

**SENATE BILL No. 180**

By Committee on Public Health and Welfare

2-10

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1 AN ACT concerning health maintenance organizations; relating to the  
2 privilege fees; creating the medical assistance fee fund; amending  
3 K.S.A. 2014 Supp. 40-3213 and repealing the existing section.  
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5 *Be it enacted by the Legislature of the State of Kansas:*

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

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

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

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

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

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

34 (e) The secretary of health and environment shall prepare and deliver  
35 to the legislature on or before the first day of each regular legislative  
36 session, a report which summarizes all expenditures from the medical

1 assistance fee fund, fund revenues and recommendations regarding the  
2 adequacy of the fund to support necessary medical assistance programs.

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

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

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

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

10 (b) Every health maintenance organization subject to this act shall pay  
11 annually to the commissioner at the time such organization files its annual  
12 report, a privilege fee in an amount equal to ~~1%~~ 5<sup>1</sup>/<sub>2</sub>% per annum of the  
13 total of all premiums, subscription charges or any other term which may be  
14 used to describe the charges made by such organization to enrollees,  
15 *received by such organization during the entire year being reported,*  
16 *beginning January 1, 2015.* In such computations all such organizations  
17 shall be entitled to deduct therefrom any premiums or subscription charges  
18 returned on account of cancellations and dividends returned to enrollees. If  
19 the commissioner shall determine at any time that the application of the  
20 privilege fee would cause a denial of, reduction in or elimination of federal  
21 financial assistance to the state or to any health maintenance organization  
22 subject to this act, the commissioner is hereby authorized to terminate the  
23 operation of such privilege fee.

24 (c) For the purpose of insuring the collection of the privilege fee  
25 provided for by subsection (b), every health maintenance organization  
26 subject to this act and required by subsection (b) to pay such privilege fee  
27 shall at the time it files its annual report, as required by K.S.A. 40-3220,  
28 and amendments thereto, make a return, generated by or at the direction of  
29 its chief officer or principal managing director, under penalty of K.S.A.  
30 2014 Supp. 21-5824, and amendments thereto, to the commissioner,  
31 stating the amount of all premiums, assessments and charges received by  
32 the health maintenance organization, whether in cash or notes, during the  
33 year ending on the last day of the preceding calendar year. Upon the  
34 receipt of such returns the commissioner of insurance shall verify the same  
35 and assess the fees upon such organization on the basis and at the rate  
36 provided herein and such fees shall thereupon become due and payable.

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

41 (e) Fees charged under this section shall be remitted to the state  
42 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
43 amendments thereto. Upon receipt of each such remittance, the state

1 treasurer shall deposit the entire amount in the state treasury to the credit  
2 of the ~~state general fund~~ *medical assistance fee fund created by section 1,*  
3 *and amendments thereto.*

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

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