

SESSION OF 2005

**CONFERENCE COMMITTEE REPORT BRIEF  
HOUSE SUBSTITUTE FOR SENATE BILL NO. 272**

As Agreed to April 29, 2005

**Brief \***

House Substitute for SB 272 would create new laws and agencies; transfer responsibilities from the Departments of Social and Rehabilitation Services and Health and Environment to a new Health Policy Authority created by the bill; transfer specific powers and duties of the Secretary of Social and Rehabilitation Services on an interim basis to a new Division of Health Care Policy and Finance within the Department of Administration, created by the bill; and amend existing statutes to conform references to state agencies with the provisions of the new laws.

**Kansas Health Policy Authority**

On July 1, 2005, the Kansas Health Policy Authority would be established as a state agency within the executive branch of state government. The general charge to the Authority is to improve the health of Kansans and to develop and maintain a coordinated health policy agenda that combines effective purchasing and administration of health care with health promotion oriented public health strategies.

The Kansas Health Policy Authority would be composed of 16 members, nine of whom would be voting members appointed by the Governor, the Speaker of the House, the President of the Senate, and the minority leaders of both chambers for staggered four-year terms, and who must be confirmed by the Senate. The other seven members would be nonvoting, *ex officio* members, including the Secretaries of Health and Environment, Social and Rehabilitation Services, Administration, and Aging; the Director of Health in the Department of Health and Environment; the Commissioner of Insurance; and the Executive Director of the Authority. The first

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\*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. The conference committee summary report may be accessed on the Internet at <http://www.kslegislature.org>

voting members would be required to be appointed on or before August 1, 2005. Members would receive subsistence allowances, mileage, and other expenses for attendance at meetings, but are not to receive compensation. During fiscal year 2006, the Authority would be required to meet monthly and thereafter to meet at least quarterly. The bill sets out the powers and duties of the Kansas Health Policy Authority, authorizes the appointment of an executive director who must be confirmed by the Senate and who would be responsible for hiring and supervising other personnel. Annual reports would be required to be made to the Legislature, along with recommendations and implementation plans. Beginning with the report to the 2007 Legislature, the annual report would be required to contain, in addition to other information, cost comparisons on transferred programs using FY 2005 expenditures as the base and comparisons to national health care cost information.

The bill would provide for the Authority to assume the following responsibilities:

- On January 1, 2006, the functions of the Health Care Data Governing Board;
- On July 1, 2006, the operational and purchasing responsibility for:
  - the regular medical portion of the state Medicaid program;
  - the MediKan program;
  - the state children's health insurance program;
  - the Working Healthy portion of the Ticket to Work Program;
  - the Medicaid Management Information System;
  - the restrictive drug formulary, drug utilization review, Drug Utilization Review Board Oversight, and electronic pharmacy claims management system;
  - the state health care benefits program;
  - the state workers compensation self-insurance fund and program; and
- On January 1, 2006, oversight and administration of the Kansas Business Health Partnership.

At the beginning of the 2007 Legislative Session, the Authority would be required to present to the Legislature recommendations and an implementation plan for the transfer of additional Medicaid funded programs to the Authority, including those specified in the bill.

At the beginning of the 2008 Legislative Session, the Authority would be required to submit to the Legislature recommendations and an implementation plan for the assumption of responsibility for the health purchasing functions of additional state programs, including those listed in the bill.

The Kansas Health Policy Authority would be abolished on July 1, 2013.

The Health Care Data Governing Board would be abolished on January 1, 2006.

### **Legislative Oversight Committee**

House Substitute for SB 272 directs the Legislative Coordinating Council to establish and appoint a joint special committee to have exclusive responsibility for monitoring operations and decisions of the Kansas Health Policy Authority. The committee would consist of six members from the Senate and six members from the House of Representatives. Members from each of the chambers would consist of four members from the majority party and two members from the minority party. Members would serve two-year terms with the chairperson and vice-chairperson having one-year terms. The first chairperson would be appointed from the House of Representatives' members and the first vice-chairperson from the Senate. This committee would sunset on July 1, 2013.

### **Division of Health Policy and Finance**

On July 1, 2005 the Division of Health Policy and Finance would be established within the Department of Administration, and the position of Director of Health Policy and Finance would be created.

The Director, who would be appointed by the Governor, subject to the provisions of appropriation acts, would appoint employees as needed. Under the provisions of the bill, the Director would have the authority to organize the Division as deemed efficient. The Director would coordinate health care planning, administration, purchasing, and analysis of health care data with respect to programs that are transferred from the Secretary of Social and Rehabilitation Services to the Division. Powers of the Director of Health Policy and Finance are set out in the bill.

From July 1, 2005 through June 30, 2006, the bill would provide for the Division of Health Policy and Finance and the Director thereof to assume responsibility for:

- the Kansas medical assistance program established under Title XIX of the Social Security Act (Medicaid);
- any program of medical assistance financed by state funds only (MediKan);
- the health benefits program for children established under Title XXI (the state children's health insurance program);
- the Working Healthy portion of the Ticket to Work Program;
- the Medicaid Management Information System;
- the restrictive drug formulary, drug utilization review program, oversight of the Medicaid Drug Utilization Review Board, and the electronic pharmacy claims management system; and
- all of the powers, duties, and functions of the Secretary and Department of Social and Rehabilitation Services associated with being the designated single state Title XIX agency, which designation is transferred to the Division.

Except as may be required by its designation as the single state agency under Title XIX, the Division would not be responsible for health care planning, administration, purchasing, and data with respect to the Mental Health Reform Act, the Developmental Disabilities Reform Act, the Kansas mental health program, addiction and prevention services, or any state mental health or mental retardation institution.

The Division of Health Policy and Finance and the position of Director would be abolished on July 1, 2006, when the programs it administered are transferred to the Kansas Health Policy Authority.

## **Other Provisions**

Many of the sections of House Substitute for SB 272 represent standard transfer provisions relating to the transfer of employees, assumption of liability for accrued compensation, continuation of rules and regulations, continuation of contracts, continuation of any legal actions, the transfer of property and records, continuation of orders and directives, retention of benefits, and like matters necessary when persons and functions are transferred from one agency to another. In the case of the children's health insurance program, MediKan, Medicaid and Medicaid-related programs, the transfer provisions appear twice to accommodate the interim transfer of the programs from the Secretary of Social and Rehabilitation Services to the Division of Health Policy and Finance, and from the Division within the Department of Administration to the Kansas Health Policy Authority.

Other sections of the bill would amend existing statutes to reflect the transfer of program responsibility from one agency to another. As with the transfer provisions, some statutes are amended more than once to reflect the interim transfer of responsibility and the subsequent transfer to the Kansas Health Policy Authority.

## **Conference Committee Action**

The Conference Committee deleted all language in the original House Substitute for SB 272 and inserted the language of Senate Substitute for SB 306. The Conference Committee further amended the language as follows:

- Specify the membership of the Legislative Oversight Committee as six members from each chamber with four majority party and two minority party members comprising the six members;
- Include the Kansas Business Health Partnership program in the responsibilities transferred to the Authority on January 1, 2006;
- Specify that beginning with the annual report to the 2007 Legislature, the reports would include cost comparison information with FY 2005 expenditures as the base, comparisons with national cost information, and information on health indicators; and

- Make technical corrections including corrections to clarify references to health and health care.
- Increase the Authority to nine members to include three appointed by the House of Representatives, three by the Senate, and three by the Governor. Of the legislative members, two from each house would be majority party appointees and one would be a minority party appointee.

### **Background**

House Substitute for SB 272 was originally the Senate appropriations bill.

SB 306, in its original form, reflected the reforms in health care purchase and policy development enunciated in ERO 33 and built on the basis contained in the ERO. Conferees appearing in support of the bill included representatives of the Kansas Medical Society, the Kansas Hospital Association, the Kansas Chamber, and the Kansas Insurance Department. A clinical psychologist in private practice also appeared in support of the bill. The Acting Secretary of Social and Rehabilitation Services expressed support for only specific sections of the bill.

The Senate Committee made technical changes and changed the transfer of the Medicaid-related drug programs from the original transfer to the new authority on July 1, 2005, to a transfer to the Division of Health Policy and Finance for a one-year interim.

The amendments made by the Senate Committee of the Whole are technical and correct internal references.

A fiscal note was not available at the time of passage.