

Coordinating health & health care  
for a thriving Kansas



## KHPA Legislative Pulse

5.23.08

### Legislative Activity

Legislative updates  
focused on KHPA  
stakeholders.

**Sine Die May 29th.** Sine Die (pronounced "SEE-nae DEE-ae" or "SI-nee Di") is the one-day convening of the Legislature to officially bring the session to adjournment.

Sine Die for the 2008 Kansas State Legislature will be on May 29th. Both chambers will convene at 10 a.m.

**Post-Session: Look for Monthly Issues of the Pulse.** The KHPA Pulse will be issued in monthly installments post-session. We look forward to keeping you updated on agency operations and the progress of health reform throughout the year.

## Next Steps for KHPA and Health Reform: Board, Advisory Councils

With the official adjournment of the Legislature, attention turns to making progress for KHPA agency operations as well as its legislative directive to carry out health reform initiatives in the weeks and months ahead.

What are the agency's next steps? The **annual Board Retreat will be held June 18th-19th at The Eldridge, Crystal Ballroom, 701 Massachusetts, Lawrence, Kansas.** The KHPA Board will then set the agenda for next steps.

While the Board's next steps will include health reform, its planning is not restricted to health reform alone. At its upcoming annual retreat, the KHPA Board will be undertaking a three to five year strategic planning process for the agency. Health reform will be *one part* of the strategic plan for a state agency that has an ongoing responsibility to manage nearly \$2.5 billion of public programs in service to the people of Kansas.

The Board's work will be aided by its four advisory councils involving the input of consumers, providers, and purchasers. The advisory councils will reconvene as follows:

**AT-LARGE COUNCIL.** Tuesday, June 3rd. 9-11 a.m. Curtis State Office Building, Room 530, Topeka. *Participation also available from satellite locations in Dodge City, Chanute, Hays, Wichita, Salina and Lawrence.*

**PROVIDER COUNCIL.** Wednesday, June 4th. 3-5 p.m. Landon State Office Building, KHPA Offices, Room 9E/F, Topeka.

**PURCHASER COUNCIL.** Thursday, June 5th. 1-3 p.m. Landon State Office Building, KHPA Offices, Room 9E/F, Topeka.

**CONSUMER COUNCIL.** Monday, June 16th. 3-5 p.m. Landon State Office Building, KHPA Offices, Room 9E/F, Topeka.

KHPA Board and Advisory Council meetings are open, public meetings, as is the Board retreat.

KHPA Legislative Pulse is a publication by the KHPA Outreach Team distributed weekly during the legislative session and monthly in the post-session. If you have questions or comments, contact Outreach Manager Mandy Cawby at 785.291.3627 or [mandy.cawby@khpa.ks.gov](mailto:mandy.cawby@khpa.ks.gov).

# 2008 Legislative Session-at-a-Glance

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## OVERVIEW

The 2008 legislative session offered Kansas an opportunity to transform the concept of health reform into action. Under the directive of the 2007 Kansas Legislature, the Kansas Health Policy Authority (KHPA) gathered data and community input with the goal of developing a legislative agenda that was not only comprehensive but concretely addressed the health needs of Kansans. With the goals of prevention, personal responsibility, and providing and protecting affordable health insurance in mind, the KHPA recommended twenty-one health reforms to the legislature.

Legislative action would have been required to institute fifteen of the twenty-one recommendations. The KHPA submitted four bills containing the proposed policies. The legislature exhibited its ownership of the reform plan by accepting some recommendations, eliminating others, altering some, and adding items that were not part of the KHPA plan. This process culminated in the passage of House Substitute for SB 81 and funding a few health reform items in the omnibus budget bill.

SB 81 has been approved by the Governor. The final version of health reform does not include many of the building blocks to better health such as insuring the poorest Kansans or providing clean indoor air for Kansans. However, the policies contained in SB 81 do indicate recognition of the correlation between healthy mothers and healthy children by expanding Medicaid coverage for pregnant women, and including dental benefits and smoking cessation therapies for this population.

Though the broad health reform measures recommended by KHPA were not adopted, the outcome is a first step in continuing the health reform conversation and keeping health at the forefront of the agenda. The KHPA remains hopeful that this long-term, ongoing process will lead eventually to a healthy Kansas *for all Kansans*.

### KS QUICK FACTS

The Kansas Legislature is a bicameral assembly, composed of the lower Kansas House of Representatives, comprising of 125 Representatives, and the upper Kansas Senate, with 40 Senators.

At present, Republicans comprise a super-majority in both houses.

# WHAT HAPPENED TO THE 21 HEALTH REFORM RECOMMENDATIONS?

Table 1: Reforms Requiring Statutory Language

Original Policy Recommendations	Costs	Legislative Tracking	Final Amount Appropriated
Define a "Medical Home" in Statute	N/A	Proposed in Senate as SB 541. House position recommended identical wording. Final Conclusion: Passed in SB 81.	N/A
Include Commissioner of Education on KHPA Board	N/A	Proposed in Senate as SB 541 House position recommended identical wording. Final Conclusion: Passed in SB 81.	N/A
Develop Grant Program to Facilitate Wellness Initiatives in Small Business	\$115,000 SGF for FY 2009	Proposed in Senate as SB 541. Final Conclusion: Section REMOVED from SB 541 by Senate Health Care Strategies Committee.	
Expand Insurance for Low-Income Kansans (Expands Premium Assistance to childless adults up to 100% FPL ,which is \$17,600 annually for a family of three in FY2012)	\$26M SGF for FY 2012 (first year of implementation)	Proposed in SB 541. Final Conclusion: Section REMOVED from SB 541 by Senate Health Care Strategies Committee.	
Access to Care for Kansas Children and Young Adults Outreach and enrollment for children already eligible for Medicaid/SCHIP ( <i>only needed appropriation – see Table 2</i> ) Create "Young Adult Policies" for 18-25 year olds Increase age of dependents on parents health insurance through age 25	Outreach and Enrollment \$2,153,222 SGF for FY 2009	Proposed in Senate as SB 540. House position recommended funding of \$550,000 for outreach and enrollment. Final Conclusion: Study of Young Adult Policies included in SB 81.	-0-
Affordable Coverage for Small Businesses Establish "Very Small Employer Group" (includes businesses with 1-10 employees & sole proprietors) Reorganize the Kansas Business Health Partnership Act into the Kansas Small Business Health Policy Committee Develop "Voluntary Health Insurance Clearinghouse" Develop Section 125 Plan "Toolkits" Analyze use of Reinsurance Transfer the Cafeteria Plan Promotion Program from the Dept of Commerce to the KHPA	\$1M SGF for FY 2009	Proposed in Senate as SB 540 Study of very small employer. group included in SB 81. Study of Small Business Health Policy Committee included in SB 81. 4. Cafeteria Plan Promotion Program was transferred to the KHPA without appropriation. 5. Final Conclusion: The studies are included as well as Cafeteria Plan Promotion Program Transference.	-0-
Increase Tobacco User Fee	Generates Revenues of \$61.57M in FY 2009	Proposed in Senate as SB 542; Stalled in Senate Assessment & Taxation Committee. House introduced identical bill in HB 2737; Stalled in House Taxation Committee. 3. Final Conclusion: No action.	

**Table 1: Reforms Requiring Statutory Language *continued***

Enact Statewide Restriction on Smoking in Public Places	N/A	Senate first proposed SB 493, which included a county referendum. Stalled in Senate Judiciary Committee. KHPA policy proposed in SB 660; Passed out of SWAM; Never debated on the floor. Final Conclusion: No action.	
Promote Insurance Card Standardization	\$70,000 SGF for FY 2009 (Policy/funding included in KHPA Base Budget)	Final Conclusion: Passed in SB 81 with no appropriation.	

**Table 2: Reforms Requiring Appropriations Only**

Original Policy Recommendations	Costs	Legislative Tracking	Final Amount Appropriated
Implement Statewide Community Health Record	\$383,600 SGF for FY 2009 (in KHPA Budget Enhancements to Expand Pilot Program)	House position recommended funding. Final Conclusion: Passed in SB 81 with no appropriation.	-0-
Improve Health Literacy	\$140,000 SGF for FY 2009	1. Final Conclusion: Not included in a bill.	-0-
Inclusion of Dental Coverage for Pregnant Medicaid Beneficiaries	\$524,000 SGF for FY 2009	House position recommended funding. Final Conclusion: Passed in SB 81 with no appropriation.	-0-
Provide Tobacco Cessation Support for Medicaid Beneficiaries	\$200,000 SGF for FY 2009	House position recommended giving this benefit to pregnant women only. Final Conclusion: Passed in SB 81 for pregnant women only with no appropriation.	-0-
Access to Care for Kansas Children and Young Adults Outreach and enrollment for children already eligible for Medicaid/SCHIP	\$2,153,222 SGF for FY 2009	House position recommended funding of \$550,000. Final Conclusion: Passed in SB 81 with no appropriation.	-0-
Increase Physical Fitness and School Health Programs through the Coordinated School Health (CSH) Programs	\$550,728 SGF for FY 2009	House position recommended funding. Final Conclusion Passed in SB 81 and funded in omnibus.	\$550,000 SGF
Improve Access to Cancer Screening	\$6,666,939 SGF for FY 2009	House position recommended \$4M SGF Final Conclusion: Passed in SB 81 without funding.	-0-

**Table 3: Reforms Requiring No Legislative Action**

Original Policy Recommendations	Costs	
Consumer Health Care Cost & Quality Transparency Project	\$200,000 SGF for FY 2009 (Policy/funding included in KHPA base budget).	
Increase Medicaid Provider Reimbursements	Analyze & make specific recommendations for FY 2010.	
Partnering with Community Organizations	Policy/funding included in KDHE Base Budget.	
Collect Information on Health/Fitness of Kansas School Children	Policy/funding as part of KDHE Coordinated School Health Program.	
Promote Healthy Food Choices in Schools	Policy/funding as part of KDHE Coordinated School Health Program.	
Improve Food Choices in State Cafeterias & Vending Machines	State contracting issue.	

SEE ALSO APPENDIX B

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# ADDITIONAL POLICIES INCLUDED IN SB 81

**Eliminates Premium Assistance:** A 2007 law establishing a premium assistance program for parents with incomes between 37% (\$5,200 annually) and 100% (\$10,400 annually) of the federal poverty level was eliminated. The program would have provided health insurance coverage through beneficiaries' employers or through a state managed care plan.

**Safety Net Clinics:** Authorizes the Kansas Department of Health and Environment (KDHE) to administer grants totaling \$2.5 million to safety net clinics.

**State Employee Health Care Benefits:** Requires the state's employer contribution to state employee Health Savings Account (HSA) plans to equal other state employee health benefit plans. In FY 2009 this policy will cost the state an additional \$671,000.

**Expands Medicaid for Pregnant Women:** Expands Medicaid coverage for pregnant women from 150% (\$15,600 annually) of the federal poverty level (FPL) to 200% (\$20,800 annually) FPL and allows this population access to tobacco cessation therapies.

**Expands SCHIP Eligibility:** Expands SCHIP eligibility for children from 200% FPL to 250% FPL when federal funding and approval is received. The policy incorporates Employer-Sponsored Insurance (ESI) as a mechanism to provide coverage. The state will pay the employee's share of premiums for dependent coverage. If a parent does not have access to adequate job-based insurance, then the state will provide appropriate coverage.

**Requires Citizenship Verification for SCHIP Applicants:** Institutes citizenship verification for SCHIP applicants. Documentation verification extends the application process and resulted in a significant backlog of applications when applied to Medicaid in July, 2006. It is expected that delays may occur with SCHIP applicants resulting in additional cost to the state.

**Provides Funding for the Wichita Center for Graduate Medical Education (WCGME):** Appropriates \$1.5 million to WCGME million to meet accreditation requirements. In addition, a Physician Workforce and Accreditation Task Force will be created and charged with studying and adopting recommendations regarding physician workforce in Kansas and accreditation issues at WCGME.

**Extends State Continuation of Health Insurance Coverage:** State continuation of coverage is extended from 6 months to 18 months for a terminated employee. The employee is responsible for paying the cost of coverage by paying the employer, not the insurer.

## KS QUICK FACTS

The Kansas Legislature is composed of 165 part-time legislators, meeting normally once a year. Meetings begin in January and usually will last for a period of 90 days.

Representatives are elected to a two year term; members of the Senate are elected to a four year term. There is no limit to the number of terms that a legislator may serve.

# OVERVIEW OF THE BUDGET

## The Governor's Budget Recommendations

In FY 2009 Governor Sebelius recommended a total budget of \$1.4 billion, including \$513.7 million from the State General Fund (SGF). The Governor recommended a portion of the KHPA's enhancement requests, including:

- \$450,000 from the SGF to fund the **Health Information Exchange Commission** recommendations. This included:
  - Funding of \$50,000 for the expansion of the Community Health Record in Sedgwick County;
  - Funding of \$150,000 for Health Information Technology (HIT)/Health Information Exchange (HIE) staff; and
  - Funding of \$250,000 for the Resource Center contract;
  - The addition of \$1,037,500, including \$518,750 from the SGF, and 3.0 FTE position for **administrative costs** associated with the **Premium Assistance** program developed per 2007 General Assembly directive;
- The addition of \$10.0 million, including \$4.0 million from the SGF, for the **implementation of Premium Assistance** for adults at 37-50.0 percent of the federal poverty level;
- The addition of \$8.0 million, including \$4.0 million from the SGF, for the **integrated eligibility and enrollment system**;
- The addition of \$100,000, including \$50,000 from the SGF, for the **enhanced care management program**;

And the addition of \$825,000, including \$206,250 from the SGF, for the **prior authorization program**.

The Governor's Budget Amendment also included **caseload estimates** for FY 2008 and FY 2009. In FY 2009 the amendment added \$24,721,000, including \$7,921,000 from the State General Fund. It also added back \$7.9 million State General Fund for the implementation of a Preferred Drug List (PDL) in the MediKan program.

### KS QUICK FACTS

The Kansas budget is an executive budget, in that the budgetary recommendations of the Governor are embodied in the appropriation bills which are introduced and considered by the Legislature.

Most *state agencies* are required by law to submit their budget requests by no later than October 1 of each year. Customarily, the deadline specified by the Director of the Budget is September 15.

The Director of the Budget, an appointee of the Governor, is directed by law to review the detailed requests submitted by the various state agencies, and to make initial recommendations which are transmitted to agencies in November. An agency is then authorized to appeal those initial recommendations to the Governor.

## Legislative Action on Budget Items

The 2008 Legislature adopted the Governor's budget amendment regarding **caseloads**; however, the funding for the **MediKan Preferred Drug List** (PDL) was reduced from \$7.9 million to \$6.7 million and the FY 2009 caseload estimate was reduced by \$344,000 to delete duplicative funding for expanded newborn screening.

The Legislature did not fund any of the **agency's enhancement requests** as recommended by the Governor and further deleted funding from the agency's base budget totaling \$600,000 for the implementation of 2007 SB 11 (the original legislation that enacted **premium assistance** into law).

In total, the Legislature deleted \$2,006,205 of State General Fund dollars from the KHPA's budget as recommended by the Governor. KHPA's budget was further reduced from the Governor's budget recommendation with the deletion of \$600,000 for **2007 SB 11 Premium Assistance** and \$1.3 million for anticipated savings through the implementation of the **MediKan PDL**.

### KS QUICK FACTS

Agency budgets receive simultaneous consideration in the House Appropriations Committee and the Senate Ways and Means Committee. Identical appropriation bills reflecting the Governor's recommendation are introduced in both chambers.

SEE ALSO APPENDIX A

# Appendix A: Overview of the Budget

Priority	Description	FY 2008 Governor's Budget		FY 2008 Approved		FY 2009 Governor's Budget		FY 2009 Approved	
		State General Fund	All Funds	State General Fund	All Funds	State General Fund	All Funds	State General Fund	All Funds
1	Implementation—Assistance Costs (Prem. Assistance)					4,000,000	10,000,000		
	Implementation—Administrative Costs (Prem. Assistance)					518,750	1,037,500	(600,000)	(600,000)
2	Integrated Enrollment System	(2,000,000)	(4,000,000)	(2,000,000)	(4,000,000)	4,000,000	8,000,000		
3	Medicaid Prescription Drug Prior Authorization System					206,250	825,000		
4	Expand Enhanced Care Management					50,000	100,000		
5	Community Health Record (CHR) expansion to a rural environment*								
	Health Information Exchange Commission recommendations, including CHR expansion					450,000	450,000		
	2.5% State Employee COLA and Under Market Pay adjustment					128,617	322,779	?	?
	Replace Children's Initiative Funding in Medicaid and SCHIP					5,000,000		(5,000,000)	
	Replace State General Fun with Fee Funds in Medicaid	(15,000,000)		(15,000,000)					
	Consensus Caseload Adjustment	(6,600,000)	(21,000,000)	7,400,000	(4,000,000)	20,400,000	22,000,000	27,977,000	45,861,000
	MediKan Preferred Drug List					(7,921,000)	(7,921,000)	(1,321,000)	(1,321,000)
	SB 81 — expand Medicaid coverage to pregnant women up to 250% of federal poverty level							460,000	1,150,000
	<b>TOTAL</b>	<b>(\$23,600,000)</b>	<b>(\$25,000,000)</b>	<b>(\$ 9,600,000)</b>	<b>(\$ 8,000,000)</b>	<b>\$26,832,617</b>	<b>\$34,814,279</b>	<b>\$21,516,000</b>	<b>\$45,090,000</b>

\*Funding for this item was included in the Governor's Recommendation for the Health Information Exchange Commission's recommendations.

# Appendix B: Final Provisions H Sub SB 81

Kansas Health Policy Authority Health Reform (KHPA) Recommendations for FY 2009	Cost (if applicable) or Study Requested	Funded at Omnibus
<b>Defines medical home.</b> Defines the process to develop standards and measures in creating a “Medical Home”		
<b>Expands KHPA Board.</b> Includes Commissioner of Education on KHPA Board.		
<i>Allows insurers to offer young adult policies with limited benefit packages and reduced premiums.</i>	<i>Study requested</i>	
<i>Establishes Very Small Employer Group.</i>	<i>Study requested</i>	
<i>Creates the Small Business Health Policy Committee.</i>	<i>Study requested</i>	
<b>Moves Small Business Grant Program.</b> Transfers the Cafeteria Plan Promotion Program from Dept of Commerce to KHPA.	\$150,000 SGF	
<b>Standardizes insurance cards for public insurance programs.</b> Directs KHPA to establish an annual card for Medicaid recipients.	<i>Program to assume costs</i>	
<b>Expands Community Health Record (CHR).</b> Expands health information exchange statewide by expanding the existing CHR pilots (currently operating in the Medicaid and State Employee Health Plan).	\$384,000 SGF	
<b>Provides dental care for pregnant women.</b> Provides a new dental care benefit for pregnant women on Medicaid.	\$546,000 SGF	
<b>Provides Tobacco Cessation.</b> Provides new tobacco cessation support for Medicaid beneficiaries ( <i>Limited by the conference committee to pregnant women only</i> )	<i>Assume costs in caseload</i>	
<b>Expands HealthWave outreach to children.</b> Increases access to care for Kansas Children through aggressive targeting and enrollment of children eligible for Medicaid/HealthWave ( <i>Limited to out-stationed eligibility workers only for a two year pilot</i> ).	\$550,000 SGF	
<b>Improves school health coordination.</b> Promotes physical fitness/activity/nutrition through the Coordinated School Health Program.	\$550,000	✓
<i>Expands the Early Detection Works program to expand cancer screenings (language included to encourage, when appropriate, screening to be provided/coordinated through rural health clinics and safety net clinics).</i>	<i>Deletes \$4 million requested and adds \$2.5 million for safety net clinics</i>	
<b>Additional Health Reforms as added by the House and Senate</b>		
<b>Expands Medicaid eligibility for pregnant women.</b> Expands eligibility for Medicaid for pregnant women with annual income from current eligibility level (150% Federal Poverty Level) to 200% FPL (approximately \$21,000).	\$460,00 SGF	✓
<b>Requires insurers to offer “premium only” Cafeteria Plans.</b> Requires health insurers to provide premium only cafeteria plans (POPs).		
<i>Provides individual Income Tax modifications through a tax credit for amounts paid for health insurance or health care in the form a health benefit plan and amounts contributed to Health Savings Accounts.</i>	<i>Study requested</i>	
<i>Requires the mandatory offer of cafeteria plans ( Section 125 plans )through the Kansas High Risk Pool.</i>	<i>Study requested</i>	
<i>Increases funding for Inspector General as a result of increased findings of waste, fraud, and abuse.</i>	<i>Study requested</i>	
<b>COBRA, State Continuation of Coverage.</b> Extends state continuation of coverage period from 16 to 18 months in three statues in the Insurance Code. Nonprofit Medical & Hospital Services Corps. Group Accident & Sickness Insurance. HMO’s, Medicare Provider Orgs. *Amended		

<b>Additional Health Reforms as added by the House and Senate (continued)</b>		
<i>Requires Kansas Health Insurance Association (High Risk Pool Board) to study expanding participation in the health risk pool.</i>	<i>Study requested</i>	
<b>Increases Maximum Lifetime Benefit for the Kansas High Risk Pool.</b> Increases Maximum lifetime benefit in the High Risk Pool from current \$1 million cap to \$2 million.	\$2 million SGF	
<b>Expands definition of Small Employers' Health Care.</b> Allows that "health plan benefit" definition would include section 125 plans that offer the option of receiving coverage through a High Deductible Health Plan/Health Savings Account.		
<i>Allows any health benefit plan to be offered through a cafeteria plan.</i>	<i>Study requested</i>	
<b>Expands definition of Safety Net Clinic.</b> Creates a definition for a "provider-based indigent care clinic" located in a Medicare certified hospital, nursing home, or home health agency. Includes this definition as a "primary care safety net clinic" thus allowing participation in the Primary Care Safety Net Clinic Capitol Loan Guarantee Act.		
<b>Changes State Employee Health Plan (SEHP) benefits.</b> Requires the state's employer contribution to any Health Savings Account (HSA) plan offered to state employees be equal to the state's employer contribution to any other state health benefit plan offered to state employees. The difference between the state's cost for the High Deductible Health Plan (HDHP) and the state's cost for any fully insured plan is to be deposited in the HSA of each employee enrolling in an HDHP.	\$671,000 SGF <i>Study also requested</i>	
<b>Limits Medicaid Contract Participation.</b> Prevents contractors convicted of fraud, waste, or abuse from obtaining future state Medicaid contracts (with certain exceptions) if the state owes \$1 million or more as a result of the contractor.		
<i>Allows insurers to establish health related benefits, premium discounts or rebates, contributions toward an individuals HSA or a reduction in co-payments, coinsurance, deductibles, or any combination of these incentives, in return for participation in programs promoting wellness, health and disease prevention.</i>	<i>Study requested</i>	
<i>Requests that the Legislative Coordinating Council (LCC) consider interim studies of: Medicaid reform; expansion of affordable commercial insurance; health professions workforce; health care transparency; medical errors; statutory legislative committee on "health futures".</i>	<i>Studies requested</i>	
<b>Moves Legislative Oversight of State Childrens' Health Insurance Program (SCHIP).</b> Moves the annual review of the HealthWave/SCHIP program from the Joint Committee on Children's Issues to the Joint Committee on Health Policy Oversight.		
<b>Expands eligibility for HealthWave/SCHIP.</b> Expands eligibility for HealthWave/SCHIP for children in families earning an annual income of less than 200% FPL to 250% FPL (approximately \$44,000 for a family of three), contingent on an increase in federal funding. Includes language for the creation of Employer Sponsored Insurance (ESI) premium assistance program to help families purchase job based health insurance, when job based insurance is available.	\$1.2 million SGF, <i>should federal funding become available</i>	
<b>Adds citizenship paperwork requirement for HealthWave/SCHIP.</b> Requires citizenship and identification documentation for children to enroll in the HealthWave/SCHIP program.	\$280,000 SGF	
<b>Increases funding for Safety Net Clinics.</b> Funds originally slated for expanded cancer screening were removed (original House bill contained \$4 million) and a portion of those funds were transferred to safety net clinics (\$2.5 million)	\$2.5 million SGF	✓
<b>Provides funding for Graduate Medical Education.</b> Adds funding for Wichita Graduate Medical Education program and creates the Physician Workforce and Accreditation Task Force (from HB 2983).	\$1.5 million SGF <i>(appropriated directly through health reform bill)</i>	✓