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

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

Section 1. K.S.A. 2016 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% per annum 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, except during the reporting period beginning January 1, 2015, and ending December 31, 2016, the privilege fee shall be 3.31%, and on and after during the reporting period beginning January 1, 2017, and ending December 31, 2020, the privilege fee shall be 2% 5.77%, and on and after January 1, 2021, the privilege fee shall be 3.31%. 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, or a change in the rate 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 or the change in 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.
2016 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 July 1, 2015,
and ending on June 30, 2018, such deposit shall be to the credit of the
medical assistance fee fund created by K.S.A. 2016 Supp. 40-3236, and
amendments thereto.

Sec. 2. K.S.A. 2016 Supp. 40-3236 is hereby amended to read as
follows: 40-3236. (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 each 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 first
to restore any reductions initiated during calendar year 2016 to provider
reimbursement rates for state medicaid services and then, if any moneys
remain, for the purpose of medicaid medical assistance payments. All
expenditures from the medical assistance fee fund shall be made in
accordance with appropriation acts 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 assistance fee fund
for the month of

programs
assistance 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 July 1, 2018.
Sec. 3. K.S.A. 2016 Supp. 40-3213 and 40-3236 are hereby repealed.
Sec. 4. This act shall take effect and be in force from and after its
publication in the statute book.