HB 2697 enacts new law requiring the Kansas Department of Health and Environment (KDHE), in conjunction with the Department of Social and Rehabilitation Services, to review and update rules and regulations which establish eligibility requirements for Medicaid. The bill requires KDHE, as part of the review and update process, to establish a procedure allowing for irrevocable collateral assignment of the proceeds of life insurance policies to the Kansas Medicaid program and to seek any necessary waivers from the federal government to accomplish the purpose of the bill. The collateral assignment is irrevocable as established by a written agreement preventing the holder of the life insurance policy from affecting or using the cash surrender value after the irrevocable assignment.

Under the bill, KDHE is required to establish a procedure allowing the holder of a life insurance policy with cash surrender value to give the Kansas Medicaid program collateral assignment of the proceeds of such life insurance policy. The collateral assignment is in lieu of requiring the owner to sell the insurance policy to meet the property ownership limits for Medicaid eligibility. The collateral assignment is for an amount not to exceed the proceeds of the policy to reimburse the Kansas Medicaid program for any amount paid for medical benefits provided to the insured.

KDHE is directed to seek any necessary waivers from federal government program requirements to accomplish the collateral assignment provisions and to maximize federal matching and other funds with respect to the provisions. If KDHE determines one or more waivers are necessary to carry out the provisions of the bill, the provisions are to be implemented only if the needed waivers are obtained from the federal government. The review and update are to be completed and the adoption of revisions of rules and regulations is to be accomplished, according to the Rules and Regulations Filing Act, no later than 12 calendar months following the date of receipt of any required waivers.

If KDHE determines no waivers are required to implement the provisions of the bill, the review and update are to be completed and the adoption of revisions of rules and regulations is to be accomplished, according to the Rules and Regulations Filing Act, no later than 12 calendar months following the effective date of the act.