

**Senate Substitute for HOUSE BILL No. 2130**

By Committee on Ways and Means

5-5

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

5  
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2016 Supp. 40-3213 is hereby amended to read as  
8 follows: 40-3213. (a) Every health maintenance organization and medicare  
9 provider organization subject to this act shall pay to the commissioner the  
10 following fees:

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

12 (2) for filing each annual report, \$50;

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

14 (b) Every health maintenance organization subject to this act shall  
15 pay annually to the commissioner at the time such organization files its  
16 annual report, a privilege fee in an amount equal to 1% per annum of the  
17 total of all premiums, subscription charges or any other term which may be  
18 used to describe the charges made by such organization to enrollees,  
19 except during the reporting period beginning January 1, 2015, and ending  
20 December 31, ~~2017~~ 2016, the privilege fee shall be 3.31%, ~~and on and~~  
21 ~~after during the reporting period beginning~~ January 1, ~~2018~~ 2017, ~~and~~  
22 ~~ending December 31, 2020,~~ the privilege fee shall be ~~2%~~ 5.77%, ~~and on~~  
23 ~~and after January 1, 2021,~~ the privilege fee shall be 3.31%. In such  
24 computations all such organizations shall be entitled to deduct therefrom  
25 any premiums or subscription charges returned on account of cancellations  
26 and dividends returned to enrollees. If the commissioner shall determine at  
27 any time that the application of the privilege fee, or a change in the rate of  
28 the privilege fee, would cause a denial of, reduction in or elimination of  
29 federal financial assistance to the state or to any health maintenance  
30 organization subject to this act, the commissioner is hereby authorized to  
31 terminate the operation of such privilege fee or the change in such  
32 privilege fee.

33 (c) For the purpose of insuring the collection of the privilege fee  
34 provided for by subsection (b), every health maintenance organization  
35 subject to this act and required by subsection (b) to pay such privilege fee  
36 shall at the time it files its annual report, as required by K.S.A. 40-3220,

1 and amendments thereto, make a return, generated by or at the direction of  
2 its chief officer or principal managing director, under penalty of K.S.A.  
3 2016 Supp. 21-5824, and amendments thereto, to the commissioner,  
4 stating the amount of all premiums, assessments and charges received by  
5 the health maintenance organization, whether in cash or notes, during the  
6 year ending on the last day of the preceding calendar year. Upon the  
7 receipt of such returns the commissioner of insurance shall verify the same  
8 and assess the fees upon such organization on the basis and at the rate  
9 provided herein and such fees shall thereupon become due and payable.

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

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

22 Sec. 2. K.S.A. 2016 Supp. 40-3236 is hereby amended to read as  
23 follows: 40-3236. (a) There is hereby created in the state treasury the  
24 medical assistance fee fund. The commissioner of insurance shall remit to  
25 the state treasurer, in accordance with the provisions of K.S.A. 75-4215,  
26 and amendments thereto, all moneys collected or received by the  
27 commissioner from health maintenance organizations and medicare  
28 provider organizations for the fees specified in K.S.A. 40-3213, and  
29 amendments thereto. Upon receipt of each such remittance, the state  
30 treasurer shall deposit the entire amount in the state treasury to the credit  
31 of the medical assistance fee fund.

32 (b) Moneys in the medical assistance fee fund shall be expended *first*  
33 *to restore any reductions initiated during calendar year 2016 to provider*  
34 *reimbursement rates for state medicaid services and then, if any moneys*  
35 *remain*, for the purpose of medicaid medical assistance payments. All  
36 expenditures from the medical assistance fee fund shall be made in  
37 accordance with appropriation acts upon warrants of the director of  
38 accounts and reports issued pursuant to vouchers approved by the  
39 secretary of health and environment or the secretary's designee.

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

43 (1) The average daily balance of moneys in the medical ~~programs~~

1 *assistance* fee fund for the preceding month; and

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

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

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

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

16 Sec. 3. K.S.A. 2016 Supp. 40-3213 and 40-3236 are hereby repealed.

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