

MINUTES OF THE HOUSE SOCIAL SERVICES BUDGET COMMITTEE

The meeting was called to order by Chairman Peggy Mast at 3:30 p.m. on March 8, 2010, in Room 785 of the Docking State Office Building.

All members were present except:

Representative Tom Hawk- excused

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes

Dylan Dear, Kansas Legislative Research Department

Cyndie Rexer, Committee Assistant

Conferees appearing before the Committee:

Brad Smoot, Legislative Counsel, Children's Mercy Family Health Partners

Scott Brunner, Chief Financial Officer, Kansas Health Policy Authority

John Campbell, General Counsel, Kansas Insurance Department

Others attending:

See attached list.

Brad Smoot, Legislative Counsel, Children's Mercy Hospital/Family Health Partners gave testimony that included the history and reasons for the statute. When first enacted, the concept and use of HMO's was relatively new to the Kansas health insurance marketplace. The privilege fee was structured to encourage new HMO's to come to Kansas with no fee being required in the first 3 years and only half the fee required until 5 years of licensing. Kansas law also makes special exception for HMO's providing services to the state Medicaid program by allowing the Insurance Commissioner to exempt Medicaid HMO's from the privilege fee which has been the case consistently. **HB 2723** provides the administrative process to remove the step provision from the statute so all health maintenance organizations will pay the same 1% privilege fee and will remove the ability of the Insurance Commissioner to exempt Medicaid HMO's from the privilege fee. Because time is of the essence, Mr. Smoot recommends the committee amend the contents of **HB 2723** into **SB 200** and be passed. (Attachment 1)

Chairman Peggy Mast recognized Scott Brunner, CFO, Kansas Health Policy Authority and asked him to stand for questions followed by John Campbell, General Counsel, Kansas Insurance Department.

Representative Barbara Ballard made a motion to remove the contents of SB 200 and replace it with the contents of HB 2723. The motion was seconded by Representative David Crum. Motion passed.

Representative Marc Rhoades moved House Substitute for SB 200 be passed favorably as amended. The motion was seconded by Representative Mike Kiegerl. Motion passed.

The meeting was adjourned at 04:08 p.m.