



KANSAS LEGISLATIVE INSIGHTS NEWSLETTER | MARCH 15, 2019

TAX UPDATE

The question of whether the Senate would concur or non-concur on SB 22 (decoupling from the federal income tax code) was finally answered Thursday evening. The Senate concurred on a vote of 24-16, sending the bill to the Governor's desk where a veto is likely. It would take 27 votes to override the veto in the Senate. The House amendments reducing the sales tax on food and imposing an internet sales tax could potentially still be considered separately.

MEDICAID FOCUS OF BUDGET DELIBERATIONS

Both chambers are continuing work on their respective versions of the State budget. On Wednesday, the House Appropriations Committee discussed the Kansas Department of Health and Environment budget. The Committee removed \$14.2 million in state funds and \$409 million in the estimated matching of federal funds (currently, the federal government funds 90% and states provide 10% of the funding for Medicaid expansion). The Committee vote was 13-9 to remove the funding. The vote followed the 12-11 defeat of a motion to retain the potential expansion funding for healthcare for the poor. We expect the whole House to debate the issue of Medicaid expansion.

On Thursday, the Senate Ways and Means Committee also removed \$14.2 million from the Kansas Department of Health and Environment budget. Senate Majority Leader Jim Denning, R-Overland Park, moved to redirect the funding to the Hospital Provider Assessment Fund in order to provide funding for Senate Bill 225 amending the hospital provider assessment rate. The motion passed 7-6. The Senate Ways and Means Committee also approved increasing Medicaid dental provider reimbursement to 50% of the market rate. Current Medicaid dental reimbursement to providers is between 35-40% of the market rate.

FARM BUREAU BILL UPDATE

On Wednesday, the House Insurance Committee considered SB 32, proposed by the Kansas Farm Bureau (KFB), creating an exemption from insurance regulation by the Kansas Department of Insurance for a proposed KFB specialized member health plan. The Committee narrowly adopted an amendment to treat the Farm Bureau's health benefit plan as an association health plan. Before a motion to approve the bill as amended could be

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debated, a substitute motion was offered to table the bill. The Committee voted to take the bill. The House Insurance Committee did pass HB 2054 on to the whole House. HB 2054 combines four bills addressing association health plans.

NEXT DEADLINE LOOMING FOR NON-EXEMPT BILLS

We are less than two weeks away from the next major deadline for non-exempt bills. March 27 is the last day for consideration of non-exempt bills not in their originating chamber. After Friday, April 5 (Drop Dead Day), no bill can be considered unless it is vetoed by the Governor, a budget bill, or a bill in an exempt committee.

NEW STATE REPRESENTATIVE SELECTED TO REPLACE REP. LEWIS

Last month, Rep. Greg Lewis, R-St. John, resigned his House seat due to health issues. On Tuesday, March 12, Barton County Commission Chair Alicia Straub was selected by Republican committeemen/women to succeed him in representing House District 113.

BILL INTRODUCTIONS

TAXATION

HB 2398 – Would provide that any enactment of a new sales tax exemption must either (1) repeal an existing exemption with an equal or greater fiscal liability to the state; or (2) suspend an existing exemption with an equal or greater fiscal liability to the state for the duration of time that the enacted exemption is to remain in effect. The bill was requested by Rep. Thimesch and is before the House Committee on Taxation, Rep. Steve Johnson, Chair.

HEALTHCARE

SB 228 – Would amend the hospital provider assessment so that an annual assessment on inpatient services is imposed on each hospital provider in an amount equal to 3% of each hospital's net inpatient and *outpatient* operating revenue for the hospital's fiscal year three years prior to the assessment year. The Kansas Department of Health and Environment would submit to CMS an approval request for the increase. The bill has been assigned to the Senate Committee on Ways and Means, Sen. Carolyn McGinn, Chair.

HB 2066 – Previously reported on in the Feb. 1 and Mar. 8 issues of Kansas Legislative Insights. On March 14, the bill was recommended to be passed as amended.

HB 2082 – Previously reported on in the Feb. 1 and Mar. 8 issues of Kansas Legislative Insights. On March 14, the bill was recommended to be passed as amended.

UTILITIES

Substitute for SB 69 – As amended, would require the Legislative Coordinating Council (LCC) to authorize a study of retail rates of Kansas electric public utilities. The bill would establish the issues the study must address and would require every Kansas electric public utility to provide relevant information when requested. Any disputes regarding provision of information would be decided by the Kansas Corporation Commission (KCC). Currently, the substitute bill, as amended, is before the Senate Committee as a whole, which requested that it be passed.

HB 2274 – Requires certain notifications to be posted in facilities performing medication abortions using mifepristone (also known as RU-486 or mifeprex) and establishes requirements for providing notice to women who are receiving a medication abortion. Failure to provide the required notice would subject the violator to criminal and civil penalties, plus subject the individual to liability in a private civil action. The Committee recommended passage of the bill as amended by the Committee on Health and Human Services.

SB 223 – Establishes the Anesthesiologist Assistant Licensure Act. Under the act, the Board of Healing Arts would establish requirements for the licensure for an anesthesiologist assistant. Such requirements would include the

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supervision of the anesthesiologist assistant by an anesthesiologist. Provides for the creation of an Anesthesiologist Assistant Council which would advise the Board of Healing Arts in carrying out the provisions of the act. Referred to the Senate Committee on Public Health and Welfare, Sen. Gene Suellentrop, Chair. SB 223 contains similar provisions — but different language — to HB 2295, which was originally reported on in the Feb. 15 issue of Kansas Legislative Insights.

ALCOHOLIC BEVERAGES

SB 70 – Originally reported on in our Feb. 8 issue. Has been amended by the Senate Committee of the Whole to conform the definition of “sample” to that in the Kansas Liquor Control Act and insert the contents of HB 2239, relating to common consumption areas. Technical changes and a change to the requirements relating to the permit fee were also made. The bill passed the Senate on a March 13 final action vote – Yea: 38, Nay: 0, and has been introduced in the House.

COURT, LAWS, AND REGULATIONS

SB 150 – Prevents landlords from evicting or refusing to lease to individuals because the individual has been or is in imminent danger of becoming a victim of domestic violence, sexual assault, human trafficking, or stalking. Provides that tenants cannot be held liable if they vacate the premises for any of the aforementioned reasons and provide the statutorily required notice. This bill was amended by the Senate Committee on the Judiciary and was thereafter passed by the Senate on a March 14 emergency final action – Yea: 40, Nay: 0.

INSURANCE

SB 28 – As amended, is essentially a gut-and-go provision intended to amend provisions governing fraudulent insurance acts and associated criminal penalty provisions to add clarifying definitions (K.S.A. 2018 Supp. 40-1,118) and repeal nearly identical provisions also addressing fraudulent insurance acts (K.S.A. 2018 Supp. 40-2, 118a). On March 14, the amended bill has been recommended for passage by the whole House.

SB 228 – Would amend license and renewal application fees to be paid to the Kansas Insurance Department for third-party administrators. The bill was introduced in Senate Ways and Means but now returned to Senate Committee on Financial Institutions and Insurance, Sen. Robert Olsen, Chair.

Kansas Legislative Insights is a publication developed by the Governmental Relations & Public Policy Law practice group of Foulston Siefkin LLP. It is designed to inform business executives, human resources and governmental relations professionals, and general counsel about current developments occurring in current Kansas legislation. Published regularly during the Kansas legislative session, it focuses on issues involving health care, insurance, public finance, taxation, financial institutions, business & economic development, energy, real estate & construction, environmental, agribusiness, employment, and workers compensation. Bill summaries are by necessity brief, however, for additional information on any issue before the Kansas Legislature, contact Foulston Siefkin’s Governmental Relations & Public Policy Law practice group leader, James P. Rankin at 785.233.3600 or jrankin@foulston.com.

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