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Proposed

State of Kansas
Department of Administration
State Employees Health Care Commission
Notice of Public Hearing on Proposed Administrative Regulations

April 2, 2021

A public hearing will be conducted on Thursday, June 17, 2021 at 11:00 a.m. to consider the adoption of proposed amendments to rules and regulations of the State Employees Health Care Commission, Department of Administration, on a permanent basis. These are Kansas Administrative Regulations 108-1-1, 108-1-3 and 108-1-4. Due to continuing concerns over COVID-19, the public hearing will be held virtually instead of in-person. To listen to the hearing, the public can register at <https://www.zoomgov.com/meeting/register/vJlsc-mtpjosHdnDbrmIR092SasduhKAEiQ>. Those that wish to address the HCC regarding the proposed changes can register by contacting Courtney Fitzgerald at courtney.fitzgerald@ks.gov or (785) 296-1861.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Director, State Employee Health Plan, 109 SW 9th Street, #600, Topeka, Kansas 66612 or by email to Courtney.Fitzgerald@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally regarding the adoption of the proposed regulations during the public hearing. In order to provide all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statements in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Courtney.Fitzgerald@ks.gov or (785) 296-1861.

Summaries of the proposed regulations and their economic impact follow. (Note: Statements indicating that a regulation is "not anticipated to have any economic impact" are intended to indicate that no economic impact on the Health Care Commission - Department of Administration, other state agencies, state employees, or the general public has been identified.)

Copies of the proposed regulations and the Economic Impact Statements for the proposed regulations can be viewed at the following website: <https://healthbenefitsprogram.ks.gov/sehp/quarterly-meetings>.

K.A.R. 108-1-1. Eligibility. The proposed amendment to the existing regulation would eliminate the 30-day waiting period for new employees to be covered by the State Employee Health Plan (SEHP) and makes coverage available from the first day of employment. The proposed

amendment would affect State of Kansas agencies, Regents Institutions, the Legislative and Judicial branches and their covered employees that elect to purchase coverage through the SEHP. The economic impact will depend on the number of new employees hired by the entities previously listed.

K.A.R. 108-1-3. School district employee health care benefits plan. The proposed amendment to the existing regulation would eliminate the 30-day waiting period for new employees to be covered by the State Employee Health Plan (SEHP) and make coverage available from the first day of employment. The economic impact would depend on the number of new employees hired by school districts.

K.A.R. 108-1-4. Local unit of government health care benefits plan. The proposed amendment to the existing regulation would eliminate the 30-day waiting period for new employees to be covered by the State Employee Health Plan (SEHP) and makes coverage available from the first day of employment. The economic impact would depend on the number of new employees hired by local units of government.

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108-1-1. Eligibility. (a) **General Definitions.** Each of the following terms, as used in this regulation, shall have the meaning specified in this subsection:

(1) "Active participant" means any person enrolled in the health care benefits program.

(2) "Child" means any of the following:

(A) A natural son or daughter of a primary participant;

(B) a lawfully adopted son or daughter of a primary participant. The term "lawfully adopted" shall include those instances in which a primary participant has filed the petition for adoption with the court, has a placement agreement for adoption, or has been granted legal custody;

(C) a stepchild of a primary participant. However, if the natural or adoptive parent of the stepchild is divorced from the primary participant, the stepchild shall no longer qualify;

(D) a child of whom the primary participant has legal custody; or

(E) a grandchild, if at least one of the following conditions is met:

(i) The primary participant has legal custody of the grandchild or has lawfully adopted the grandchild;

(ii) the grandchild lives in the home of the primary participant and is the child of a covered eligible dependent child, and the primary participant provides more than 50 percent of the support for the grandchild; or

(iii) the grandchild is the child of a covered eligible dependent child and is considered to reside with the primary participant even when the grandchild or eligible dependent child is temporarily absent due to special circumstances including education of the covered eligible

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dependent child, and the primary participant provides more than 50 percent of the support for the grandchild.

(3) "COBRA" means the consolidated omnibus budget reconciliation act, public law 99-272, as amended.

(4) "Commission" means the Kansas state employees health care commission.

(5) "Direct bill participant" means any person enrolled in the health care benefits program pursuant to subsections (d), (e), and (h).

(6) "Eligible dependent child" means any dependent child who meets one of the following criteria:

(A) The child is under 26 years of age.

(B) The child is aged 26 or older, has a permanent and total disability, and has continuously maintained group coverage as an eligible dependent child of the primary participant before attaining the age of 26. The child shall be chiefly dependent on the primary participant for support.

(7) "Health care benefits program" means the state of Kansas health care benefits program established by the commission.

(8) "Permanent and total disability" means that an individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of at least 12 months. An individual shall not be considered to have a permanent and total disability unless that person furnishes proof of the permanent and total

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disability in the form and manner, and at the times, that the health care benefits program may require.

(9) "Primary participant" means any person enrolled in the health care benefits program under subsection (b), a direct bill participant under subsection (d), or a COBRA participant.

(10) "Variable-hour employee" means any officer or employee of a state agency for whom, at the date of hire, it cannot be determined that the employee is reasonably expected to work at least 1,000 hours per year.

(b) Primary participants. Subject to the provisions of subsection (c), the classes of persons eligible to participate as primary participants in the health care benefits program shall be the following classes of persons:

(1) Any elected official of the state;

(2) any other officer or employee of a state agency who meets both of the following conditions:

(A) Is working in one or more positions that together require at least 1,000 hours of work per year; and

(B) is not a variable-hour employee;

(3) any person engaged in a postgraduate residency training program in medicine at the university of Kansas medical center or in a postgraduate residency or internship training program in veterinary medicine at Kansas state university;

(4) any person serving with the foster grandparent program;

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(5) any person participating under a phased retirement agreement outlined in K.S.A.

76-746, and amendments thereto;

(6) any student employee and any adjunct professor at a state institution of higher learning if the individual works in one or more positions that together require at least 1,560 hours of work per year; and

(7) any other class of individuals approved by the Kansas state employees health care commission, within the limitations specified in K.S.A. 75-6501 et seq., and amendments thereto.

(c) Waiting period Eligibility upon beginning employment.

(1) Each person who is within a class listed in paragraph (b)(1), (b)(2), (b)(3), (b)(4), (b)(6), or (b)(7) shall become eligible for enrollment in the health care benefits program following completion of a 30 day waiting period beginning with on the first day of work for the state of Kansas. Each person shall have 31 days after becoming eligible to elect coverage.

(2) The waiting period established in paragraph (c)(1) shall not apply if all of the following conditions are met:

(A) The person is returning to work for the state of Kansas or is transferring from a position that was eligible for coverage under K.A.R. 108 1 3 or K.A.R. 108 1 4.

(B) Immediately before leaving the prior position, the person was enrolled in the health care benefits program.

(C) The break in service between the prior position and the new position does not exceed the following time periods:

(i) 30 calendar days; or

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(ii) 365 calendar days, if the person was laid off, as defined in K.S.A. 75 2948 and amendments thereto.

(3) The waiting period established in paragraph (c)(1) shall not apply to any person who, on that person's first day of work for the state, is enrolled in the health care benefits program on any of the following bases:

(A) As a direct bill participant;

(B) under the continuation of benefits coverage provided under COBRA; or

(C) as a dependent of a participant in the health care benefits program.

(4) The waiting period established in paragraph (c)(1) may be waived by the commission or its designee if, within 30 days of the date of hire, the agency head or the agency head's designee certifies in writing to the commission, or its designee, that the waiver is being sought because the potential new employee is required to have health insurance as a condition of obtaining a work visa for employment in the United States.

(d) Classes of direct bill participants. Subject to the provisions of subsection (e), the classes of persons eligible to participate as members of the health care benefits program on a direct bill basis shall be the following:

(1) Any former elected state official;

(2) any retired state officer or employee who is eligible to receive retirement benefits under K.S.A. 74-4925, and amendments thereto, or retirement benefits administered by the Kansas public employees retirement system;

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(3) any totally disabled former state officer or employee who is receiving disability benefits administered by the Kansas public employees retirement system;

(4) any surviving spouse or dependent of a qualifying participant in the health care benefits program;

(5) any person who is in a class listed in paragraph (b)(1), (b)(2), (b)(3), (b)(4), or (b)(6) and who is lawfully on leave without pay;

(6) any blind person licensed to operate a vending facility as defined in K.S.A. 75-3338, and amendments thereto;

(7) any former "state officer," as that term is defined in K.S.A. 74-4911f and amendments thereto, who elected not to be a member of the Kansas public employees retirement system as provided in K.S.A. 74-4911f and amendments thereto; and

(8) any former state officer or employee who separated from state service when eligible to receive a retirement benefit but, in lieu of that, withdrew that individual's employee contributions from the retirement system.

(e) Conditions for direct bill participants. Each person who is within a class listed in paragraph (d)(1), (d)(2), (d)(3), (d)(4), (d)(5), (d)(7), or (d)(8) shall be eligible to participate on a direct bill basis only if the conditions of both paragraphs (e)(1) and (e)(2) are met:

(1) The person was covered by the health care benefits program on one of the following bases:

(A) The person was covered as an active participant, as a COBRA participant, or as a spouse under paragraph (g)(1) immediately before the date that person ceased to be eligible for

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that type of coverage or the date the individual became newly eligible for a class listed in subsection (d).

(B) The person is the surviving spouse or eligible dependent child of a person who was enrolled as a primary participant or a direct bill participant when the primary participant died, and the surviving spouse or eligible dependent child was covered by the health care benefits program as a dependent pursuant to subsection (g) when the primary participant died.

(2) The person completes an enrollment form requesting transfer to the direct bill program and submits the form to the health care benefits program. The form shall be submitted no more than 30 days after the person ceased to be eligible for coverage.

(f) COBRA participants. Any individual with rights to extend coverage under COBRA may continue to participate in the health care benefits program, subject to the provisions of that federal law.

(g) Eligible dependent participants.

(1) Any person enrolled in the health care benefits program as a primary participant may enroll the following dependents, subject to the same conditions and limitations that apply to the primary participant:

(A) The primary participant's lawful wife or husband, as recognized by Kansas law and subject to the documentation requirements of the commission or its designee; and

(B) any of the primary participant's eligible dependent children, subject to the documentation requirements of the commission or its designee.

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(2) An eligible dependent child who is enrolled by one primary participant shall not be eligible to be enrolled by another primary participant.

(3) An individual who is eligible to enroll as a primary participant in the health care benefits program shall be eligible to be enrolled under this subsection as a dependent in the health care benefits program, subject to the following requirements:

(A) The individual who enrolls as a dependent of a primary participant shall be the lawful spouse, as defined in paragraph (g)(1)(A).

(B) An individual who enrolls as a dependent of a primary participant shall not be eligible to be enrolled as a primary participant during that plan year.

(C) Each individual who enrolls as a dependent of a primary participant shall be subject to the copays, deductibles, coinsurance, and employer contribution levels as a dependent and not as a primary participant.

(4) The term "dependent" shall exclude any individual who is not a citizen or national of the United States, unless the individual is a resident of the United States or a country contiguous to the United States, is a member of a primary participant's household, and resides with the primary participant for more than six months of the calendar year. The dependent shall be considered to reside with the primary participant even when the dependent is temporarily absent due to special circumstances, including illness, education, business, vacation, and military service.

(h) Direct bill participants; continuous coverage provisions.

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(1) Except as otherwise provided in this subsection, each direct bill participant enrolled in the state health care benefits program on or after January 21, 2001, shall maintain continuous coverage in the program or shall lose eligibility to be in the state health care benefits program as a direct bill participant.

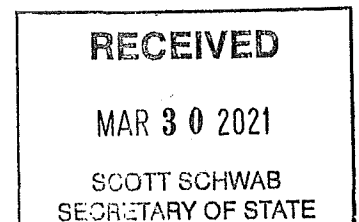
(2) Any person who discontinued direct bill coverage in the state health care benefits program before January 21, 2001, and who is not a direct bill participant on that date may return one time to the state health care benefits program if the person meets the criteria specified in subsections (d) and (e) and if that person has not previously discontinued and returned to direct bill coverage before January 21, 2001. (Authorized by K.S.A. 2014-Supp. 75-6501 and K.S.A. 75-6510; implementing K.S.A. 2014-Supp. 75-6501; effective, T-85-22, July 16, 1984; effective May 1, 1985; amended, T-88-64, Dec. 30, 1987; amended, T-89-12, May 1, 1988; amended, T-108-9-12-88, Sept. 12, 1988; amended Oct. 31, 1988; amended May 9, 1997; amended Jan. 21, 2001; amended Aug. 27, 2004; amended June 17, 2005; amended Jan. 6, 2006; amended July 16, 2010; amended, T-108-8-16-10, Aug. 16, 2010; amended March 11, 2011; amended Jan. 2, 2015; amended P-_____.)

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108-1-3. School district employee health care benefits plan. (a) Definitions for ~~K.A.R. 108-1-3~~.

Each of the following terms, as used in this regulation, shall have the meaning specified in this subsection:

(1) "Active participant" means any person who is enrolled in the school district plan.

(2) "Child" means any of the following:

(A) A natural son or daughter of a primary participant;

(B) a lawfully adopted son or daughter of a primary participant. The term "lawfully adopted" shall include those instances in which a primary participant has filed the petition for adoption with the court, has a placement agreement for adoption, or has been granted legal custody;

(C) a stepchild of a primary participant. However, if the natural or adoptive parent of the stepchild is divorced from the primary participant, the stepchild shall no longer qualify;

(D) a child of whom the primary participant has legal custody; or

(E) a grandchild, if at least one of the following conditions is met:

(i) The primary participant has legal custody of the grandchild or has lawfully adopted the grandchild;

(ii) the grandchild lives in the home of the primary participant and is the child of a covered eligible dependent child, and the primary participant provides more than 50 percent of the support for the grandchild; or

(iii) the grandchild is the child of a covered eligible dependent child and is considered to reside with the primary participant even when the grandchild or eligible dependent child is temporarily absent due to special circumstances including education of the covered eligible

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dependent child, and the primary participant provides more than 50 percent of the support for the grandchild.

(3) "COBRA" means the consolidated omnibus budget reconciliation act, public law 99-272, as amended.

(4) "Commission" means the Kansas state employees health care commission.

(5) "Direct bill participant" means any person enrolled in the school district plan pursuant to subsections (d), (e), and (h).

(6) "Eligible dependent child" means any dependent child who meets one of the following criteria:

(A) The child is under 26 years of age.

(B) The child is aged 26 or older, has a permanent and total disability, and has continuously maintained group coverage as an eligible dependent child of the primary participant before attaining the age of 26. The child shall be chiefly dependent on the primary participant for support.

(7) "Health care benefits program" means the state of Kansas health care benefits program established by the commission.

(8) "Permanent and total disability" means that an individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of at least 12 months. An individual shall not be considered to have a permanent and total disability unless that person furnishes proof of the permanent and total disability in the form and manner, and at the times, that the health care benefits program may require.

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(9) "Primary participant" means any person enrolled in the school district plan under subsection (b), a direct bill participant under subsection (d), or a COBRA participant.

(10) "Qualified school district" means a public school district, community college, area vocational technical school, or technical college that meets the terms, conditions, limitations, exclusions, and other provisions established by the commission for participation in the school district employee health care benefits component of the health care benefits program and has entered into a written agreement with the commission to participate in the program.

(11) "School district employee" means any individual who is employed by a qualified school district and who meets the definition of employee under K.S.A. 74-4932(4), and amendments thereto, except that the following employees shall be employed in a position that requires at least 1,000 hours of work per year:

(A) Employees of community colleges; and

(B) employees of area vocational technical schools and technical colleges that are not governed by a unified school district.

For purposes of this definition, a technical college shall be a participating employer under K.S.A. 74-4931, and amendments thereto, in accordance with K.S.A. 72-447174-32,456, and amendments thereto.

(12) "School district plan" means the school district employee health care benefits component of the health care benefits program.

(13) "Variable-hour employee" means any school district employee for whom, at the date of hire, it cannot be determined that the employee is reasonably expected to work at least 1,000 hours per year.

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(b) Primary participants. Subject to the provisions of subsection (c), each school district employee shall be eligible to participate as a primary participant in the school district plan. Eligibility and participation shall be subject to terms, conditions, limitations, exclusions, and other provisions established by the commission, including the amount and method of payment for employee and employer contributions.

(c) Waiting periods Eligibility upon beginning employment.

(1) Each school district employee whose first day of work for a qualified school district is on or after the first day on which the employee's qualified school district participates in the school district plan shall become eligible for coverage following completion of a 30 day waiting period beginning with on the first day of work for the qualified school district. Each school district employee shall have 31 days after becoming eligible to elect coverage.

(2) The waiting period established in paragraph (c)(1) shall not apply if all of the following conditions are met:

(A) The person is returning to work for the qualified school district, transferring from another qualified school district, or transferring from a position that is eligible for coverage under K.A.R. 108 1 1 or K.A.R. 108 1 4.

(B) Immediately before leaving the prior position, the person was enrolled in the health care benefits program.

(C) The break in service between the prior position and the new position does not exceed the following time periods:

(i) 30 calendar days; or

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(ii) 365 calendar days, if the person was laid off in accordance with the practices of the qualified school district.

(3) The waiting period established in paragraph (e)(1) shall not apply to any person who, on that person's first day of work for the qualified school district, is enrolled in the health care benefits program on any of the following bases:

(A) As a direct bill participant;

(B) under the continuation of benefits coverage provided under COBRA; or

(C) as a dependent of a participant in the health care benefits program.

(4) The waiting period established in paragraph (e)(1) may be waived by the commission or its designee if, within 30 days of the date of hire, the chief administrative officer of the qualified school district, or the chief administrative officer's designee, certifies in writing to the commission, or its designee, that the waiver is being sought because the new employee is required to have health insurance as a condition of obtaining a work visa for employment in the United States.

(5) Each school district employee who is employed by the qualified school district immediately before the first day on which the employee's qualified school district participates in the school district plan shall be subject to transitional provisions established by the commission regarding waiting periods and the effective date on which the employee becomes eligible to participate in the school district plan.

(d) Classes of direct bill participants. Subject to the provisions of subsection (e), the classes of persons eligible to participate as members of the school district plan on a direct bill basis shall be the following:

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- (1) Any retired school district employee who is eligible to receive retirement benefits;
- (2) any totally disabled former school district employee who is receiving benefits under K.S.A. 74-4927, and amendments thereto;
- (3) any surviving spouse or dependent of a primary participant in the school district plan;
- (4) any person who is a school district employee and who is on approved leave without pay in accordance with the practices of the qualified school district; and
- (5) any individual who was covered by the health care plan offered by the qualified school district on the day immediately before the first day on which the qualified school district participates in the school district plan, except that no individual who is an employee of the qualified school district and who does not meet the definition of school district employee in subsection (a) shall be qualified as a direct bill participant under this paragraph.

(e) Conditions for direct bill participants. Each person who is within a class listed in subsection (d) shall be eligible to participate on a direct bill basis only if the person meets both of the following conditions:

(1) The person was covered by the school district plan or the health care insurance plan offered by the qualified school district on one of the following bases:

(A) Immediately before the date the person ceased to be eligible for coverage, or for any person identified in paragraph (d)(5), immediately before the first day on which the qualified school district participates in the school district plan, the person either was covered as a primary participant under subsection (b) or was covered by the health care insurance plan offered by the employee's qualified school district.

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(B) The person is a surviving spouse or dependent of a plan participant who was enrolled as a primary participant or a direct bill participant when the primary participant died, and the surviving spouse or eligible dependent child was covered by the health care benefits program as a dependent under subsection (g) when the primary participant died.

(C) The person is a surviving spouse or dependent of a primary participant who was enrolled under the health care insurance plan offered by the participant's qualified school district when the primary participant died, and the person has maintained continuous coverage under the qualified school district's health care insurance plan before joining the health care benefits program.

(2) The person completes an enrollment form requesting transfer to the direct bill program and submits the form to the health care benefits program. The form shall be submitted no more than 30 days after the person ceased to be eligible for coverage, or in the case of any individual identified in paragraph (d)(5), no more than 30 days after the first day on which the qualified school district participates in the school district plan.

(f) COBRA participants. Any individual with rights to extend coverage under COBRA may participate in the school district plan, subject to the provisions of that federal law.

(g) Eligible dependent participants.

(1) Any person enrolled in the school district plan as a primary participant may enroll the following dependents, subject to the same conditions and limitations that apply to the primary participant:

(A) The primary participant's lawful wife or husband, as recognized by Kansas law and subject to the documentation requirements of the commission or its designee; and

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(B) any of the primary participant's eligible dependent children, subject to the documentation requirements of the commission or its designee.

(2) An eligible dependent child who is enrolled by one primary participant shall not be eligible to be enrolled by another primary participant.

(3) An individual who is eligible to enroll as a primary participant in the health care benefits program shall be eligible to be enrolled under this subsection as a dependent in the health care benefits program, subject to the following requirements:

(A) The individual who enrolls as a dependent of a primary participant shall be the lawful spouse, as defined in paragraph (g)(1)(A).

(B) An individual who enrolls as a dependent of a primary participant shall not be eligible to be enrolled as a primary participant during that plan year.

(C) Each individual who enrolls as a dependent of a primary participant shall be subject to the copays, deductibles, coinsurance, and employer contribution levels as a dependent and not as a primary participant.

(4) The term "dependent" shall exclude any individual who is not a citizen or national of the United States, unless the individual is a resident of the United States or a country contiguous to the United States, is a member of a primary participant's household, and resides with the primary participant for more than six months of the calendar year. The dependent shall be considered to reside with the primary participant even when the dependent is temporarily absent due to special circumstances, including illness, education, business, vacation, and military service.

(h) Direct bill participants; continuous coverage provisions.

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(1) Except as otherwise provided in this subsection, each direct bill participant enrolled in the health care benefits program on or after January 21, 2001 shall maintain continuous coverage in the program or shall lose eligibility to be in the health care benefits program as a direct bill participant.

(2) Any person who discontinued direct bill coverage in the health care benefits program before January 21, 2001 and who was not a direct bill participant on that date may return one time to the health care benefits program if the person meets the criteria specified in subsections (d) and (e) and if that person has not previously discontinued and returned to direct bill coverage before January 21, 2001. (Authorized by K.S.A. 2014-Supp. 75-6501 and K.S.A. 75-6510; implementing K.S.A. 2014-Supp. 75-6501 and K.S.A. 2014-Supp. 75-6508; effective, T-108-9-13-99, Sept. 13, 1999; effective Feb. 4, 2000; amended July 16, 2010; amended, T-108-8-16-10, Aug. 16, 2010; amended March 11, 2011; amended Jan. 2, 2015; amended P-_____.)

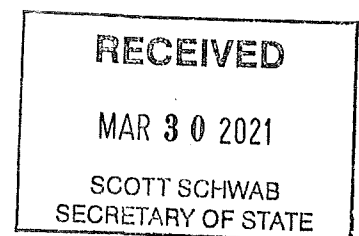
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108-1-4. Local unit of government employee health care benefits plan. (a) Definitions for

~~K.A.R. 108-1-4.~~ Each of the following terms, as used in this regulation, shall have the meaning specified in this subsection:

(1) "Active participant" means any person who is enrolled in the local unit plan.

(2) "Child" means any of the following:

(A) A natural son or daughter of a primary participant;

(B) a lawfully adopted son or daughter of a primary participant. The term "lawfully adopted" shall include those instances in which a primary participant has filed the petition for adoption with the court, has a placement agreement for adoption, or has been granted legal custody;

(C) a stepchild of a primary participant. However, if the natural or adoptive parent of the stepchild is divorced from the primary participant, the stepchild shall no longer qualify;

(D) a child of whom the primary participant has legal custody; or

(E) a grandchild, if at least one of the following conditions is met:

(i) The primary participant has legal custody of the grandchild or has lawfully adopted the grandchild;

(ii) the grandchild lives in the home of the primary participant and is the child of a covered eligible dependent child, and the primary participant provides more than 50 percent of the support for the grandchild; or

(iii) the grandchild is the child of a covered eligible dependent child and is considered to reside with the primary participant even when the grandchild or eligible dependent child is temporarily absent due to special circumstances including education of the covered eligible

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dependent child, and the primary participant provides more than 50 percent of the support for the grandchild.

(3) "COBRA" means the consolidated omnibus budget reconciliation act, public law 99-272, as amended.

(4) "Commission" means the Kansas state employees health care commission.

(5) "Direct bill participant" means any person enrolled in the local unit plan pursuant to subsections (d), (e), and (h).

(6) "Eligible dependent child" means any dependent child who meets one of the following criteria:

(A) The child is under 26 years of age.

(B) The child is aged 26 or older, has a permanent and total disability, and has continuously maintained group coverage as an eligible dependent child of the primary participant before attaining the age of 26. The child shall be chiefly dependent on the primary participant for support.

(7) "Health care benefits program" means the state of Kansas health care benefits program established by the commission.

(8) "Local unit" means any of the following:

(A) Any county, township, or city;

(B) any community mental health center;

(C) any groundwater management district, rural water-supply district, or public wholesale water-supply district;

(D) any county extension council or extension district;

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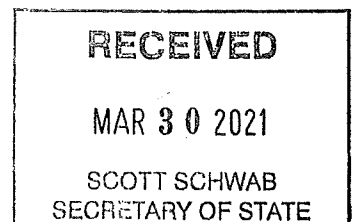
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(E) any hospital established, maintained, and operated by a city of the first or second class, a county, or a hospital district in accordance with applicable law;

(F)(i) Any city, county, or township public library created under the authority of K.S.A. 12-1215 et seq., and amendments thereto;

(ii) any regional library created under the authority of K.S.A. 12-1231, and amendments thereto;

(iii) any library district created under the authority of K.S.A. 12-1236, and amendments thereto;

(iv) the Topeka and Shawnee county library district established under the authority of K.S.A. 12-1260 et seq., and amendments thereto;

(v) the Leavenworth and Leavenworth county library district established under the authority of K.S.A. 12-1270 et seq., and amendments thereto;

(vi) any public library established by a unified school district under the authority of K.S.A. 72-1418, and amendments thereto; or

(vii) any regional system of cooperating libraries established under the authority of K.S.A. 75-2547 et seq., and amendments thereto;

(G) any housing authority created pursuant to K.S.A. 17-2337 et seq., and amendments thereto;

(H) any local environmental protection program obtaining funds from the state water fund in accordance with K.S.A. 75-5657, and amendments thereto;

(I) any city-county, county, or multicounty health board or department established pursuant to K.S.A. 65-204 and 65-205, and amendments thereto;

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(J) any nonprofit independent living agency, as defined in K.S.A. 65-5101 and amendments thereto;

(K) the Kansas guardianship program established pursuant to K.S.A. 74-9601 et seq., and amendments thereto; or

(L) any group of persons on the payroll of a county, township, city, special district or other local governmental entity, public school district, licensed child care facility operated by a not-for-profit corporation providing residential group foster care for children and receiving reimbursement for all or part of this care from the department for children and families, nonprofit community mental health center pursuant to K.S.A. 19-4001 et seq. and amendments thereto, nonprofit community facility for people with intellectual disability pursuant to K.S.A. 19-4001 et seq. and amendments thereto, or nonprofit independent living agency as defined in K.S.A. 65-5101 and amendments thereto.

(9) "Local unit employee" means any individual who meets one or more of the following criteria:

(A) The individual is an appointed or elective officer or employee of a qualified local unit whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year.

(B) The individual is an appointed or elective officer or employee who is employed concurrently by two or more qualified local units in positions that involve similar or related tasks and whose combined employment by the qualified local units is not seasonal or temporary and requires at least 1,000 hours of work per year.

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(C) The individual is a member of a board of county commissioners of a county that is a qualified local unit, and the compensation paid for service on the board equals or exceeds \$5,000 per year.

(D) The individual is a council member or commissioner of a city that is a qualified local unit, and the compensation paid for service as a council member or commissioner equals or exceeds \$5,000 per year.

(10) "Local unit plan" means the local unit employee health care benefits component of the health care benefits program.

(11) "Permanent and total disability" means that an individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of at least 12 months. An individual shall not be considered to have a permanent and total disability unless that person furnishes proof of the permanent and total disability in the form and manner, and at the times, that the health care benefits program may require.

(12) "Primary participant" means any person enrolled in the local unit plan under subsection (b), a direct bill participant under subsection (d), or a COBRA participant.

(13) "Qualified local unit" means a local unit that meets the terms, conditions, limitations, exclusions, and other provisions established by the commission for participation in the local unit employee health care benefits component of the health care benefits program and that has entered into a written agreement with the commission to participate in the program.

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(14) "Variable-hour employee" means any local unit employee for whom, at the date of hire, it cannot be determined that the employee is reasonably expected to work at least 1,000 hours per year.

(b) Primary participants. Subject to the provisions of subsection (c), each local unit employee shall be eligible to participate as a primary participant in the local unit plan. Eligibility and participation shall be subject to terms, conditions, limitations, exclusions, and other provisions established by the commission, including the amount and method of payment for employee and employer contributions.

(c) Waiting periods Eligibility upon beginning employment.

(1) Each local unit employee whose first day of work for a qualified local unit is on or after the first day on which the employee's qualified local unit participates in the local unit plan shall become eligible for coverage following completion of a 30 day waiting period beginning with on the first day of work for the qualified local unit. Each local unit employee shall have 31 days after becoming eligible to elect coverage.

(2) The waiting period established in paragraph (c)(1) shall not apply if all of the following conditions are met:

(A) The person is returning to work for the qualified local unit, is transferring from another qualified local unit under this regulation, or is transferring from a position that is eligible for coverage under K.A.R. 108 1 1 or K.A.R. 108 1 3.

(B) Immediately before leaving the prior position, the person was enrolled in the health care benefits program provided by the state of Kansas under K.A.R. 108 1 1, the school district plan under K.A.R. 108 1 3, or the qualified local unit plan under K.A.R. 108 1 4.

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(C) The break in service between the prior position and the new position does not exceed the following time periods:

(i) 30 calendar days; or

(ii) 365 calendar days, if the person was laid off in accordance with the practices of the prior qualified local unit.

(3) The waiting period established in paragraph (c)(1) shall not apply to any person who, on that person's first day of work for the qualified local unit, is enrolled in the local unit plan, the school district plan under K.A.R. 108 1 3, or the health care benefits plan under K.A.R. 108 1 1 on any of the following bases:

(A) As a direct bill participant;

(B) under the continuation of benefits coverage provided under COBRA; or

(C) as a dependent of a participant in the health care benefits program.

(4) The waiting period established in paragraph (c)(1) may be waived by the commission or its designee if, within 30 days of the date of hire, the chief administrative officer of the qualified local unit, or the chief administrative officer's designee, certifies in writing to the commission, or its designee, that the waiver is being sought because the new employee is required to have health insurance as a condition of obtaining a work visa for employment in the United States.

(5) Each local unit employee who is employed by the qualified local unit immediately before the first day on which the qualified local unit participates in the local unit plan shall be subject to transitional provisions established by the commission regarding waiting periods and the effective date on which the employee becomes eligible to participate in the local unit plan.

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(d) Classes of direct bill participants. Subject to the provisions of subsection (e), the classes of persons eligible to participate as members of the local unit plan on a direct bill basis shall be the following:

(1) Any retired local unit employee who meets one of the following conditions:

(A) The employee is eligible to receive retirement benefits under the Kansas public employees retirement system or the Kansas police and firemen's retirement system; or

(B) if the qualified local unit is not a participating employer under either the Kansas public employees retirement system or the Kansas police and firemen's retirement system, the employee is eligible to receive retirement benefits under the retirement plan provided by the qualified local unit;

(2) any totally disabled former local unit employee who meets one of the following conditions:

(A) The employee is receiving benefits under the Kansas public employees retirement system or the Kansas police and firemen's retirement system; or

(B) if the qualified local unit is not a participating employer under either the Kansas public employees retirement system or the Kansas police and firemen's retirement system, the employee is receiving disability benefits under the retirement or disability plan provided by the qualified local unit;

(3) any surviving spouse or dependent of a primary participant in the local unit plan;

(4) any person who is a local unit employee and who is on approved leave without pay in accordance with the practices of the qualified local unit; and

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(5) any individual who was covered by the health care plan offered by the qualified local unit on the day immediately before the first day on which the qualified local unit participates in the local unit plan, except that no individual who is an employee of the qualified local unit and who does not meet the definition of local unit employee in subsection (a) shall be qualified as a direct bill participant under this paragraph.

(e) Conditions for direct bill participants. Each person who is within a class listed in subsection (d) shall be eligible to participate on a direct bill basis only if the person meets both of the following conditions:

(1) The person was covered by the local unit plan or the health care insurance plan offered by the qualified local unit on one of the following bases:

(A) Immediately before the date the person ceased to be eligible for coverage or, for any person identified in paragraph (d)(5), immediately before the first day on which the qualified local unit participates in the local unit plan, the person either was covered as a primary participant under subsection (b) or was covered by the health care insurance plan offered by the employee's qualified local unit.

(B) The person is a surviving spouse or dependent of a plan participant who was enrolled as a primary participant or a direct bill participant when the primary participant died, and the person was covered by the health care benefits program as a dependent under subsection (g) when the primary participant died.

(C) The person is a surviving spouse or dependent of a plan participant who was enrolled in the health care insurance plan offered by the participant's qualified local unit when the

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participant died, and the person has maintained continuous coverage under the local unit's health care insurance plan before joining the health care benefits program.

(2) The person completes an enrollment form requesting transfer to the direct bill program and submits the form to the health care benefits program. The form shall be submitted no more than 30 days after the person ceased to be eligible for coverage or, ~~in the case of~~ for any individual identified in paragraph (d)(5), no more than 30 days after the first day on which the qualified local unit participates in the local unit plan.

(f) COBRA participants. Any individual with rights to extend coverage under COBRA may participate in the local unit plan, subject to the provisions of that federal law.

(g) Eligible dependent participants.

(1) Any person enrolled in the local unit plan under subsection (b), (d), or (f) as a primary participant may enroll the following dependents, subject to the same conditions and limitations that apply to the primary participant:

(A) The primary participant's lawful wife or husband, as recognized by Kansas law and subject to the documentation requirements of the commission or its designee; and

(B) any of the primary participant's eligible dependent children, subject to the documentation requirements of the commission or its designee.

(2) An eligible dependent child who is enrolled by one primary participant shall not be eligible to be enrolled by another primary participant in the health care benefits program.

(3) An individual who is eligible to enroll as a primary participant in the health care benefits program shall be eligible to be enrolled under this subsection as a dependent in the health care benefits program, subject to the following requirements:

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(A) The individual who enrolls as a dependent of a primary participant shall be the lawful spouse, as defined in paragraph (g)(1)(A).

(B) An individual who enrolls as a dependent of a primary participant shall not be eligible to be enrolled as a primary participant during that plan year.

(C) Each individual who enrolls as a dependent of a primary participant shall be subject to the copays, deductibles, coinsurance, and employer contribution levels as a dependent and not as a primary participant.

(4) The term "dependent" shall exclude any individual who is not a citizen or national of the United States, unless the individual is a resident of the United States or a country contiguous to the United States, is a member of a primary participant's household, and resides with the primary participant for more than six months of the calendar year. The dependent shall be considered to reside with the primary participant even when the dependent is temporarily absent due to special circumstances, including illness, education, business, vacation, and military service.

(h) Direct bill participants; continuous coverage provisions.

(1) Except as otherwise provided in this subsection, each direct bill participant enrolled in the health care benefits program shall maintain continuous coverage in the program or shall lose eligibility to be in the health care benefits program as a direct bill participant.

(2) Any person who discontinued direct bill coverage in the health care benefits program before January 21, 2001 and was not a direct bill participant on that date may return one time to the health care benefits program if the person meets the criteria specified in subsections (d) and (e) and if that person has not previously discontinued and returned to direct bill coverage before

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January 21, 2001. (Authorized by K.S.A. 2014-Supp. 75-6501 and K.S.A. 75-6510;
implementing K.S.A. 2014-Supp. 75-6501 and K.S.A. 2014-Supp. 75-6508; effective Aug. 30,
2002; amended March 28, 2003; amended Jan. 9, 2004; amended June 18, 2004; amended March
10, 2006; amended July 17, 2009; amended July 16, 2010; amended, T-108-8-16-10, Aug. 16,
2010; amended March 11, 2011; amended Jan. 2, 2015; amended P-_____.)

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Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget

Department of Administration
 Agency

Tracy Diel
 Agency Contact

7852963011
 Contact Phone Number

108-1-1
 K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to:

Division of the Budget
 900 SW Jackson, Room 504-N
 Topeka, KS 66612

I. Brief description of the proposed rule(s) and regulation(s).

The proposed change in this regulation eliminates the 30 day waiting period for new employees to be covered by the State Employee Health Plan (SEHP) and makes coverage available from the first day of employment. K.A.R. 108-1-1 would eliminate the waiting period for new state employees.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

This change is not mandated by the federal government.

Our contiguous states different policies:

- For State of Missouri MCHCP plan, new employees must enroll or waive coverage through the Statewide Employee Benefit Enrollment System (SEBES) **within 31 days of hire date**. Eligibility for coverage begins the first of the month after the hire date. Coverage begins on the first day of the month on or after enrollment is completed.
- The State of Nebraska benefits start on the 1st of the month following a 30 day waiting period. Nebraska State Statute 84-1604 declares the 30 waiting period.
- Oklahoma does not have a specific waiting period for coverage. Coverage for a new employee is effective the first day of the month following their employment date or employer eligibility date. Additional information is at <https://omes.ok.gov/content/eligibility>.
- For the State of Colorado new employee benefits begin on the first day of the month after the month they were hired.

III. Agency analysis specifically addressing following:

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A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The proposed regulation change only affects the State of Kansas agencies, Regents institutions, the Legislative and Judicial branches and their covered employees that elect to purchase coverage through the SEHP. This change will enhance recruitment of quality employees by being able to offer health insurance upon employment with the State.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

Segal, the health plan actuaries, have stated this change is cost neutral for the State Employee Health Plan (SEHP) as any claims incurred during the initial coverage period would be covered by the premiums paid. Implementation can be accomplished through the SEHP Membership Administrative Portal at no additional cost.

C. Businesses that would be directly affected by the proposed rule and regulation;

K.A.R. 108-1-1 would affect all State entities (state agencies, regent institutions, the judicial and legislative branches) if their new employees elect coverage under the SEHP. insurance coverage.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The benefit of the change for employees and their covered dependents is immediate access to health insurance coverage from their first day of employment. This would be a positive recruitment tool for the State. This would eliminate the need of new employees having to pay for COBRA continuation coverage or the need to pay for other group health insurance premiums once their employment with the State begins.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

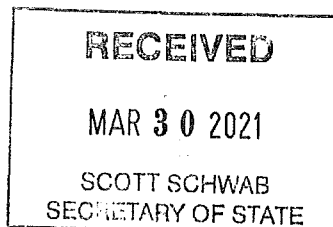
This change does not affect other business or economic development within the State.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$ \$293,630.61 State Employer Premiums for KAR 108-1-1

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$\$95,122.24 premiums paid by new State employees under KAR 108-1-1



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Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

Cost to the State of Kansas for the first months premium:	Employer	Employee
Number of State Employees hired in 2019 that enrolled in the SEHP medical plan	7,441	7,441
Average monthly medical premium paid by State	\$644.16	\$191.89
Average monthly dental premium paid by the State	\$26.68	\$25.43
Average monthly premium for medical & dental premiums paid by the State	\$670.84	\$217.32
Number of new hires in a year that took medical	7,441	7,441
Average Employer cost	\$670.84	\$217.32
Estimated Employer Cost resulting from the regulation change before Employment Turnover Credit	\$4,991,720.44	\$1,617,078.12
Less credit for Employee Turn over		
Job is open and no new employee	7,441	7,441
Assumes 4 weeks to fill after employee leaves employment (4.25 weeks in a month)	94.12%	94.12%
Average Employer cost	\$670.84	\$217.32
Total Credit for turn over	\$4,698,089.83	\$1,521,955.88
Net cost to the state for the change to first day of hire coverage		
Estimated Total Employer Cost resulting from the regulation change	\$4,991,720.44	\$1,617,078.12
Total Credit for turn over (Section 3)	-4,698,089.83	-1,521,955.88
Net Cost to the state	293,630.614	\$95,122.24

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas

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Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

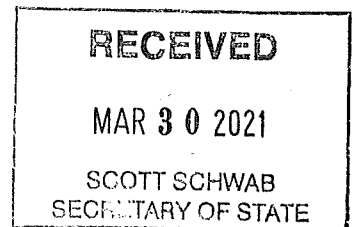
N/A.

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

The proposed regulation change was proposed, discussed and approved by the Kansas State Employees Health Care Commission during a public meeting. The Chair of the HCC, the Secretary of Administration proposed this rule change. The entire Commission voted at their public meeting on April 24, 2020 to pursue this change and directed to staff to begin the process to change the regulation.

- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).**

N/A



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I. Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget

Department of Administration

Agency

Tracy Diel

Agency Contact

 Contact Phone Number

108-1-3

K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to: Division of the Budget
 900 SW Jackson, Room 504-N
 Topeka, KS 66612

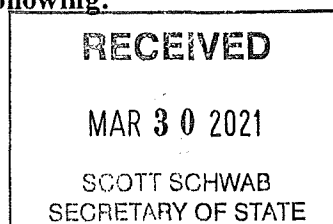
I. **Brief description of the proposed rule(s) and regulation(s).**

The proposed change in this regulation eliminates the 30 day waiting period for new employees to be covered by the State Employee Health Plan (SEHP) and makes coverage available from the first day of employment. K.A. R. 108-1-3 would eliminate the waiting period for new employees of school districts covered under the SEHP.

II. **Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)**

- This change is not mandated by the federal government.
- For State of Missouri MCHCP plan, new employees must enroll or waive coverage through the Statewide Employee Benefit Enrollment System (SEBES) **within 31 days of hire date**. Eligibility for coverage begins the first of the month after the hire date. Coverage begins on the first day of the month on or after enrollment is completed.
- The State of Nebraska benefits start on the 1st of the month following a 30 day waiting period. Nebraska State Statute 84-1604 declares the 30 waiting period.
- Oklahoma does not have a specific waiting period for coverage. Coverage for a new employee is effective the first day of the month following their employment date or employer eligibility date. Additional information is at <https://omes.ok.gov/content/eligibility>.
- For the State of Colorado new employee benefits begin on the first day of the month after the month they were hired.

III. **Agency analysis specifically addressing following:**



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A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The proposed regulation change only affects school districts that have elected to purchase coverage as Non State Public employers through the SEHP. This change will enhance recruitment of quality employees by being able to offer health insurance upon employment with the Non State Public employer.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

Segal, the health plan actuaries, have stated this change is cost neutral for the health plan as any claims incurred during the initial coverage period would be covered by the premiums paid. Implementation can be accomplished easily through the SEHP Membership Administrative Portal at no additional cost. Employers and employees would be responsible for paying the premium for the additional month of coverage.

C. Businesses that would be directly affected by the proposed rule and regulation;

K.A.R. 108-1-3 would affect school districts that have contracted with the State to offer the SEHP coverage to their employees as outlined in K.S.A. 75-6506 and that have been authorized to participate in the SEHP by the Health Care Commission. The group has exercised this option by contracting with the SEHP for their employees' health insurance coverage.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The benefit of the change is employees and their covered dependents would be able to have health insurance coverage from their first day of employment. This would be a positive recruitment tool for the covered Non State Public Employers. This would potentially eliminate the need of prospective employees to enroll and pay for COBRA continuation coverage or other group health insurance premiums once their employment with the covered employer under the SEHP has begun.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

This change does not affect other business or economic development within the State.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$ 149,725.52

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$42,884.26

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Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

School Districts		
Numbered hired in 2019 by School groups that took medical	167	167
The average medical premium paid by employer for new hire	841.15	229.59
The average dental premium paid by employer for new hire	55.41	27.20
The average Employer cost (Medical and Dental)	896.56	256.79
Estimate cost for the employer for 30 days		
Number of new hires in a year that took medical	167	167
Average Employer cost for a new hire	896.56	256.79
Total cost for 30 days	\$149,725.52	\$42,884.26

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

The proposed regulation change was proposed, discussed and approved by the Kansas State Employees Health Care Commission during a public meeting. The Chair of the HCC, the Secretary of Administration proposed this rule change. Non State Public Employers agree as part of their contract with the State that the Health Care Commissions shall have sole authority to determine the policies and procedures for coverage in the SEHP. The entire Commission voted at their public meeting on April 24, 2020 to pursue this change and directed to staff to begin the process of changing the regulation.

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

N/A

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- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons who would bear the costs and who would be affected by the failure to adopt the rule(s) and regulation(s).

N/A

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Division of the Budget

Kansas Administrative Regulations

**Economic Impact Statement
For the Kansas Division of the Budget**

Department of Administration

Agency

Tracy Diel

Agency Contact

Contact Phone Number

108-1-4

K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to:

Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

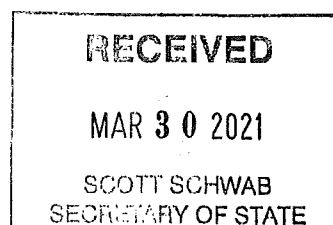
I. Brief description of the proposed rule(s) and regulation(s).

The proposed change in this regulation eliminates the 30 day waiting period for new employees to be covered by the State Employee Health Plan (SEHP) and makes coverage available from the first day of employment K.A.R. 108-1-4 would eliminate the waiting period for new employees of Non State public employers covered under the SEHP.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)

- This change is not mandated by the federal government.
- For State of Missouri MCHCP plan, new employees must enroll or waive coverage through the Statewide Employee Benefit Enrollment System (SEBES) **within 31 days of hire date**. Eligibility for coverage begins the first of the month after the hire date. Coverage begins on the first day of the month on or after enrollment is completed.
- The State of Nebraska benefits start on the 1st of the month following a 30 day waiting period. Nebraska State Statute 84-1604 declares the 30 waiting period.
- Oklahoma does not have a specific waiting period for coverage. Coverage for a new employee is effective the first day of the month following their employment date or employer eligibility date. Additional information is at <https://omes.ok.gov/content/eligibility>.
- For the State of Colorado new employee benefits begin on the first day of the month after the month they were hired.

III. Agency analysis specifically addressing following:



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A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The proposed regulation change only affects Non State Public employers that have elected to purchase coverage as Non State Public employers through the SEHP. This change will enhance recruitment of quality employees by being able to offer health insurance upon employment with the Non State Public employer.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

Segal, the health plan actuaries, have stated this change is cost neutral for the health plan as any claims incurred during the initial coverage period would be covered by the premiums paid. Implementation can be accomplished easily through the SEHP Membership Administrative Portal at no additional cost. Employers and employees would be responsible for paying the premium for the additional month of coverage.

C. Businesses that would be directly affected by the proposed rule and regulation;

K.A.R 108-1-4 would affect any eligible Non State Public employer groups as outlined in K.S.A. 75-6506 and that have been authorized to participate in the SEHP by the Health Care Commission. The group has exercised this option by contracting with the SEHP for their employees' health insurance coverage.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The benefit of the change is employees and their covered dependents would be able to have health insurance coverage from their first day of employment. This would be a positive recruitment tool for the covered Non State Public Employers. This would potentially eliminate the need of prospective employees to enroll and pay for COBRA continuation coverage or other group health insurance premiums once their employment with the covered employer under the SEHP has begun.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

This change does not affect other business or economic development within the State.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$ 365,796.48

An estimate, expressed as a total dollar figure, of the total implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

\$104,771.13

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Do the above total implementation and compliance costs exceed \$3.0 million over any two-year period?

YES ☐ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

Non State Public Employer

Number of employees hired in 2019 by a Non State Public Employer that took medical

408 408

The average medical premium paid by employer for new hire

841.15 229.59

The average dental premium paid by employer for new hire

55.41 27.20

The average Employer cost (Medical and Dental)

896.56 256.79

Estimate cost for the employer for 30 days

Number of new hires in a year that took medical

408 408

Average Employer cost for a new hire

896.56 256.79

Total cost for 30 days

\$365,796.48 \$104,771.13

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed \$3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES ☐ NO ☒

- G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.**

The proposed regulation change was proposed, discussed and approved by the Kansas State Employees Health Care Commission during a public meeting. The Chair of the HCC, the Secretary of Administration proposed this rule change. Non State Public Employers agree as part of their contract with the State that the Health Care Commissions shall have sole authority to determine the policies and procedures for coverage in the SEHP. The entire Commission voted at their public meeting on April 24, 2020 to pursue this change and directed to staff to begin the process.

- H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).**

N/A

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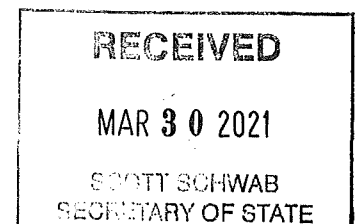
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- I. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons who would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

N/A



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