

SENATE BILL No. 180

By Committee on Public Health and Welfare

2-10

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.
4

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 10th 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 ***(f) The provisions of this section shall expire on December 31,***
4 ***2016.***

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

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

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

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

12 (b) Every health maintenance organization subject to this act shall
13 pay annually to the commissioner at the time such organization files its
14 annual report, a privilege fee in an amount equal to ~~1%~~ ^{5¹/₂%} **1%** per
15 annum of the total of all premiums, subscription charges or any other term
16 which may be used to describe the charges made by such organization to
17 enrollees, ~~received by such organization during the entire year being~~
18 ~~reported, beginning January 1, 2015 except during the period beginning~~
19 **January 1, 2015, and ending December 31, 2016, a privilege fee shall be**
20 **5¹/₂%.** In such computations all such organizations shall be entitled to
21 deduct therefrom any premiums or subscription charges returned on
22 account of cancellations and dividends returned to enrollees. If the
23 commissioner shall determine at any time that the application of the
24 privilege fee would cause a denial of, reduction in or elimination of federal
25 financial assistance to the state or to any health maintenance organization
26 subject to this act, the commissioner is hereby authorized to terminate the
27 operation of such privilege fee.

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

41 (d) Premiums or other charges received by an insurance company
42 from the operation of a health maintenance organization subject to this act
43 shall not be subject to any fee or tax imposed under the provisions of

1 K.S.A. 40-252, and amendments thereto.

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

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

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