

SESSION OF 2005

**SUPPLEMENTAL NOTE ON  
SUBSTITUTE FOR SENATE BILL NO. 306**

As Amended by Senate Committee of the Whole

**Brief\***

Substitute for SB 306, if enacted, will 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 is 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 is to be composed of 14 members, seven of whom are voting members appointed by the Governor, the Speaker of the House, and the President of the Senate for staggered four-year terms, and who must be confirmed by the Senate. The other seven members are 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

---

\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

of Insurance, and the Executive Director of the Authority. The first voting members are to be appointed on or before August 1, 2005. Members will 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 substitute 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 is to be responsible for hiring and supervising other personnel. Annual reports are to be made to the Legislature, along with recommendations and implementation plans.

The bill provides 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; and
  - the state workers compensation self-insurance fund and program.

At the beginning of the 2007 Legislative Session, the Authority is 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 is 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 is abolished on July 1, 2013.

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

### **Legislative Oversight Committee**

Sub. for SB 306 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.

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

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

The Director, who is to be appointed by the Governor, subject to the provisions of appropriation acts, is to appoint employees as needed. Under the provisions of the bill, the Director may organize the Division as deemed efficient. The Director is to 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 Sub. for SB 306.

From July 1, 2005 through June 30, 2006, Sub. for SB 306 provides 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 is not to 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 are 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 Sub. for SB 306 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 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.

## **Background**

SB 306 in its original form reflects 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 substitute bill largely reflects technical changes, but does include a policy change relating to the transfer of the Medicaid-related drug programs 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.

There is no fiscal note available at this time for SB 306.