

Approved: July 21, 2006  
Date

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on February 8, 2006, in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Revisor of Statutes Office  
Michael Corrigan, Revisor of Statutes Office  
Alan Conroy, Director, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Audrey Dunkel, Kansas Legislative Research Department  
Susan Kannarr, Kansas Legislative Research Department  
Judy Bromich, Chief of Staff  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Dr. Michael Bond, Adjunct Scholar, Kansas-based Flint Hills Center for Public Policy

Others attending:

See attached list.

### Bill Introductions

Senator Barone moved, with a second by Senator Wysong, to introduce a bill concerning employment; relating to the mis-classification of employees (5rs2006). Motion carried on a voice vote.

Chairman Umbarger called the Committee's attention to discussion and possible final action on:

**SB 475--Creating the state affordable airfare fund; moneys from the economic development initiatives fund; implementing a program to provide more flight options, more competition and affordable airfares**

Senator McGinn moved, with a second by Senator Schodorf, to recommend SB 475 favorable for passage. Committee questions and discussion followed. Senator McGinn withdrew her motion on **SB 475**, with agreement by Senator Schmidt, the second to the motion.

Senator Wysong moved a substitute motion, with a second by Senator Schmidt, to amend SB 475 from \$1.0 million to \$1.67 million (25%) in funding from the catchment area and \$5.0 million (75%) state funds. Motion carried on a voice vote.

In reference to the wording in the fiscal note on page 2, Senator Emler explained that legislative intent was not to harm any other Economic Development Initiatives Fund (EDIF) programs, agencies, or budget.

Senator Emler moved, with a second by Senator Schodorf, to amend SB 475 to require a yearly report from REAP to the House Appropriations Committee and the Senate Ways and Means Committee beginning in 2008. Motion carried on a voice vote.

Senator McGinn moved, with a second by Senator Schodorf, to recommend SB 475 favorable for passage as amended. Motion carried on a roll call vote.

The Chairman welcomed George Pearson, Flint Hills Public Policy Institute, who provided a biography of and introduced Dr. Michael Bond, Public Finance Economist, who presented an overview of the Kansas-Specific Proposal for Medicaid Reform (Attachment 1). A copy of the Flint Hills Center Studies Addressing Medicaid Fiscal Issues was distributed (Attachment 2).

## CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on February 8, 2006, in Room 123-S of the Capitol.

Dr. Bond presented his briefing on the policy paper he wrote, Reforming Medicaid in Kansas: A Market-Based Approach (Attachment 3). The following items are addressed in Dr. Bond's written testimony:

- What is wrong with Medicaid?
- Reform Step 1 - Create an Insurance and Provider Exchange
- Reform Step 2 - All Plans Will be Prepaid
- Reform Step 3 - The Medicaid Health Credit Will be Actuarially Risk-Adjusted
- Reform Step 4 - Medicaid Will Reinsure Smaller Plans
- Reform Step 5 - All Beneficiaries Will Receive "Reverse" Health Savings Accounts
- Reform Step 6 - The Disabled and Elderly Will Enroll in Prepaid Plans
- Reform Step 7 - Allow Medicaid Beneficiaries to Buy into Private Plans
- Reform Step 8 - All Market-Distorting Practices and Policies are Discontinued
- What happens in real markets for health care?
- Summary and Conclusion

Chairman Umbarger thanked Dr. Bond for his presentation and apologized that the committee time was shortened and that he hoped that Dr. Bond could return for another briefing to the Committee.

The meeting adjourned at 12:00 p.m. The next meeting was scheduled for February 9, 2006.