penalty of K.S.A.  
7 2018 Supp. 21-5824, and amendments thereto, to the commissioner,  
8 stating the amount of all premiums, assessments and charges received by  
9 the health maintenance organization, whether in cash or notes, during the  
10 year ending on the last day of the preceding calendar year. Upon the  
11 receipt of such returns the commissioner of insurance shall verify such  
12 returns and reconcile the fees pursuant to subsection (f) upon such  
13 organization on the basis and at the rate provided in this section.

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

18 (e) Fees charged under this section shall be remitted to the state  
19 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
20 amendments thereto. Upon receipt of each such remittance, *except as*  
21 *provided in section 8, and amendments thereto*, the state treasurer shall  
22 deposit the entire amount in the state treasury to the credit of the medical  
23 assistance fee fund created by K.S.A. 2018 Supp. 40-3236, and  
24 amendments thereto.

25 (f) (1) On and after January 1, 2018, in addition to any other filing or  
26 return required by this section, each health maintenance organization shall  
27 submit a report to the commissioner on or before March 31 and September  
28 30 of each year containing an estimate of the total amount of all premiums,  
29 subscription charges or any other term that may be used to describe the  
30 charges made by such organization to enrollees that the organization  
31 expects to collect during the current calendar year. Upon filing each March  
32 31 report, the organization shall submit payment equal to  $\frac{1}{2}$  of the  
33 privilege fee that would be assessed by the commissioner for the current  
34 calendar year based upon the organization's reported estimate. Upon filing  
35 each September 30 report, the organization shall submit payment equal to  
36 the balance of the privilege fee that would be assessed by the  
37 commissioner for the current calendar year based upon the organization's  
38 reported estimates.

39 (2) Any amount of privilege fees actually owed by a health  
40 maintenance organization during any calendar year in excess of estimated  
41 privilege fees paid shall be assessed by the commissioner and shall be due  
42 and payable upon issuance of such assessment.

43 (3) Any amount of estimated privilege fees paid by a health

1 maintenance organization during any calendar year in excess of privilege  
2 fees actually owed shall be reconciled when the commissioner assesses  
3 privilege fees in the ensuing calendar year. The commissioner shall credit  
4 such excess amount against future privilege fee assessments. Any such  
5 excess amount paid by a health maintenance organization that is no longer  
6 doing business in Kansas and that no longer has a duty to pay the privilege  
7 fee shall be refunded by the commissioner from funds appropriated by the  
8 legislature for such purpose.

9 Sec. 15. K.S.A. 2018 Supp. 40-3213 is hereby repealed.

10 Sec. 16. This act shall take effect and be in force from and after its  
11 publication in the Kansas register.