

## HOUSE BILL No. 2459

By Representative Coleman

12-15

---

1 AN ACT concerning insurance; relating to health insurance; enacting the  
2 Kansas health act; creating a universal single-payer guaranteed  
3 healthcare coverage program; pertaining to eligibility and enrollment,  
4 benefits, board of trustees, healthcare providers, care coordination,  
5 program standards, rules and regulations, retraining of impacted  
6 employees, advisory council and revenue proposal; establishing the  
7 Kansas health trust fund.

8  
9 *Be it enacted by the Legislature of the State of Kansas:*

10 Section 1. (a) The provisions of sections 1 through 21, and  
11 amendments thereto, shall be known and may be cited as the Kansas health  
12 act.

13 (b) (1) The legislature finds and declares that all residents of the state  
14 have the right to healthcare. While the affordable care act brought many  
15 improvements in healthcare and healthcare coverage, it still leaves many  
16 Kansans without coverage or with inadequate coverage.

17 (2) Thousands of Kansans either do not get the healthcare they need  
18 or face financial obstacles and hardships to get it. Neither is acceptable.  
19 There is no plan other than the Kansas health act that will enable Kansans  
20 to meet their healthcare needs. Kansans, as individuals, employers and  
21 taxpayers, have experienced a rise in the cost of healthcare and healthcare  
22 coverage in recent years, including premiums, deductibles and  
23 copayments, costs arising from having restricted provider networks and  
24 already high out-of-network charges. Many Kansans live without  
25 healthcare because they cannot afford it or suffer financial hardship to get  
26 it.

27 (3) Businesses have also experienced increases in the costs of  
28 healthcare benefits for their employees, and many employers are shifting a  
29 larger share of the cost of coverage to their employees or dropping  
30 coverage entirely.

31 (4) Older adults and individuals with disabilities often cannot receive  
32 the services necessary to stay in the community or other long-term services  
33 and supports. Even when older adults and individuals with disabilities  
34 receive long-term services and supports, especially services in the  
35 community, it is often at the cost of unreasonable demands on unpaid  
36 family caregivers, depleting their own or family resources, or

1 impoverishing themselves to qualify for public coverage. Including long-  
2 term services and supports in Kansas health is a major step forward for  
3 older adults, individuals with disabilities and their families.

4 (5) Healthcare providers are also affected by inadequate health  
5 coverage in Kansas. A large number of hospitals, health centers and other  
6 providers now experience substantial losses due to the provision of care  
7 that is uncompensated. Individuals often find that they are deprived of  
8 affordable care and choice because of decisions by health plans guided by  
9 the plan's economic interests rather than the individual's healthcare needs.

10 (6) To address the fiscal crisis facing the healthcare system and the  
11 state and to ensure that Kansans can exercise their right to healthcare,  
12 affordable and comprehensive healthcare coverage must be provided. This  
13 legislation is an enactment of utmost state interest for the purpose of  
14 establishing a comprehensive universal guaranteed healthcare coverage  
15 program and a healthcare cost control system for the benefit of all  
16 residents of the state of Kansas.

17 (c) It is the intent of the legislature to create the Kansas health  
18 program, which shall provide a universal single-payer health plan for  
19 every Kansan, funded by broad-based revenue based on one's ability to  
20 pay. While the legislature intends that federal waivers and approvals be  
21 sought where they will improve the administration of the Kansas health  
22 program, the legislature intends that the program be implemented even in  
23 the absence of such waivers or approvals. The state shall work to obtain  
24 waivers and other approvals relating to medicaid, the children's health  
25 insurance program, medicare, the affordable care act and any other  
26 appropriate federal programs, under which federal funds and other  
27 subsidies that would otherwise be paid to the state of Kansas, Kansans and  
28 healthcare providers for healthcare coverage that will be equaled or  
29 exceeded by the Kansas health program will be paid by the federal  
30 government to the state and deposited in the Kansas health trust fund or  
31 paid to healthcare providers and individuals in combination with Kansas  
32 health trust fund payments, and for other program modifications, including  
33 elimination of cost sharing and insurance premiums. Under such waivers  
34 and approvals and to the maximum extent possible, healthcare coverage  
35 under such programs shall be replaced and merged into the Kansas health  
36 program, which shall operate as a true single-payer program.

37 (d) If any necessary waiver or approval is not obtained, the state shall  
38 use state plan amendments and seek waivers and approvals to maximize  
39 and make as seamless as possible the use of federally matched public  
40 health programs and federal health programs in the Kansas health  
41 program. Thus, although other programs such as medicaid or medicare  
42 may contribute to paying for care, it is the goal of this legislation that  
43 healthcare coverage be delivered by Kansas health and, as much as

1 possible, multiple sources of funding be pooled with other Kansas health  
2 funds.

3 (e) This program will promote movement away from fee-for-service  
4 payment, which tends to reward quantity and requires excessive  
5 administrative expense, and toward alternate payment methodologies, such  
6 as global or capitated payments to providers or healthcare organizations,  
7 that promote quality, efficiency, investment in primary and preventive care  
8 and innovation and integration in the organization of healthcare.

9 (f) The program shall promote the use of clinical data to improve the  
10 quality of healthcare and public health, consistent with the protection of  
11 patient confidentiality. The program shall maximize patient autonomy in  
12 choice of healthcare providers and healthcare decision making. Care  
13 coordination within the program shall ensure management and  
14 coordination among a patient's healthcare services, consistent with patient  
15 autonomy and person-centered service planning, rather than acting as a  
16 gatekeeper to needed services.

17 (g) This act shall not be construed to create any employment benefit,  
18 nor does it require, prohibit or limit the providing of any employment  
19 benefit.

20 (h) In order to promote improved quality of and access to healthcare  
21 services and promote improved clinical outcomes, it is the policy of the  
22 state to encourage cooperative, collaborative and integrative arrangements  
23 among healthcare providers who might otherwise be competitors, under  
24 the active supervision of the secretary of health and environment. It is the  
25 intent of the state to supplant competition with such arrangements and  
26 regulation only to the extent necessary to accomplish the purposes of this  
27 act and to provide state action immunity under the state and federal  
28 antitrust laws to healthcare providers, particularly with respect to their  
29 relations with the single-payer Kansas health plan created by this act.

30 (i) There have been numerous professional economic analyses of  
31 state and national single-payer health proposals by noted consulting firms  
32 and academic economists. They have almost all come to similar  
33 conclusions of net savings in the cost of health coverage and healthcare.  
34 These savings are driven by:

35 (1) Eliminating the administrative bureaucracy costs, marketing and  
36 profit of multiple health plans and replacing that with the dramatically  
37 lower costs of running a single-payer system;

38 (2) substantially reducing the administrative costs borne by healthcare  
39 providers dealing with those health plans; and

40 (3) using the negotiating power of over 2,000,000 consumers to  
41 achieve lower drug prices. These savings will more than offset costs  
42 primarily from:

43 (A) Relieving patients of deductibles, copayments and out-of-

1 network charges;

2 (B) covering the uninsured;

3 (C) increasing provider payment rates above medicare and medicaid  
4 rates; and

5 (D) replacing uncompensated home healthcare with paid care.

6 (j) Unlike premiums and out-of-pocket spending, the Kansas health  
7 act tax will be progressively graduated based on an individual's ability to  
8 pay. The vast majority of Kansans today spend dramatically more in  
9 premiums, deductibles and other out-of-pocket costs than they will in  
10 Kansas health act taxes. They will have broader coverage, including long-  
11 term care, no restricted provider networks or out-of-network charges and  
12 no deductibles or copayments.

13 Sec. 2. As used in the Kansas health act:

14 (a) "Act" means the Kansas health act;

15 (b) "affordable care act" means the federal patient protection and  
16 affordable care act, public law 111-148, and the health care and education  
17 reconciliation act of 2010, public law 111-152, as in effect on July 1, 2022;

18 (c) "board" means the board of trustees of the Kansas health program  
19 created by section 4, and amendments thereto;

20 (d) "care coordination" means, but is not limited to, managing,  
21 referring, locating, coordinating and monitoring healthcare services for the  
22 member to ensure that all medically necessary healthcare services are  
23 made available to and are effectively used by the member in a timely  
24 manner, consistent with patient autonomy. "Care coordination" does not  
25 include a requirement for prior authorization for healthcare services or for  
26 a referral for a member to receive healthcare services;

27 (e) "care coordinator" means an individual or entity approved to  
28 provide care coordination under section 8, and amendments thereto;

29 (f) "department" means the department of health and environment;

30 (g) "federally matched public health program" means medicaid and  
31 the state children's health insurance program, K.S.A. 38-2001 et seq., and  
32 amendments thereto;

33 (h) "healthcare organization" means an entity that is approved by the  
34 secretary under section 12, and amendments thereto;

35 (i) "healthcare provider" means any individual or entity legally  
36 authorized to provide healthcare services under medicaid, medicare or  
37 chapter 65 of the Kansas Statutes Annotated, and amendments thereto;

38 (j) "implementation period" means the period under section 3, and  
39 amendments thereto, during which the program is subject to special  
40 eligibility and financing provisions until the program is fully implemented  
41 pursuant to section 3, and amendments thereto;

42 (k) "Kansas health," "Kansas health program" and "program" mean  
43 the Kansas health program created by this act;

- 1 (l) "medicaid" means the Kansas medical assistance program  
2 established in accordance with title XIX of the federal social security act,  
3 42 U.S.C. § 1396 et seq., and chapter 39 of the Kansas Statutes Annotated,  
4 and amendments thereto, including any medicaid waiver programs granted  
5 under section 1915 of the federal social security act;
- 6 (m) "medicare" means title XVIII of the federal social security act;
- 7 (n) "member" means an individual who is enrolled in the program;
- 8 (o) "non-payroll tax" means the tax on taxable income, including, but  
9 not limited to, interest, dividends and capital gains, not subject to the  
10 payroll tax;
- 11 (p) (1) "out-of-state healthcare service" means a healthcare service  
12 provided to a member while the member is temporarily out of the state and  
13 is:
- 14 (A) Medically necessary that such healthcare service be provided  
15 while the member is out of the state; or
- 16 (B) clinically appropriate that such healthcare service be provided by  
17 a particular healthcare provider located out of the state rather than in the  
18 state.
- 19 (2) "Out-of-state healthcare service" does not include any healthcare  
20 service provided to a Kansas health member by a healthcare provider  
21 qualified under section 7, and amendments thereto, that is located outside  
22 the state. Such healthcare service shall be covered as otherwise provided  
23 by this act;
- 24 (q) "participating provider" means any individual or entity that is a  
25 healthcare provider qualified under section 7, and amendments thereto,  
26 and that provides healthcare services to members under the program or a  
27 healthcare organization;
- 28 (r) "payroll tax" means the tax on payroll income and self-employed  
29 income subject to the medicare part A tax;
- 30 (s) "person" means any individual or natural person, trust,  
31 partnership, association, unincorporated association, corporation,  
32 company, limited liability company, proprietorship, joint venture, firm,  
33 joint stock association, department, agency, authority or other legal entity,  
34 whether for-profit, nonprofit or governmental;
- 35 (t) "resident" means an individual whose primary place of abode is in  
36 Kansas, who is employed or self-employed full time in Kansas, without  
37 regard to such individual's immigration status, as determined according to  
38 rules and regulations adopted by the secretary;
- 39 (u) "revenue proposal" means the revenue plan and legislative bills,  
40 as proposed and enacted under section 19, and amendments thereto, to  
41 provide the revenue necessary to finance the Kansas health program;
- 42 (v) "secretary" means the secretary of health and environment; and
- 43 (w) "tax" means the payroll tax or nonpayroll tax to be enacted under

1 the revenue proposal.

2 Sec. 3. (a) The Kansas health program is hereby created in the  
3 department. The secretary shall establish and implement the program  
4 pursuant to this act. The program shall provide comprehensive health  
5 coverage to every Kansas resident who enrolls in the program.

6 (b) To the maximum extent possible, the secretary shall organize,  
7 administer and market the program and services as a single program under  
8 the name "Kansas health" or such other name as the secretary shall  
9 determine, regardless of which law or source the definition of a benefit is  
10 found, including, on a voluntary basis, retiree health benefits. In  
11 implementing this act, the secretary shall avoid jeopardizing federal  
12 financial participation in such program and shall take care in promoting  
13 public understanding and awareness of available benefits and programs.

14 (c) The secretary shall determine when individuals may begin  
15 enrolling in the program. There shall be an implementation period  
16 beginning on the date that individuals may begin enrolling in the program  
17 and ending as determined by the secretary. Individuals shall not enroll in  
18 the Kansas health program until the legislature enacts the revenue proposal  
19 in section 19, and amendments thereto, and as the legislature shall further  
20 provide.

21 (d) (1) An insurer authorized to provide coverage pursuant to chapter  
22 40 of the Kansas Statutes Annotated, and amendments thereto, may offer  
23 benefits that do not cover any service for which coverage is offered to  
24 individuals under the program, but shall not offer benefits that cover any  
25 service for which coverage is offered to individuals under the program.

26 (2) In accordance with paragraph (1), this subsection shall not  
27 prohibit the offering of:

28 (A) Any benefits to or for individuals, including such individual's  
29 family, who are employed or self-employed in the state but who are not  
30 residents of the state;

31 (B) benefits during the implementation period to individuals who  
32 enrolled or may enroll as members of the program; or

33 (C) retiree health benefits.

34 (e) A postsecondary educational institution, as defined in K.S.A. 74-  
35 3201b, and amendments thereto, may purchase coverage under the  
36 program for any student or student's dependent who is not a resident of this  
37 state.

38 (f) To the extent that any provision of chapters 38, 39, 40 and 65 of  
39 the Kansas Statutes Annotated, and amendments thereto, is inconsistent  
40 with any provision of this act, the provisions of this act shall control  
41 except where explicitly provided otherwise by this act or explicitly  
42 required by federal law or rules and regulations.

43 (g) (1) The provisions of K.S.A. 40-22a13 through 40-22a16, and

1 amendments thereto, shall not apply to the program, and the provisions of  
2 this section shall control.

3 (2) An external appeal shall not require utilization review or an  
4 adverse determination. When the program makes an adverse  
5 determination, an external appeal shall be automatic unless specifically  
6 waived or withdrawn by the member or the member's designee. Services,  
7 including services provided for a chronic condition, shall continue  
8 unchanged until the outcome of the external appeal decision is issued.  
9 When an external appeal is initiated or pursued by the member's healthcare  
10 provider, such provider shall notify the member or the member's designee,  
11 and such appeal shall be subject to the member's or member's designee's  
12 right to waive or withdraw. No fee shall be required to be paid by any  
13 party to an external appeal, including the member's healthcare provider.

14 (3) When an external appeal is denied, the external appeal agent shall  
15 notify the member or the member's designee and, where appropriate, the  
16 member's healthcare provider within two business days of the  
17 determination. The notice shall include a statement that the member,  
18 member's designee or healthcare provider has the right to appeal the  
19 determination to a fair hearing under this subsection and to seek judicial  
20 review.

21 (4) A member may designate a person or entity to serve as the  
22 member's designee for purposes of this subsection if the person or entity  
23 agrees to be such designee. The designee may include, but not be limited to,  
24 a member's family member, care coordinator, healthcare organization  
25 providing the service under review or appeal or a labor union or entity  
26 affiliated with and designated by a labor union of which the member or  
27 member's family member is a member.

28 (h) The secretary shall adopt rules and regulations as necessary to  
29 implement the provisions of this section, including rules and regulations to  
30 establish a process for fair hearings under this section. At a minimum, the  
31 process shall conform to the standards for fair hearings under the Kansas  
32 administrative procedure act.

33 (i) Nothing in this act shall preclude the use of a medicare managed  
34 care entity or other entity created by or under the direction of the program  
35 when reasonably necessary to maximize federal financial participation or  
36 other federal financial support under any federally matched public health  
37 program, medicare or the affordable care act. To the maximum extent  
38 feasible, any entity under this subsection shall operate in the background  
39 without burden on or interference with the member and the healthcare  
40 provider and shall not deprive the member or healthcare provider of any  
41 right or benefit under the program and otherwise consistent with this act.

42 Sec. 4. (a) There is hereby established the Kansas health board of  
43 trustees in the department. At the request of the secretary, the board of

1 trustees shall consider any matter to effectuate the provisions of this act  
2 and may advise the secretary thereon. From time to time, the board of  
3 trustees may submit to the secretary any recommendations to effectuate the  
4 provisions of this act.

5 (b) The secretary shall submit all proposed rules and regulations  
6 under this act for consideration by the board. The board shall either  
7 approve, amend and approve or reject such proposed rules and regulations.  
8 The secretary shall adopt such rules and regulations so approved or  
9 amended and approved by the board.

10 (c) The board shall be composed of:

11 (1) The secretary or the secretary's designee, as an ex officio member;

12 (2) the director of the budget or the director's designee, as an ex  
13 officio member; and

14 (3) 29 trustees appointed by the governor as follows:

15 (A) Six members who are representatives of healthcare consumer  
16 advocacy organizations that have a statewide or regional constituency and  
17 are involved in issues of interest to low-income and moderate-income  
18 individuals, older adults and individuals with disabilities, at least three of  
19 whom shall be representatives of organizations led by consumers in such  
20 groups;

21 (B) three members who are representatives of professional  
22 organizations representing physicians;

23 (C) three members who are representatives of professional  
24 organizations representing licensed or registered healthcare professionals  
25 other than physicians;

26 (D) three members who are representatives of general hospitals, one  
27 of whom shall be a representative of public general hospitals;

28 (E) one member representing community health centers;

29 (F) two members representing rehabilitation or home care providers;

30 (G) two members representing behavioral, mental health or disability  
31 service providers;

32 (H) two members representing healthcare organizations;

33 (I) three members representing organized labor; and

34 (J) two members who shall be employers or representatives of  
35 employers required to pay the payroll tax under this act or, prior to the tax  
36 becoming effective, will pay the tax;

37 (4) six members appointed by the speaker of the house of  
38 representatives;

39 (5) six members appointed by the president of the senate;

40 (6) two members appointed by the minority leader of the house of  
41 representatives; and

42 (7) two members appointed by the minority leader of the senate.

43 (c) After the end of the implementation period, no individual shall



1 serve as a trustee unless such individual is a member of the program.

2 (d) Each trustee shall serve at the pleasure of the appointing authority,  
3 except the trustees serving as ex officio trustees.

4 (e) The chairperson of the board shall be appointed by the governor  
5 from among the trustees and may be removed as chairperson by the  
6 governor.

7 (f) The board shall meet at least four times each calendar year.  
8 Meetings shall be held upon the call of the chairperson and as provided by  
9 the board. A majority of the appointed trustees shall be a quorum of the  
10 board. The affirmative vote of a majority of the trustees voting, but not  
11 fewer than 12, shall be necessary for any action taken by the board.

12 (g) The board may establish an executive committee to exercise any  
13 powers or duties of the board as the board may provide and other  
14 committees to assist the board or the executive committee. The  
15 chairperson of the board shall be the chairperson of the executive  
16 committee and shall appoint the chairperson and members of all other  
17 committees. The board may appoint one or more advisory committees.  
18 Members of such advisory committees need not be members of the board  
19 of trustees.

20 (h) Trustees shall serve without compensation, except that trustees  
21 shall be paid for such trustees' mileage and actual and necessary expenses  
22 incurred while performing the duties of the board as provided in K.S.A.  
23 75-3223, and amendments thereto.

24 (i) Notwithstanding any provision of law to the contrary, no officer or  
25 employee of the state or any local government shall forfeit such officer's or  
26 employee's office or employment by reason of serving as a trustee.

27 (j) The board and the board's committees or advisory committees may  
28 request and receive the assistance of the department and any other state or  
29 local governmental entity in exercising the powers and duties of the board  
30 or any committee of the board.

31 (k) Not later than July 1, 2024, the board shall develop and present to  
32 the governor and the legislature proposals for:

33 (1) Incorporating retiree health benefits into Kansas health;

34 (2) accommodating employer retiree health benefits for individuals  
35 who have been members of Kansas health but live as retirees outside of the  
36 state;

37 (3) accommodating employer retiree health benefits for individuals  
38 who earned or accrued such benefits while residing in the state prior to the  
39 implementation of Kansas health and live as retirees outside of the state;

40 (4) Kansas health coverage of healthcare services covered under the  
41 workers compensation act, including whether and how to continue funding  
42 for such services under the workers compensation act and incorporate an  
43 element of experience rating;

1 (5) Kansas health coverage of healthcare services covered under  
2 personal injury protection benefits under the Kansas automobile  
3 reparations act, including whether and how to continue funding for such  
4 services; and

5 (6) integrating of United States department of veterans affairs health  
6 programs with Kansas health coverage of healthcare services, except that  
7 enrollment in or eligibility for United States department of veterans affairs  
8 health programs shall not affect an individual's eligibility for Kansas  
9 health coverage.

10 Sec. 5. (a) Every resident of this state shall be eligible and entitled to  
11 enroll as a member of the program.

12 (b) No individual shall be required to pay any premium or other  
13 charge for enrolling or being a member under the program.

14 (c) A newborn child shall be enrolled effective on the date of such  
15 child's birth if enrollment is done prior to such child's birth or within 60  
16 days after such child's birth.

17 Sec. 6. (a) The program shall provide comprehensive health coverage  
18 to every member. Such comprehensive health coverage shall include all  
19 healthcare services required to be covered under any of the following,  
20 without regard to whether the member would otherwise be eligible for or  
21 covered by the program or source referred to:

22 (1) The state children's health insurance program, K.S.A. 38-2001 et  
23 seq., and amendments thereto;

24 (2) medicaid, including, but not limited to, services provided under  
25 medicaid waiver programs under section 1915 of the federal social  
26 security act;

27 (3) medicare;

28 (4) chapter 40 of the Kansas Statutes Annotated, and amendments  
29 thereto; and

30 (5) any additional healthcare service authorized to be added to the  
31 program's benefits by the program.

32 (b) No member shall be required to pay any premium, deductible,  
33 copayment or coinsurance under the program.

34 (c) The program shall provide for the payment for:

35 (1) Emergency and temporary healthcare services provided to a  
36 member or individual entitled to become a member who has not had a  
37 reasonable opportunity to become a member or to enroll with a care  
38 coordinator; and

39 (2) healthcare services provided in an emergency to an individual  
40 who is entitled to become a member or enrolled with a care coordinator,  
41 regardless of such individual having had an opportunity to do so.

42 Sec. 7. (a) Any healthcare provider qualified to participate under this  
43 section may provide healthcare services if the healthcare provider is

1 otherwise legally authorized to perform healthcare services for the  
2 individual under the circumstances involved.

3 (b) A member may choose to receive healthcare services under the  
4 program from any participating provider, consistent with the provisions of  
5 this act relating to care coordination and healthcare organizations. Such  
6 member choice shall be subject to the provisions of this act relating to  
7 discrimination, appropriate clinically relevant circumstances and the  
8 willingness or availability of the provider.

9 Sec. 8. (a) A care coordinator may be an individual or entity approved  
10 by the program that is:

11 (1) A healthcare provider who is:

12 (A) The member's primary care practitioner;

13 (B) the member's provider of primary gynecological care at the  
14 option of a female member; or

15 (C) a specialist healthcare provider who regularly and continually  
16 provides treatment to the member at the option of a member who has a  
17 chronic condition that requires specialty care;

18 (2) an entity licensed under chapter 65 of the Kansas Statutes  
19 Annotated, and amendments thereto, or other entity approved by the  
20 secretary;

21 (3) a healthcare organization;

22 (4) a labor union or an entity affiliated with and designated by a labor  
23 union of which the enrollee or enrollee's family member is a member,  
24 except that this provision shall not preclude such an entity from becoming  
25 a care coordinator under paragraph (5) or a healthcare organization under  
26 section 12, and amendments thereto; or

27 (5) any not-for-profit or governmental entity approved by the  
28 program.

29 (b) (1) Every member shall enroll with a care coordinator that agrees  
30 to provide care coordination to the member prior to receiving healthcare  
31 services to be paid under the program. Healthcare services provided to a  
32 member shall not be subject to payment under the program unless the  
33 member is enrolled with a care coordinator at the time the healthcare  
34 service is provided.

35 (2) This subsection shall not apply to emergency or temporary  
36 healthcare services provided under section 6, and amendments thereto.

37 (3) The member shall remain enrolled with such care coordinator  
38 until the member becomes enrolled with a different care coordinator or  
39 ceases to be a member. A member has the right to change such member's  
40 care coordinator.

41 (c) The care coordinator shall provide care coordination to the  
42 member. A care coordinator may employ or utilize the services of other  
43 individuals or entities to assist in providing care coordination for the

1 member, consistent with rules and regulations adopted by the secretary.

2 (d) A healthcare organization may establish rules relating to care  
3 coordination for members in such healthcare organization different from  
4 this section but otherwise consistent with this act and other applicable law.

5 (e) (1) The secretary shall adopt rules and regulations for an  
6 individual or entity to be approved as a care coordinator in the program,  
7 including, but not limited to, the revocation, suspension, limitation or  
8 annulment of approval when:

9 (A) The secretary determines that the individual or entity is not  
10 qualified or competent to be a care coordinator;

11 (B) the care coordinator exhibits a course of conduct that is  
12 inconsistent with such rules and regulations;

13 (C) the care coordinator exhibits an unwillingness to meet such rules  
14 and regulations; or

15 (D) the care coordinator is a potential threat to the public health or  
16 safety.

17 (2) Such rules and regulations shall not limit approval to be a care  
18 coordinator in the program for criteria other than those under this section  
19 and shall be consistent with good professional practice.

20 (3) In adopting such rules and regulations, the secretary shall:

21 (A) Consider existing standards developed by national accrediting  
22 and professional organizations; and

23 (B) consult with national and local organizations working on care  
24 coordination or similar models, including healthcare providers, hospitals,  
25 clinics and consumers and such consumers' representatives.

26 (4) When adopting rules and regulations for approval of care  
27 coordinators for individuals receiving chronic mental healthcare services,  
28 the secretary shall consult with the behavioral sciences regulatory board.

29 (f) To maintain approval under the program, a care coordinator shall:

30 (1) Renew the care coordinator's status at a frequency determined by  
31 the secretary; and

32 (2) provide data to the department as required by the secretary to  
33 enable the secretary to evaluate the impact of care coordinators on quality,  
34 outcomes, cost and patient and provider satisfaction.

35 Sec. 9. (a) (1) The secretary shall adopt rules and regulations for  
36 healthcare providers to be qualified to participate in the program,  
37 including, but not limited to, the revocation, suspension, limitation or  
38 annulment of qualification to participate when:

39 (A) The secretary determines that the healthcare provider is not  
40 qualified or competent to be a provider of specific healthcare services;

41 (B) the healthcare provider exhibits a course of conduct that is  
42 inconsistent with program rules and regulations;

43 (C) the healthcare provider exhibits an unwillingness to meet such

1 rules and regulations; or

2 (D) the healthcare provider is a potential threat to the public health or  
3 safety.

4 (2) Such rules and regulations may be different for different types of  
5 healthcare providers and healthcare professionals. The secretary may  
6 require that such healthcare providers and healthcare professionals  
7 participate in medicaid, the state children's health insurance program as  
8 provided in K.S.A. 38-2001 et seq., and amendments thereto, or medicare  
9 to qualify to participate in the program. Any healthcare provider that is  
10 qualified to participate under medicaid, the state children's health  
11 insurance program as provided in K.S.A. 38-2001 et seq., and amendments  
12 thereto, or medicare shall be qualified to participate in the program. Any  
13 healthcare provider's revocation, suspension, limitation or annulment of  
14 qualification to participate in any such programs shall apply to the  
15 healthcare provider's qualification to participate in the program unless such  
16 healthcare provider follows the procedures to become qualified under the  
17 program by the end of the implementation period.

18 (b) The secretary shall adopt rules and regulations for recognizing  
19 healthcare providers located outside the state for purposes of providing  
20 coverage under the program for out-of-state healthcare services.

21 (c) Rules and regulations adopted under this section shall include  
22 provisions for expedited temporary qualification to participate in the  
23 program for healthcare providers who are:

24 (1) Temporarily authorized to practice in the state; or

25 (2) recently arrived in the state or recently authorized to practice in  
26 the state.

27 Sec. 10. (a) (1) The secretary shall adopt rules and regulations for  
28 payment methodologies for healthcare services and care coordination  
29 provided to members under the program by participating providers, care  
30 coordinators and healthcare organizations. There may be a variety of  
31 different payment methodologies, including those established on a  
32 demonstration basis.

33 (2) All payment methodologies and rates under the program shall be  
34 reasonable and reasonably related to the cost of efficiently providing the  
35 healthcare service and assuring an adequate and accessible supply of the  
36 healthcare service.

37 (3) In determining such payment methodologies and rates, the  
38 secretary shall consider factors including the:

39 (A) Usual customary rates immediately prior to the implementation  
40 of the program, reported in a benchmarking database maintained by a  
41 nonprofit organization specified by the commissioner of insurance;

42 (B) level of training, education and experience of the healthcare  
43 provider or providers involved; and

1 (C) scope of services, complexity and circumstances of care including  
2 geographic factors.

3 (4) Until other applicable payment methodologies are established,  
4 healthcare services provided to members under the program shall be paid  
5 on fee-for-service basis, except for care coordination.

6 (b) The program shall engage in good faith negotiations with  
7 healthcare providers' representatives, including, but not limited to,  
8 negotiations in relation to rates of payment and payment methodologies.

9 (c) (1) Except as provided by this subsection, prescription drugs  
10 eligible for reimbursement under this act and dispensed by a pharmacy  
11 shall be provided and paid for in the same manner as under the Kansas  
12 medical assistance program.

13 (2) When the member is enrolled in a managed care provider and a  
14 prescription for such member is made under section 340B of the federal  
15 public health service act and under a memorandum of understanding  
16 relating to the 340B program between the Kansas health program and the  
17 relevant 340B program covered entity, the managed care provider shall  
18 purchase, pay for and provide for the drugs under the 340B program.

19 (3) The Kansas health program shall enter into and maintain a  
20 memorandum of understanding relating to the 340B program with each  
21 340B program covered entity in the state that agrees to enter into such  
22 memorandum of understanding.

23 (4) When prescription drugs are not dispensed through a pharmacy,  
24 payment shall be made as otherwise provided in this act, including use of  
25 the 340B program as appropriate.

26 (d) Payment for healthcare services established under this act shall be  
27 considered payment in full. A participating provider shall neither charge  
28 any rate in excess of the payment established under this act for any  
29 healthcare service provided under the program nor solicit or accept  
30 payment from any member or third party for any such service except as  
31 provided under section 14, and amendments thereto. This subsection shall  
32 not preclude the program from acting as a primary or secondary payer in  
33 conjunction with another third-party payor when permitted under section  
34 14, and amendments thereto.

35 (e) The program may provide payment methodologies for payment  
36 for capital-related expenses for specifically identified capital expenditures  
37 incurred by nonprofit or governmental entities pursuant to this act.

38 (f) The secretary shall adopt rules and regulations for payment  
39 methodologies and procedures for paying for out-of-state healthcare  
40 services.

41 Sec. 11. The program shall not require prior authorization for any  
42 healthcare service that is in any manner more restrictive in terms of access  
43 to or payment for such service than that which would be required for such

1 service under medicare part A or part B. Prior authorization for  
2 prescription drugs provided by pharmacies under the program shall be in  
3 accordance with K.S.A. 39-7,120, and amendments thereto.

4 Sec. 12. (a) A member may choose to enroll and receive healthcare  
5 services under the program from a healthcare organization.

6 (b) A healthcare organization shall be a nonprofit or governmental  
7 entity that is:

8 (1) Approved by the secretary; or

9 (2) a labor union or an entity affiliated with and designated by a labor  
10 union of which the enrollee or the enrollee's family member is a member  
11 and if allowed by applicable law and approved by the secretary for other  
12 members of the program.

13 (c) A healthcare organization may be responsible for providing all or  
14 a part of the healthcare services to which the healthcare organization's  
15 members are entitled under the program, consistent with the terms of such  
16 healthcare organization's approval by the secretary.

17 (d) (1) The secretary shall adopt rules and regulations for an entity to  
18 be approved as a healthcare organization in the program, including, but not  
19 limited to, rules and regulations relating to the revocation, suspension,  
20 limitation or annulment of approval when:

21 (A) The secretary determines that the entity is not competent to be a  
22 healthcare organization;

23 (B) the healthcare organization exhibits a course of conduct that is  
24 inconsistent with rules and regulations;

25 (C) the healthcare organization exhibits an unwillingness to meet  
26 such rules and regulations; or

27 (D) the healthcare organization is a potential threat to the public  
28 health or safety.

29 (2) Such rules and regulations shall not limit approval to be a  
30 healthcare organization in the program for criteria other than those under  
31 this section and shall be consistent with good professional practice.

32 (3) In adopting such rules and regulations, the secretary shall:

33 (A) Consider existing standards developed by national accrediting  
34 and professional organizations; and

35 (B) consult with national and local organizations working in the field  
36 of healthcare organizations, including healthcare providers, hospitals,  
37 clinics, long-term supports and service providers, consumers, consumer  
38 representatives and labor organizations representing healthcare workers.

39 (4) When developing and implementing standards of approval of  
40 healthcare organizations, the secretary shall consult with the secretary for  
41 aging and disability services.

42 (5) To maintain approval under the program, a healthcare  
43 organization shall:

1 (A) Renew such healthcare organization's status at a frequency  
2 determined by the secretary; and

3 (B) provide data to the department as required by the secretary to  
4 enable the secretary to evaluate the healthcare organization in relation to  
5 the quality of healthcare services, healthcare outcomes, cost and patient  
6 and provider satisfaction.

7 (e) The secretary shall adopt rules and regulations relating to  
8 healthcare organizations consistent with and to ensure compliance with  
9 this act.

10 Sec. 13. (a) The secretary shall adopt rules and regulations for the  
11 program and for healthcare organizations, care coordinators and healthcare  
12 providers, consistent with this act, including rules and regulations for:

13 (1) The scope, quality and accessibility of healthcare services;

14 (2) relations between healthcare organizations; and

15 (3) relations between healthcare organizations and healthcare  
16 providers, including:

17 (A) Credentialing and participation in the healthcare organization;  
18 and

19 (B) terms, methods and rates of payment.

20 (b) Rules and regulations under the program shall include, but not be  
21 limited to, provisions to promote the following:

22 (1) Simplification, transparency, uniformity and fairness in healthcare  
23 provider networks, referrals, payment procedures and rates, claims  
24 processing and approval of healthcare services;

25 (2) primary and preventive care, care coordination, efficient and  
26 effective healthcare services, quality assurance, coordination and  
27 integration of healthcare services, including use of appropriate technology  
28 and promotion of public, environmental and occupational health;

29 (3) elimination of healthcare disparities;

30 (4) nondiscrimination with respect to members and healthcare  
31 providers on the basis of race, ethnicity, national origin, religion, disability,  
32 age, sex, sexual orientation, gender identity or expression or economic  
33 circumstances. Healthcare services provided under the program shall be  
34 appropriate to the member's clinically relevant circumstances;

35 (5) accessibility of care coordinators, healthcare organization services  
36 and healthcare services, including accessibility for individuals with  
37 disabilities and individuals with limited ability to speak or understand  
38 English, and the provision of care coordination, healthcare organization  
39 services and healthcare services in a culturally competent manner; and

40 (6) the maximization and prioritization of the most integrated  
41 community-based supports and services in relation to long-term supports  
42 and services.

43 (c) Any participating provider or care coordinator that is organized as



1 a for-profit entity, other than a professional practice of one or more  
2 healthcare providers, shall be required to meet the same rules and  
3 regulations as entities organized as nonprofit entities, and payments under  
4 the program paid to such entities shall not be calculated to accommodate  
5 the generation of profit or revenue for dividends or other return on  
6 investment or the payment of taxes that would not be paid by a nonprofit  
7 entity.

8 (d) Every participating provider shall permit examination of such  
9 provider's records by the program and furnish to the program such  
10 information as may be reasonably required for purposes of reviewing  
11 accessibility and utilization of healthcare services, quality assurance,  
12 promoting improved patient outcomes, cost containment, the making of  
13 payments and statistical or other studies of the operation of the program or  
14 for protection and promotion of public, environmental and occupational  
15 health.

16 (e) The secretary shall consult with representatives of members,  
17 healthcare providers, care coordinators, healthcare organization employers,  
18 organized labor, including representatives of healthcare workers, and other  
19 interested parties in adopting rules and regulations and making other  
20 policy determinations under this act.

21 (f) The program shall maintain the security and confidentiality of all  
22 data and other information collected under the program when such data  
23 would be considered confidential patient data. Aggregate data of the  
24 program that is derived from confidential data but does not violate patient  
25 confidentiality shall be public information, including for purposes of the  
26 open records act.

27 Sec. 14. (a) Consistent with this act and to the maximum extent  
28 possible, the secretary shall seek all federal waivers and other federal  
29 approvals and arrangements to submit state plan amendments necessary to  
30 operate the program. No provision of this act and no action under the  
31 program shall diminish any right or benefit the member would otherwise  
32 have under any federally matched public health program or medicare.

33 (b) (1) The secretary shall apply to the United States secretary of  
34 health and human services or any other appropriate federal official for all  
35 waivers of requirements and shall make other arrangements under  
36 medicare, any federally matched public health program, the affordable  
37 care act and any other federal programs that provide federal moneys for  
38 payment for healthcare services, that are necessary to enable all Kansas  
39 health members to receive all benefits under the program to enable the  
40 state to implement this act.

41 (2) The secretary shall receive and deposit all federal payments  
42 under such programs in the state, including moneys that may be provided  
43 in lieu of premium tax credits, cost-sharing subsidies and small business

1 tax credits, to the credit of the Kansas health trust fund and use such  
2 moneys for the Kansas health program and other provisions under this act.

3 (3) To the maximum extent possible, the secretary shall negotiate  
4 arrangements with the federal government for bulk or lump-sum federal  
5 payments to be paid to Kansas health in place of federal spending or tax  
6 benefits for federally matched health programs or federal health programs.  
7 The secretary shall take all actions under section 3, and amendments  
8 thereto, as are reasonably necessary.

9 (4) The secretary may require members or applicants to become  
10 members to provide information necessary for the program to comply with  
11 any waiver or arrangement under this section.

12 (c) The secretary may take actions consistent with this act to enable  
13 Kansas health to administer medicare in Kansas, to create a medicare  
14 managed care plan that would operate consistent with this act and to be a  
15 provider of prescription drug coverage under medicare part D for eligible  
16 members of Kansas health.

17 (d) The secretary may waive or modify the applicability of the  
18 provisions of this section relating to any federally matched public health  
19 program or medicare as necessary to implement any waiver or  
20 arrangement under this section or to maximize the benefit to the Kansas  
21 health program under this section, if the secretary, in consultation with the  
22 director of the budget, determines that such waiver or modification is in  
23 the best interests of both the members affected by the action and the state.  
24 No action under this subsection shall diminish any right or benefit the  
25 member would otherwise have under the program, any federally matched  
26 public health program or medicare.

27 (e) The secretary may apply for coverage under any federally  
28 matched public health program or medicare on behalf of any member and  
29 enroll the member in such federally matched public health program or  
30 medicare if such member is eligible. Enrollment in a federally matched  
31 public health program or medicare shall not cause any member to lose any  
32 healthcare service provided by the Kansas health program or diminish any  
33 right or benefit such member would otherwise have under the Kansas  
34 health program.

35 (f) Notwithstanding the provisions of K.S.A. 39-709, and  
36 amendments thereto, or any other statute, the commissioner shall adopt  
37 rules and regulations to increase the income eligibility level, increase or  
38 eliminate the resource test for eligibility, simplify any procedural or  
39 documentation requirement for enrollment, increase the benefits for any  
40 federally matched public health program and for any such program to  
41 reduce or eliminate an individual's coinsurance, cost-sharing or premium  
42 obligations or increase an individual's eligibility for any federal financial  
43 support related to medicare or the affordable care act. Under this

1 subsection, the secretary may act upon a finding approved by the director  
2 of the budget that:

3 (1) Will help increase the number of members who are eligible for  
4 and enrolled in federally matched public health programs or any program  
5 that will reduce or eliminate an individual's coinsurance, cost-sharing or  
6 premium obligation or increase an individual's eligibility for any federal  
7 financial support related to medicare or the affordable care act;

8 (2) will not diminish any individual's access to any healthcare service,  
9 benefit or right the individual would otherwise have;

10 (3) is in the best economic interests of the Kansas health program;  
11 and

12 (4) does not require or has received any necessary federal waivers or  
13 approvals to ensure federal financial participation.

14 (g) To enable the secretary to apply for coverage or financial support  
15 under any federally matched public health program, the affordable care act  
16 or medicare on behalf of any member and enroll the member in any such  
17 program, the secretary may require that every member or applicant to  
18 become a member shall provide information to enable the secretary to  
19 determine whether the member or applicant is eligible for any such  
20 program. The Kansas health program shall make a reasonable effort to  
21 notify the member of such member's obligations under this subsection.  
22 After a reasonable effort has been made to contact the member, the  
23 member shall be notified in writing that such member has 60 days to  
24 provide such required information. If such information is not provided  
25 within the 60-day period, the member's coverage under the program may  
26 be terminated.

27 (h) To the extent necessary for purposes of this section, as a condition  
28 of continued eligibility for healthcare services under the program, a  
29 member who is eligible for benefits under medicare shall enroll in  
30 medicare, including parts A, B and D.

31 (i) (1) Except as provided in paragraph (2), the program shall provide  
32 premium assistance for all members enrolling in medicare part D drug  
33 coverage under section 1860D of title XVIII of the federal social security  
34 act, limited to the low-income benchmark premium amount established by  
35 the federal centers for medicare and medicaid services and any other  
36 amount that the federal centers for medicare and medicaid services  
37 establishes under such agency's de minimis premium policy.

38 (2) Payments made on behalf of members enrolled in a medicare  
39 advantage plan may exceed the low-income benchmark premium amount  
40 if the secretary determines such action to be cost effective to the program.

41 Sec. 15. (a) The secretary shall contract with nonprofit organizations  
42 to provide:

43 (1) Consumer assistance to individuals with respect to selection and

1 changing selection of a care coordinator or healthcare organization,  
2 enrolling, obtaining healthcare services and other matters relating to the  
3 program;

4 (2) healthcare provider assistance to healthcare providers providing or  
5 considering whether to provide healthcare services under the program,  
6 with respect to participating in a healthcare organization; and

7 (3) care coordination assistance to individuals and entities providing  
8 and seeking or considering whether to provide care coordination to  
9 members.

10 (b) The secretary shall, directly and through grants to nonprofit  
11 organizations, conduct programs using data collected through the Kansas  
12 health program to promote and protect the quality of healthcare services,  
13 patient outcomes and public, environmental and occupational health,  
14 including cooperation with other data collection and research programs of  
15 the department. No individually identifiable patient information or data  
16 shall be used or disclosed under this subsection. The secretary shall  
17 provide for the security and confidentiality of any individually identifiable  
18 patient information or data in accordance with applicable state and federal  
19 law.

20 Sec. 16. (a) As used in this section:

21 (1) "Third-party payor" means any entity that provides or arranges  
22 reimbursement in whole or in part for the purchase of healthcare services;

23 (2) "healthcare provider administrative employee" means an  
24 employee of a healthcare provider primarily engaged in relations or  
25 dealings with third-party payors or seeking payment or reimbursement for  
26 healthcare services from third-party payors; and

27 (3) "impacted employee" means an individual who, at any time from  
28 July 1, 2022, until two years after the end of the implementation period, is  
29 employed by a third-party payor or is a healthcare provider administrative  
30 employee and whose employment ends or is reasonably anticipated to end  
31 as a result of the implementation of the Kansas health program.

32 (b) On or before October 1, 2022, the secretary of labor shall convene  
33 a retraining and reemployment task force including, but not limited to:

34 (1) Representatives of potential impacted employees;

35 (2) individuals with experience and expertise in healthcare providers;

36 (3) individuals with experience and expertise in retraining and  
37 reemployment programs relevant to the circumstances of impacted  
38 employees; and

39 (4) representatives of the department of labor.

40 (c) The secretary of labor and the task force shall review and provide:

41 (1) Analysis of potential impacted employees by job title and  
42 geography;

43 (2) competency mapping and labor market analysis of impacted

1 employee occupations with job openings; and

2 (3) establishment of regional retraining and reemployment systems,  
 3 including, but not limited to, job boards, outplacement services, job search  
 4 services, career advisement services and retraining advisement, to be  
 5 coordinated with the Kansas health advisory council established under  
 6 section 18, and amendments thereto.

7 (d) (1) Three or more impacted employees, a recognized union of  
 8 workers including impacted employees or an employer of impacted  
 9 employees may file a petition with the secretary of labor to certify such  
 10 employees as impacted employees.

11 (2) Impacted employees shall be eligible for up to two years of:

12 (A) Retraining at any training provider approved by the secretary of  
 13 labor; and

14 (B) unemployment benefits, if the impacted employee is enrolled in a  
 15 training program approved by the secretary of labor, is actively seeking  
 16 employment and is not currently employed full time. An impacted  
 17 employee may maintain unemployment benefits for up to two years even if  
 18 such impacted employee does not meet the criteria of this subsection but is  
 19 63 years of age or older at the time of loss of employment as an impacted  
 20 employee.

21 (e) The secretary shall provide moneys from the Kansas health trust  
 22 fund to the secretary of labor for retraining and reemployment program for  
 23 impacted employees under this section.

24 (f) The secretary of labor shall adopt rules and regulations and take  
 25 other actions reasonably necessary to implement the provisions of this  
 26 section.

27 Sec. 17. When any settlement, judgment or order in the course of  
 28 litigation, or any contract or agreement made as an alternative to litigation,  
 29 provides that one party shall pay for healthcare coverage for another party  
 30 who is entitled to enroll in the program, any party to the settlement,  
 31 judgment, order, contract or agreement may apply to the court for  
 32 modification of such settlement, judgment, order, contract or agreement.  
 33 The modification may provide that the paying party shall pay all or a part  
 34 of the Kansas health tax that is owed by the other party. As used in this  
 35 section, "Kansas health tax" means the tax or taxes enacted by the  
 36 legislature as part of the revenue proposal in section 19, and amendments  
 37 thereto, to fund the program.

38 Sec. 18. (a) The Kansas health advisory council is hereby created in  
 39 the department.

40 (b) The Kansas health advisory council shall be composed of 13  
 41 members, appointed as follows:

42 (1) One member appointed by the governor to represent organized  
 43 labor;

1 (2) one member appointed by the governor to represent mental health  
2 and behavioral health providers;

3 (3) one member appointed by the governor to represent professional  
4 organizations for physicians;

5 (4) one member appointed by the governor to represent adult care  
6 facilities;

7 (5) one member appointed by the speaker of the house of  
8 representatives to represent community health centers;

9 (6) one member appointed by the speaker of the house of  
10 representatives to represent organizations advocating for older adults;

11 (7) one member appointed by the speaker of the house of  
12 representatives to represent healthcare professions other than physicians;

13 (8) one member appointed by the minority leader of the house of  
14 representatives to represent employers;

15 (9) one member appointed by the president of the senate to represent  
16 hospitals;

17 (10) one member appointed by the president of the senate to represent  
18 counties and local municipalities;

19 (11) one member appointed by the president of the senate to represent  
20 healthcare workers;

21 (12) one member appointed by the minority leader of the senate to  
22 represent women's health service providers; and

23 (13) the secretary or the secretary's designee.

24 (c) Members of the council shall be appointed for terms of three  
25 years. Vacancies shall be filled in the same manner as the original  
26 appointment for the remainder of any unexpired term. No person shall be a  
27 member of the council for more than six years in any period of 12  
28 consecutive years.

29 (d) Members of the council shall serve without compensation but  
30 shall be reimbursed for such member's necessary and actual expenses  
31 incurred while engaged in the business of the council as provided in  
32 K.S.A. 75-3223, and amendments thereto. The program shall provide  
33 financial support for such expenses and other expenses of the council.

34 (e) The council shall meet at least quarterly. The council may form  
35 committees to assist the council in the council's work. Members of any  
36 such committee need not be members of the council.

37 (f) The council shall advise the secretary, the governor and the  
38 legislature on all matters relating to the development and implementation  
39 of the Kansas health program.

40 (g) The council shall adopt, and from time to time revise, a  
41 community health improvement plan for the state for the purposes of:

42 (1) Promoting the delivery of healthcare services in the state and  
43 improving the quality and accessibility of care, including cultural

1 competency, clinical integration of care between service providers,  
2 including, but not limited to, physical, mental and behavioral health,  
3 physical and development disability services and long-term supports and  
4 services;

5 (2) planning facilities and health services in the state;

6 (3) identifying gaps in regional healthcare services;

7 (4) promoting increased public knowledge and responsibility  
8 regarding the availability and appropriate utilization of healthcare services;

9 (5) identifying needs in professional and service personnel required to  
10 deliver healthcare services; and

11 (6) coordinating regional implementation of retraining and  
12 reemployment programs for impacted employees under section 16, and  
13 amendments thereto.

14 (h) The council shall hold at least four public hearings annually on  
15 matters relating to the Kansas health program and the development and  
16 implementation of the community health improvement plan.

17 (i) The council shall publish an annual report to the secretary and the  
18 board on the progress of the community health improvement plan. Such  
19 report shall be posted on the department's website.

20 (j) All meetings of the council and committees thereof shall be  
21 subject to the open meetings act.

22 Sec. 19. (a) The governor shall submit to the legislature a revenue  
23 proposal. Such revenue proposal shall be submitted to the legislature as  
24 part of the governor's budget report pursuant to K.S.A. 75-3721, and  
25 amendments thereto, for the fiscal year ending June 30, 2024. In  
26 developing the revenue proposal, the governor shall consult with the  
27 appropriate officials of the executive branch, the president of the senate,  
28 the speaker of the house of representatives, the chairpersons of the  
29 appropriations and health and human services committees of the house of  
30 representatives and the ways and means and public health and welfare  
31 committees of the senate and representatives of business, labor, consumers  
32 and local government.

33 (b) The basic structure of the revenue proposal shall be a  
34 progressively graduated tax on:

35 (1) All payroll and self-employed income, paid by employers,  
36 employees and self-employed individuals; and

37 (2) taxable income, including, but not limited to, interest, dividends  
38 and capital gains, not subject to the payroll tax.

39 (c) Income below \$25,000 per year shall be exempt from such taxes,  
40 except that for individuals enrolled in medicare, any income below  
41 \$50,000 per year shall be exempt from such taxes. Higher brackets of  
42 income subject to such taxes shall be assessed at a higher marginal rate  
43 than lower brackets. The taxes shall be set at levels anticipated to produce

1 sufficient revenue to finance the program, to be increased as enrollment  
2 grows, taking into consideration anticipated federal revenue available for  
3 the program. Provisions shall be included for state residents who are  
4 employed out of state and nonresidents who are employed in the state,  
5 including those employed less than full time.

6 (d) All income subject to the medicare part A tax shall be subject to  
7 the payroll tax. Such payroll tax shall be set at a percentage of such  
8 income and shall be progressively graduated so that the percentage is  
9 greater on higher brackets of income. For employed individuals, the  
10 employer shall pay 80% of the payroll tax and the employee shall pay 20%  
11 of such tax, except that an employer may agree to pay all or a part of the  
12 employee's share. A self-employed individual shall pay the full amount of  
13 the payroll tax.

14 (e) There shall be a tax on income that is subject to the personal  
15 income tax under article 32 of chapter 79 of the Kansas Statutes  
16 Annotated, and amendments thereto, and is not subject to the payroll tax of  
17 this section. Such tax shall be set at a percentage of such income and shall  
18 be progressively graduated so that the percentage is greater on higher  
19 brackets of income.

20 (f) The amount of the taxes shall be set at an appropriate level to  
21 cover the actual cost of the program and shall be changed as anticipated  
22 enrollment grows. The revenue proposal shall include a mechanism for  
23 determining the rate of such taxes.

24 (g) (1) If an individual is employed out of state by an employer that is  
25 subject to Kansas law, the employer and employee shall be required to pay  
26 the payroll tax as if the employment were in the state. If an individual is  
27 employed out of state by an employer that is not subject to Kansas law,  
28 either:

29 (A) The employer and employee shall voluntarily comply with the  
30 tax; or

31 (B) the employee shall pay the tax as if such employee were self-  
32 employed.

33 (2) (A) The payroll tax shall apply to any out-of-state resident who is  
34 employed or self-employed in the state. Such individual and individual's  
35 employer shall be allowed to take a credit against such payroll tax each  
36 would otherwise pay for amounts they spend respectively on health  
37 benefits for:

38 (i) The individual, if the individual is not eligible to be a member of  
39 the program; and

40 (ii) any member of the individual's immediate family.

41 (B) For the employer, such credit shall be available regardless of the  
42 form of the health benefit to ensure that the revenue proposal does not  
43 relate to employment benefits in violation of federal law. For non-



1 employment-based spending by the individual, such credit shall be  
2 available for and limited to spending for health coverage and not for out-  
3 of-pocket health spending. Such credit shall be available without regard to  
4 how little is spent or how sparse the benefit. The credit may only be taken  
5 against the payroll tax. Any excess amount may not be applied to any other  
6 tax liability.

7 (h) The taxes under this section shall not supplant state revenue to  
8 pay for the medicaid program as such program exists on the effective date  
9 of the revenue proposal, unless the revenue proposal as enacted provides  
10 otherwise.

11 (i) The director of taxation shall remit the entire amount collected  
12 under the revenue proposal to the state treasurer in accordance with the  
13 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
14 each such remittance, the state treasurer shall deposit the entire amount in  
15 the state treasury to the credit of the Kansas health trust fund.

16 Sec. 20. (a) There is hereby established in the state treasury the  
17 Kansas health trust fund to be administered by the secretary of health and  
18 environment. All expenditures from the Kansas health trust fund shall be  
19 made in accordance with appropriation acts upon warrants of the director  
20 of accounts and reports issued pursuant to vouchers approved by the  
21 secretary of health and environment or the secretary's designee.

22 (b) The Kansas health trust fund shall consist of:

23 (1) All moneys obtained from taxes pursuant to legislation enacted as  
24 proposed under section 19, and amendments thereto;

25 (2) federal payments received as a result of any waiver or other  
26 arrangements agreed to by the United States department of health and  
27 human services or other appropriate federal departments or agencies for  
28 healthcare programs established under medicare, any federally matched  
29 public health program or the affordable care act;

30 (3) the amounts paid by the department that are equivalent to the  
31 amounts paid on behalf of residents of this state under medicare, any  
32 federally matched public health program or the affordable care act for  
33 health benefits that are equivalent to health benefits covered under Kansas  
34 health;

35 (4) federal and state moneys for purposes of the provision of services  
36 authorized under title XX of the federal social security act that would  
37 otherwise be covered under the Kansas health act; and

38 (5) state moneys that would otherwise be appropriated to any  
39 governmental agency, office, program, instrumentality or institution that  
40 provides health services that are covered under Kansas health. Payments to  
41 the fund pursuant to this paragraph shall be in an amount equal to the  
42 money appropriated for such purposes for the fiscal year ending on June  
43 30, 2022.

1 (c) Moneys in the Kansas health trust fund shall be used only for  
2 purposes established under the Kansas health act, including, but not  
3 limited to, the establishment of an appropriate reserve account, and for no  
4 other governmental purpose. It is the intent of the legislature that the  
5 moneys deposited in this fund shall remain intact and inviolate for the  
6 purposes set forth in this section.

7 Sec. 21. If any provision of this act or the application thereof to any  
8 person or circumstances is held invalid, the invalidity shall not affect other  
9 provisions or applications of the act that can be given effect without the  
10 invalid provision or application, and to this end, the provisions of this act  
11 are severable.

12 Sec. 22. This act shall take effect and be in force from and after its  
13 publication in the statute book.