

# Memorandum

To: Chris Steege, Kansas Chapter, American Academy of Pediatrics  
From: Stuart J. Little, Ph.D., Little Government Relations LLC, [stuartjlittle@mac.com](mailto:stuartjlittle@mac.com)  
Date: April 27, 2017  
Re: Legislative Update

## Overview

The 2017 Legislature is concluding an extended break between the end of the regular session on April 7<sup>th</sup> and the convening of the veto/wrap up session that begins on May 1. This report summarizes the big-picture issues outstanding as well as our specific issues that are still alive during the veto/wrap up session.

## Big Picture Issues

The veto or wrap up session lasts as long as it takes to pass final legislation, but the only bill that must pass is the final budget bill. Legislative leadership has talked about wrapping up within two weeks. A two-week timeframe is extremely unlikely and most anticipate the final session will last many weeks. A variety of policy issues have been resolved during the regular session and one key issue, the current year budget situation ending June 30, 2017 when the Governor signed the sweeping of the Pooled Money Investment Board principle and interest to conclude the current fiscal year without budget reductions or tax increases.

Nonetheless, a divided House and divided Senate are left during the veto session with the most complex issues. The two chambers, keeping a watchful eye on the Governor's comments on these topics, will attempt to reach agreement on the budget, taxes, and school finance.

## Medicaid Expansion

- Medicaid expansion has been defeated by the Governor's veto but there will be additional efforts to try and pass it one last time.
- The House is within a vote or two of securing the necessary 84 votes to override. The Senate was two votes short of overriding the Governor's veto and additional changes and pressures during the legislative break may have helped the effort.
- Watch for another bill expanding Medicaid with amendments to seek approval of additional votes to come from an exempt committee or the Health conference committee.

## Future Year Budget

- The Fiscal Year 2018-2019 budget has not been approved. The Senate has passed its version of the budget and the House Appropriations Committee has forwarded a bill to the full House. They have not taken action yet.
- Both chambers were awaiting the April 20 consensus revenue estimates on state revenue for the next eighteen months. The estimates increased anticipated collections by about \$150 million dollars between FY 17-FY 19. Thus, the budget and revenue target is near the \$900 million range without any spending reductions.
- It is likely both chambers are holding their budget bills as well because they need to know how much funding K-12 education will require.

### State Revenue Policy

- The Legislature and the Governor have not passed a revenue policy to address the approximately \$900 million budget deficit over the next two years. The Legislature sent the Governor HB 2178 but they could not override his veto.
  - Sub for House Bill 2178 included the following:
  - Repeals the LLC and small business income tax exemption, create three income tax rates (2.7%, 5.25%, 5.4%,) and restore all medical deductions and all provisions retroactive to 1/1/17.
  - Passed House 76-48, passed Senate 22-18. Governor vetoed 2/22. House overrode 85-40 Senate failed 24-16 both on 2/22.
- They have considered other ideas such as a flat 5 percent income tax, but with little support. Watch for both chambers, led by the Senate, to run a bill similar to HB 2178 but without the retroactive application.
- However, do not expect tax policy to be finished until school finance is done. A new school finance formula will require additional funding to implement and the Legislature does not want to pass two tax bills. It is most likely a tax bill will only pass after a school finance agreement has been reached so that education funding sources can be added to the \$900 million in general operating revenue.
- Yes, it is messy and confusing.

### School Finance

- The House K-12 Education Budget Committee has written a school finance formula that is almost exactly like the old formula with funding increases of \$150 million per year over five years. The full House has not yet considered the bill.
- The Senate committee on school finance has done some preliminary work but will take up formula work when they return May 1.
- The Kansas Supreme Court has given the State until June 30<sup>th</sup> to submit a new formula for review and if they fail, or the formula does not satisfy the Court, they could declare there is no constitutional formula and potentially order the closure of schools.
- Passage of a school finance formula to distribute funds, and creating the means to fund the formula itself are significant challenges.

### **Key Proposed Legislation**

At the end of the 2017 legislative session, bills that were introduced but are not exempt have been removed from the list. Bills with very high interest can still advance. All bills except those stricken from the calendar are still available for action during the 2018 session.

As the veto/wrap up session begins, here is what is still alive, and what is most likely dead.

Bills that have been published and the bill history can be found on the Legislature's official website: [http://www.kslegislature.org/li/b2017\\_18/measures/bills/](http://www.kslegislature.org/li/b2017_18/measures/bills/)

### Bills Sent to the Governor

Immunization, vaccination

- Conference committee on House Bill 2030 includes:

- House Bill 2121. Require immunizations to be recorded in WEB IZ statewide record system.
- House Bill 2030: Allowing pharmacist, assistant, intern vaccine to person 12 or older.
- Governor signed April 12.

#### KanCare provider protection reforms

- Senate Sub for HB 2026 contains the contents of Sub for SB 69. Passed the Senate 34-5 on 3/28. Bill was amended and should be in Health conference committee to negotiate differences between the House and Senate.
- Governor signed April 24.

#### Provider liability

- HB 2118: Providing liability exceptions and inactive provider coverage limits under the health care provider insurance availability act and exempting certain licensed providers from the act. Passed the House 124-0. Hearing in Senate Financial Institutions and Insurance. Passed Senate without amendments.
- Governor signed April 12.

#### Psychiatry and child psychiatry medical student loan

- SB 32: Medical student loan agreements in psychiatry and child psychiatry for graduates employed by community mental health centers. Expands current program. Passed the Senate 35-5. Passed House 120-5.
- Governor signed March 29.

#### Childcare facility sleeping equipment

- Senate Sub for HB 2304: Child Care Facilities: infant safety in sleeping equipment and sleeping areas. Passed the House 119-05. Never passed Senate. Included in Health Conference committee.
- Governor signed April 12.

#### *Bills That Are Still Possible*

##### 4% Medicaid Restoration

- House Bill 2180 was passed out of House 4/6. The bill will use the HMO privilege fee increase to restore all of the 4 percent Medicaid rate reductions from July 2016. Additionally, the bill will use excess revenue raised from the provider assessment and privilege fees to fund \$33.5 million in new funding for community mental health centers over the next three years.
- The Senate version of the bill, Senate Bill 94, uses the HMO privilege fee as well, but does not fund and additional programs. SB 94 passed the Senate and is in House Appropriations.
- SB 94: Increasing the health maintenance organization privilege fee and extending the medical assistance fee fund. Passed Senate. In House Appropriations.

Medicaid Expansion. House Bill 2044.

- In February the House (81-44) and Senate (25-14) passed House Bill 2044 expanding Medicaid coverage under KanCare. The Governor vetoed the bill March 30. Brownback said the bill failed to eliminate the waiting lists for disability services and was not budget neutral. His message also stressed it would be “unwise to undertake such a drastic change” amid an ACA overhaul in Washington. The House took the issue up on April 3 and they failed to override on a vote of 81-44. The Senate, because the override failed in the House, did not take up the issue.

#### Child Seat belt education program

- Conference Committee Report on SB 89 (Now contains House Bill 2076): Creating seat belt safety fund and increasing fine for adult violations. Passed 92-33. Passed Conference committee report in the House.

#### KanCare Inspector General

- HB 2047: Transfer the KanCare Office of the Inspector General to Attorney General. Passed House 123-0 on 3/28. In Senate Committee. Now in Judiciary conference committee.

#### *Bills That Are Likely Dead for This Session*

##### Meningitis vaccination

- House Bill 2205: Vaccinations for meningitis required. Passed the House 104-20. Hearing in Senate Health 3/15.

#### **Next Week Activities**

During the veto/wrap up session there are very few regularly scheduled committee meetings other than the budget committees, the tax committees, and the education committees.

Conference committees will continue to meet to negotiate differences between House and Senate bills. If there is a schedule or bills are set for action on the House and Senate floor, as usual, the schedule can be found in the House and Senate calendars on the Legislature website at:

[http://www.kslegislature.org/li/b2017\\_18/chamber/calendars/](http://www.kslegislature.org/li/b2017_18/chamber/calendars/)

#### **Wrap Up**

Please let me know if you have questions.