AN ACT concerning health maintenance organizations; relating to the privilege fees; creating the medical assistance fee fund; amending K.S.A. 2014 Supp. 40-3213 and repealing the existing section.

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

New Section 1. (a) There is hereby created in the state treasury the medical assistance fee fund. The commissioner of insurance shall remit to the state treasurer, in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, all moneys collected or received by the commissioner from health maintenance organizations and medicare provider organizations for the fees specified in K.S.A. 40-3213, and amendments thereto. Upon receipt of such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the medical assistance fee fund.

(b) Moneys in the medical assistance fee fund shall be expended for the purpose of medicaid medical assistance payments. All expenditures from the medical assistance fee fund shall be made in accordance with appropriation act upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of health and environment or the secretary's designee.

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

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

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

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

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

(f) The provisions of this section shall expire on December 31, 2016.

Sec. 2. K.S.A. 2014 Supp. 40-3213 is hereby amended to read as follows: 40-3213. (a) Every health maintenance organization and medicare provider organization subject to this act shall pay to the commissioner the following fees:

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

(b) Every health maintenance organization subject to this act shall pay annually to the commissioner at the time such organization files its annual report, a privilege fee in an amount equal to 1% of the total of all premiums, subscription charges or any other term which may be used to describe the charges made by such organization to enrollees, received by such organization during the entire year being reported, beginning January 1, 2015 except during the period beginning January 1, 2015, and ending December 31, 2016, a privilege fee shall be 5½%. In such computations all such organizations shall be entitled to deduct therefrom any premiums or subscription charges returned on account of cancellations and dividends returned to enrollees. If the commissioner shall determine at any time that the application of the privilege fee would cause a denial of, reduction in or elimination of federal financial assistance to the state or to any health maintenance organization subject to this act, the commissioner is hereby authorized to terminate the operation of such privilege fee.

(c) For the purpose of insuring the collection of the privilege fee provided for by subsection (b), every health maintenance organization subject to this act and required by subsection (b) to pay such privilege fee shall at the time it files its annual report, as required by K.S.A. 40-3220, and amendments thereto, make a return, generated by or at the direction of its chief officer or principal managing director, under penalty of K.S.A. 2014 Supp. 21-5824, and amendments thereto, to the commissioner, stating the amount of all premiums, assessments and charges received by the health maintenance organization, whether in cash or notes, during the year ending on the last day of the preceding calendar year. Upon the receipt of such returns the commissioner of insurance shall verify the same and assess the fees upon such organization on the basis and at the rate provided herein and such fees shall thereupon become due and payable.

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

(e) Fees charged under this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund, except during the period beginning January 1, 2015, and ending on December 31, 2016, such deposit shall be to the credit of the medical assistance fee fund created by section 1, and amendments thereto.

Sec. 3. K.S.A. 2014 Supp. 40-3213 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.