

*As Amended by Senate Committee*

*Session of 2004*

**SENATE BILL No. 558**

By Committee on Ways and Means

3-8

10 AN ACT concerning the Kansas business health policy partnership; re-  
11 lating to duties, expenditures and creation of a fund; amending K.S.A.  
12 2003 Supp. 40-4702, 40-4704 and 40-4706 and repealing the existing  
13 sections.

14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 New Section 1. (a) There is hereby created in the state treasury the  
17 business health partnership fund which shall be administered by the sec-  
18 retary of social and rehabilitation services. All moneys received by the  
19 Kansas business health policy committee or by the department of social  
20 and rehabilitation services on behalf of the Kansas business health policy  
21 committee shall be remitted to the state treasurer in accordance with the  
22 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
23 each such remittance, the state treasurer shall deposit the entire amount  
24 in the state treasury to the credit of the business health partnership fund.  
25 All moneys credited to the business health partnership fund shall be used  
26 for the activities and programs of the Kansas business health policy com-  
27 mittee as authorized by this act. All expenditures from the business health  
28 partnership fund shall be in accordance with the provisions of appropri-  
29 ation acts pursuant to vouchers approved by the Kansas business health  
30 policy committee, or by a person designated by the committee, and the  
31 secretary of social and rehabilitation services or the secretary's designee.

32 (b) The Kansas business health policy committee may apply for and  
33 receive public or private donations, gifts or grants from individuals and  
34 public or private entities, including local governments, state agencies and  
35 federal agencies.

36 Sec. 2. K.S.A. 2003 Supp. 40-4702 is hereby amended to read as  
37 follows: 40-4702. (a) The governor of the state of Kansas shall appoint a  
38 cabinet level committee which shall be known as the Kansas business  
39 health policy committee.

40 (b) The Kansas business health policy committee, hereinafter re-  
41 ferred to as the health committee, shall consist of:

42 (1) The secretary of the department of commerce or the secretary's  
43 designee;

- 1 (2) the secretary of the department of social and rehabilitation serv-  
2 ices or the secretary's designee;
- 3 (3) the commissioner of insurance or the commissioner's designee;
- 4 (4) one member appointed by the president of the senate;
- 5 (5) one member appointed by the speaker of the house of  
6 representatives;
- 7 (6) one member appointed by the minority leader of the senate;
- 8 (7) one member appointed by the minority leader of the house of  
9 representatives; and
- 10 (8) three members at large from the private sector appointed by the  
11 governor.

12 The secretary of each state agency represented on this committee shall  
13 provide such staff and other resources as the health committee may  
14 require.

15 (c) (1) The initial meeting of the health committee shall be convened  
16 within 60 days after the effective date of this act by the governor at a time  
17 and place designated by the governor.

18 (2) Meetings of the health committee subsequent to its initial meet-  
19 ing shall be held and conducted in accordance with policies and proce-  
20 dures established by the health committee.

21 (3) Commencing at the time of the initial meeting of the health com-  
22 mittee, the powers, authorities, duties and responsibilities conferred and  
23 imposed upon the health committee by this act shall be operative and  
24 effective.

25 (d) The health committee shall develop and approve a request for  
26 proposals for a qualified entity to serve as the Kansas business health  
27 partnership, hereinafter referred to as health partnership, which shall  
28 provide a mechanism to combine federal and state subsidies with contri-  
29 butions from small employers and eligible employees to purchase health  
30 insurance in accordance with guidelines developed by the health  
31 committee.

32 (e) The health committee shall evaluate responses to the request for  
33 proposals and select the qualified entity to serve as the health partnership.

34 (f) The health committee shall:

35 (1) Develop, approve and revise subsidy eligibility criteria provided  
36 that:

37 (A) Low wage and modest wage employees of small employers shall  
38 be eligible for subsidies if:

39 ~~(1)~~ (i) The small employer has not previously offered health insurance  
40 coverage ***within the two years next preceding the date upon which***  
41 ***health insurance is offered***; or

42 ~~(2)~~ (ii) the small employer has previously offered health insurance  
43 coverage and a majority of such small employer's employees are low wage

1 or modest wage employees as defined in K.S.A. 40-4701, and amend-  
2 ments thereto;

3 (B) any small employer's eligible employee with a child who is eligible  
4 for coverage under the state childrens' health insurance program estab-  
5 lished by K.S.A. 38-2001 *et seq.*, and amendments thereto, or in the state  
6 medical assistance program shall be eligible automatically for a subsidy  
7 and shall be included in the determination of eligibility for the small  
8 employer and its low-and-modest wage employees; and

9 (C) at least 70% of the small employer's eligible employees without  
10 group health insurance coverage from another source are insured through  
11 the partnership; and

12 (2) determine and arrange for eligibility determination for subsidies  
13 of low wage or modest wage employees; and

14 (3) develop subsidy schedules based upon eligible employee wage  
15 levels and family income; *and*

16 (4) *be responsible for arranging for the provision of affordable health*  
17 *care coverage for eligible employees of small employers and evaluating*  
18 *and creating the opportunity to improve health care provided by plans*  
19 *in the small group health insurance program.*

20 (g) The health committee shall oversee and monitor the ongoing op-  
21 eration of any subsidy program and the financial accountability of all sub-  
22 sidy funds. If, in the judgment of the health committee, the entity selected  
23 to serve as the health partnership fails to perform as intended, the health  
24 committee may terminate its selection and designation of that entity as  
25 the health partnership and may issue a new request for proposal and  
26 select a different qualified entity to serve as the health partnership.

27 (h) The health committee is hereby authorized to accept funds from  
28 the federal government, or its agencies, or any other source whatsoever  
29 for research studies, investigation, planning and other purposes related  
30 to implementation of the objectives of this act. Any funds so received  
31 shall be deposited in the state treasury and shall be credited to a special  
32 revenue fund which is hereby created and shall be known as the health  
33 committee insurance fund and used in accordance with or direction of  
34 the contributing federal agencies. Expenditures from such fund may be  
35 made for any purpose in keeping with the responsibilities, functions and  
36 authority of the department. Warrants on such fund shall be drawn in  
37 the same manner as required of other state agencies upon vouchers  
38 signed by the secretary of the department of social and rehabilitation  
39 services upon receiving prior approval of the health committee.

40 (i) The health committee is authorized to develop policies for the  
41 administration of the subsidy program and for the use of additional federal  
42 or private funds to subsidize health insurance coverage for low-and-mod-  
43 est wage employees of predominantly low-wage small employers. *The*

1 *health committee shall be responsible for setting benefit levels and estab-*  
2 *lishing performance measures for health plans providing health care cov-*  
3 *erage for this program that include quality, preventative health and other*  
4 *supplementary measures. The health committee shall limit access to the*  
5 *program subsidy to the projected annualized expenditure.*

6 (j) The health committee is hereby authorized to organize, or cause  
7 to be organized, one or more advisory committees. No member of any  
8 advisory committee established under this subsection shall have previ-  
9 ously received or currently receive any payment or other compensation  
10 from the health partnership. The membership of each advisory committee  
11 established under this subsection shall contain at least one representative  
12 who is a small employer and one representative who is an eligible em-  
13 ployee as defined in K.S.A. 40-4701, and amendments thereto, and one  
14 representative of the insurance industry.

15 (k) *The health committee shall report on an annual basis on the fol-*  
16 *lowing subjects:*

- 17 (1) *Quality assurance measures;*
- 18 (2) *disease prevention activities;*
- 19 (3) *disease management activities; and*
- 20 (4) *other activities or programs the committee decides to include.*

21 Sec. 3. K.S.A. 2003 Supp. 40-4704 is hereby amended to read as  
22 follows: 40-4704. The health partnership shall develop and offer two or  
23 more health benefit plans to small employers. In any health benefit plan  
24 developed under this act, any carrier may contract for coverage within  
25 the scope of this act notwithstanding any mandated coverages otherwise  
26 required by state law. Except for preventative and health screening serv-  
27 ices, the provisions of K.S.A. 40-2,100 to 40-2,105, inclusive, 40-2114 and  
28 subsection (i) of 40-2209 and 40-2229 and 40-2230, and 40-2,163, 40-  
29 2,164, 40-2,165 and 40-2,166, and amendments thereto, shall not be man-  
30 datory with respect to any health benefit plan developed under this act.  
31 In performing these duties, the health partnership shall:

32 (a) Develop and offer two or more lower-cost benefit plans such that:

33 (1) Each health benefit plan is consistent with any criteria established  
34 by the health partnership;

35 (2) each health benefit plan shall be offered by all participating car-  
36 riers except that no participating carrier shall be required to offer any  
37 health benefit plan, or portion thereof, which such participating carrier  
38 is not licensed or authorized to offer in this state;

39 (3) no participating carrier shall offer any health benefit plan devel-  
40 oped under this act to any small employer unless such small employer is  
41 covered through the health partnership.

42 (b) Develop and make available one or more supplemental health  
43 benefit plans or one or more other benefit options so that the total pack-

1 age of health benefits available to all children eligible for the state chil-  
2 dren's health insurance program established pursuant to K.S.A. 68-2001  
3 *et seq.*, and amendments thereto, meets, at a minimum, standards estab-  
4 lished by the federal health insurance program.

5 (c) Offer coverage to any qualifying small employer.

6 (d) Offer eligible employees of participating small employers a choice  
7 of participating carriers where feasible.

8 (e) (1) Include centralized and consolidated enrollment, billing and  
9 customer service functions;

10 (2) use one standard enrollment form for all participating carriers;  
11 and

12 (3) submit one consolidated bill to the small employer.

13 (f) Issue or cause to be issued a request for proposals and contract  
14 with a qualified vendor for any administrative or other service not per-  
15 formed by the health committee or provided to the health committee  
16 under subsection (b) of K.S.A. 40-4702, and amendments thereto.

17 (g) Issue a request for proposals and selectively contract with carriers.

18 (h) Establish conditions of participation for small employers that con-  
19 form with K.S.A. 40-2209b *et seq.*, and amendments thereto, and the  
20 health insurance portability and accountability act of 1996 (Public Law  
21 104-191).

22 (i) Enroll small employers and their eligible employees and depend-  
23 ents in health benefit plans developed under this act.

24 (j) Bill and collect premiums from participating small employers in-  
25 cluding any share of the premium paid by such small employer's enrolled  
26 employees.

27 (k) Remit funds collected under subsection (h) to the appropriate  
28 contracted carriers.

29 (l) Provide that each low-or-modest wage employee shall be permit-  
30 ted to enroll in such employee's choice of participating carrier where  
31 available.

32 (m) Develop premium rating policies for small employers.

33 (1) In consultation with the health committee, the health partnership  
34 shall ensure, to the maximum extent possible, that the combined effect  
35 of the premium rating and subsidy policies is that subsidized eligible  
36 employees and the dependents of such subsidized eligible employees can  
37 afford coverage.

38 (2) Any rating policy developed under this subsection may vary with  
39 respect to subsidy status of eligible employees and the dependents of  
40 such eligible employees.

41 (n) Be authorized to contract for additional group vision, dental and  
42 life insurance plans, and other limited insurance products.

43 (o) Take whatever action is necessary to assure that any eligible em-

1 ployee or dependent of such eligible employee who receives health ben-  
2 efit coverage through the health partnership and who is eligible for the  
3 state medical assistance program shall remain eligible to participate in the  
4 state health insurance premium payment program.

5 (p) Coordinate with the department of social and rehabilitation serv-  
6 ices to assure that any funds available for the coverage of infants and  
7 pregnant women under the state medical assistance program are also  
8 available for the benefit of eligible infants and pregnant women who re-  
9 ceive health benefit coverage through the health partnership as an eligible  
10 employee or dependent of such eligible employee.

11 (q) *Work with the department of social and rehabilitation services*  
12 *office of medical policy and medicaid to develop a single employee appli-*  
13 *cation that may be used by the health plan and the medicaid and state*  
14 *children's health insurance program to determine eligibility.*

15 (r) *Screen employee applications for subsidy eligibility and dependent*  
16 *children for medicaid and state children's health insurance program pre-*  
17 *mium support eligibility.*

18 Sec. 4. K.S.A. 2003 Supp. 40-4706 is hereby amended to read as  
19 follows: 40-4706. The department of social and rehabilitation services  
20 shall investigate and pursue all possible policy options to bring into this  
21 partnership title XIX and the title XXI eligible families of any eligible  
22 employees employed by a small employer. Further, the department of  
23 social and rehabilitation services shall develop and seek federal approval  
24 of any appropriate variance or state plan amendment for the state chil-  
25 dren's health insurance program established by K.S.A. 38-2001 *et seq.*,  
26 and amendments thereto, and the state medical assistance program re-  
27 quired to accomplish the purposes of this act. *The department of social*  
28 *and rehabilitation services office of medical policy and medicaid shall*  
29 *work with the health partnership to develop a single employee application*  
30 *that may be used by the health plan and the medicaid and state children's*  
31 *health insurance program to determine eligibility.*

32 Sec. 5. K.S.A. 2003 Supp. 40-4702, 40-4704 and 40-4706 are hereby  
33 repealed.

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