

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Vice-Chairman John Vratil at 10:30 a.m. on February 26, 2009, in Room 545-N of the Capitol.

All members were present except:
Senator Jay Emler - excused

Committee staff present:

J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Carol Williams, Governmental Ethics Commission
Russell Jennings, Commissioner, Juvenile Justice Authority (JJA)
Roger Werholtz, Secretary, Department of Corrections
Randall Allen, Kansas Association of Counties
Fred Lucky, Senior Vice-President, Kansas Hospital Association
Bain Farris, Administrator, Saint John Hospital
Dan Morin, Director of Government Affairs, Kansas Medical Society

Others attending:
See attached list.

Introduction of Legislation

Senator Schmidt moved to introduce legislation regarding all-terrain vehicles (9rs0888). The motion was seconded by Senator Wysong. Motion carried on a voice vote.

Senator Kultala moved to introduce legislation regarding the whistleblowers act (9rs0882). The motion was seconded by Senator Wysong. Motion carried on a voice vote.

Subcommittee Report on Governmental Ethics Commission

Senator Vratil, Chair of the Subcommittee on Governmental Ethics Commission, presented the Subcommittee report on the Governor's budget recommendation for the Governmental Ethics Commission for FY 2010 and FY 2011 (Attachment 1). Senator Vratil noted that the Subcommittee recommends introduction of a bill repealing a section of KSA 46-247 which requires faculty members of state education institutions who receive an annual salary of \$50,000 or greater to file a Statement of Substantial Interests.

Responding to a question from the Committee, Carol Williams, Governmental Ethics Commission, noted that the policy of the Governmental Ethics Commission has been revised wherein reports filed by lobbyists are entered online and revisions cannot be made unless a revised report is filed by the lobbyist. The Subcommittee noted that there are adequate balances in the special revenue funds. There is not a need to raise fees at this time.

Senator Lee moved to adopt the Subcommittee report on the Governmental Ethics Commission for FY 2010 and FY 2011 with notations and adjustments and allow for technical corrections. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

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Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 26, 2009, in Room 545-N of the Capitol.

Subcommittee Report on Lottery Commission

Senator Teichman, Chair of the Lottery/Racing Gaming Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Lottery Commission for FY 2010 and moved for the adoption of the Subcommittee recommendation on the Lottery Commission for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Subcommittee Report on Racing and Gaming Commission

Senator Teichman, Chair of the Lottery/Racing and Gaming Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Racing and Gaming Commission for FY 2010 and moved for the adoption of the Subcommittee recommendation on the Racing and Gaming Commission for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

The Subcommittee requested that additional time be given to review agency budgets during future legislative sessions.

Action on Subcommittee Report on Secretary of State

Reagan Cussimano, Legislative Research Department, explained a corrected report pertaining to the Subcommittee report on the Secretary of State presented on February 25, 2009 (Attachment 3).

Senator Schmidt moved to adopt the Subcommittee report on the Governor's budget recommendations for the Secretary of State for FY 2010 with notations and adjustments as presented on February 26, 2009 (Attachment 3). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Subcommittee Report on Postsecondary Education

Senator Teichman, member of the Subcommittee on Higher Education, presented the Subcommittee report on the Governor's budget recommendations for Postsecondary Systemwide, including the University of Kansas, Kansas State University, KSU-Veterinary Medical Center, KSU-Extension, Wichita State University, Board of Regents, University of Kansas Medical Center, Emporia State University, Fort Hays State University, Pittsburg State University and Regents Systemwide for FY 2010 (Attachment 4).

The Subcommittee noted that there is a need for several technical corrections to the report, including:

- The \$2.1 million under the Governor's recommendation should read \$2.1 billion.
- Item No. 4 should read \$26.3 million instead of \$25.2 million.

Senator McGinn moved to amend the Subcommittee report on Postsecondary Systemwide by adding language to Item No. 8 stating "The Board of Regents should be encouraged to work closely with state Medicaid officials and others to make full use of any new economic stimulus dollars to meet the short-term funding needs of graduate medical education programs in Kansas". The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

The Committee noted that if **HB 2005** does not pass during the 2009 Legislative Session, Kan-Ed will have no funding. It was also noted that **SB 285**, referred to the Senate Ways and Means Committee, addresses Kan-Ed funding.

Senator Umbarger moved to delete Item No. 5 from the Subcommittee Report on Postsecondary Systemwide, indicate that the Subcommittee concurs with the Governor's recommendation for Kan-Ed funding for FY 2010 and review at Omnibus. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Teichman moved for the adoption of the Subcommittee Report on Postsecondary Systemwide for FY 2010 with notations and adjustments as amended and allow for technical corrections. The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

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Hearing on SB 252 - Criminal offenders in custody, health care costs; department of corrections and juvenile justice authority.

Jarod Waltner, Kansas Legislative Research Department, explained that **SB 252** would amend current statute to allow the Department of Corrections and the Juvenile Justice Authority (JJA) to pay health care providers the lesser of the actual amount billed or the Medicaid rate for health care services provided to individuals who are in the custody of either agency and are not covered by private health insurance. The fiscal note indicates that the passage of **SB 252** would reduce the amount the Department of Corrections pays through their inmate medical contract by approximately \$700,000.

The Committee questioned whether the fiscal note is accurate.

Russell Jennings, Commissioner, Juvenile Justice Authority (JJA), provided testimony in support of **SB 252** (Attachment 5). Mr. Jennings noted that currently juveniles who are in the custody of the commissioner and placed in a community residential placement are covered by a medical card and medical service providers are paid at the Medicaid reimbursement rate. Medical care coverage ceases upon a juvenile being placed in a secure detention center or juvenile correctional facility. **SB 252** would expand the population served by medical professionals and hospitals at the Medicaid rate by the number of juvenile offenders placed in juvenile correctional facilities or approximately 350 youth.

Responding to questions from the Committee, Mr. Jennings noted that JJA has a medical contract for medical services done onsite. Mr. Jennings stated that **SB 252** is directed at medical services done in hospitals, emergency rooms or other offsite medical facilities. The fiscal effect on JJA would be a savings estimated between \$95,000-\$156,000. Mr. Jennings stated that JJA presently negotiates with hospitals and is sometimes successful in obtaining a lower or Medicaid rate. The Commissioner noted that youth are not always taken to local hospitals, but depending on the treatment needed, are sometime taken to other hospitals or treatment centers.

Roger Werholtz, Secretary, Department of Corrections, provided written testimony in support of **SB 252** (Attachment 6) and responded to questions from the Committee. Secretary Werholtz stated that the Department of Corrections has a single contract with Correct Care Solutions (CCS) for medical services provided to all correctional facilities. CCS has indicated that they will reduce their contract with the Department of Corrections by \$700,000 annually. The Secretary stated that the fee paid to CCS is 10 percent of medical costs.

- The Committee requested a report from CCS on hospital costs for inmates and the amount of reduction in costs that has been negotiated by CCS.

Randall Allen, Kansas Association of Counties, provided testimony in support of **SB 252** (Attachment 7).

- The Commission requested a report on the county jail savings on inmate health care costs from the enactment of **2006 HB 2893** by county.

The Committee expressed concern because county hospitals are partially supported by property taxes. Lowering hospital costs by applying Medicaid rates to services could place an extra burden on the small county hospitals and result in a property tax increase.

- The Committee requested a list of county hospitals across the state who are supported by a local property tax.

Fred Lucky, Kansas Hospital Association, provided testimony in opposition to **SB 252** (Attachment 8). Mr. Lucky stated that they oppose the inclusion of the Department of Corrections in the bill because their claims are paid through a contracted service with CCS and they have the ability to enter into contracts with many of the hospitals and physicians in the regions surrounding the prison facilities to obtain lower medical costs.

Bain Farris, Administrator, Saint John Hospital, Leavenworth, provided testimony in opposition to **SB 252** (Attachment 9). Mr. Farris noted that it is difficult to get hospitals to take patients at the Medicaid rate and

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passage of **SB 252** would add to the problem. Responding to a question from the Committee, Mr. Farris indicated that hospitals would not be required to take Department of Corrections inmates under **SB 252** at the Medicaid rate because the CCS contract would be a separate contract from their Medicaid provider contract.

Responding to a question from the Committee, Secretary Werholtz stated that the Department of Corrections has a 9-year contract with CCS and currently is in the 5th year of the contract. Commissioner Jennings indicated that JJA does not have a full indemnification contract for medical services. Their medical contract only provides facility-based medicals services. Any outside medical services are paid for by JJA.

Dan Morin, Director of Government Affairs, Kansas Medical Society, presented testimony in opposition to **SB 252** (Attachment 10). Mr. Morin stated that expanding the population to be covered at the Medicaid rate would pose a hardship on many medical facilities.

There were no other conferees on **SB 252** to come before the Committee.

The hearing on SB 252 was closed.

Adjournment

The next meeting is scheduled for March 2, 2009.

The meeting was adjourned at 12:00 p.m.