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Statement of Sunee N. Mickle, Director of Government Relations
Blue Cross and Blue Shield of Kansas, Inc.
Senate Financial Institutions and Insurance Committee
Regarding Senate Bill 348
February 8, 2018

Good Morning Chairman Longbine and Members:

Blue Cross and Blue Shield of Kansas (BCBSKS) appreciates the opportunity to express our support for SB 348. BCBSKS is a locally-operated mutual insurance company with more than 1,600 Kansas-based employees. We have offices in 11 different Kansas communities (Dodge City, Garden City, Hays, Hutchinson, Independence, Lawrence, Manhattan, Salina, Pittsburg and Wichita), and our corporate headquarters is located in Topeka. We currently serve approximately 930,000 of your fellow Kansans, in 103 of the Kansas counties. The company's service area includes all Kansas counties except Johnson and Wyandotte in the Kansas City metro area.

As a mutual insurance company that operates as a not-for-profit, BCBSKS strives to minimize our administrative costs. One way that we accomplish this is by spending nearly 90 cents of every premium dollar we collect on our members' medical claims. In 2016, BCBSKS paid nearly \$2.6 billion to our providers and members for over 18.9 million member claims. With the remaining premium dollars, we paid employees, provided facilities, equipment, and other routine operational costs in Kansas, including more than \$180 million in state, federal, and local taxes.

SB 348 would help BCBSKS further reduce our operating costs and assist us with directing our member's premium dollars towards the health care services they need. For example, in 2017, BCBSKS mailed out more than 5.4 million explanation of benefits to its members. The cost for mailing hard copies of the explanation of benefits was approximately \$2.7 million. Under current law, BCBSKS is also obligated to mail hard copy versions of insurance policies, summary of benefits, and other coverage documents. In fact, we mailed several hundred thousand such documents in 2017, and with those documents containing 30-50 pages or more, the mailing costs also run into the millions for those documents.

While it certainly made sense when the original statutes were drafted to require delivery of these documents in hard copy format, now that we have developed the sophisticated electronic capabilities for creation, storage and transmission of such documents, and most in our society have embraced the electronic age and are comfortable with computers, tablets and smart phones, the modifications made by SB 348 seem entirely reasonable and appropriate. Members can easily login to the secure section of our website to review their benefits, claims status, participating providers, and much more. Members also have the ability to download their personalized documents or they can always contact us to request that we mail them a hard copy.

SB 348 modernizes Kansas law and supports the efforts of BCBSKS to reduce administrative costs for our members without infringing on the rights of anyone who prefers to receive hard copy documents. Therefore, BCBSKS respectfully requests your consideration of SB 348.

Thank you for your time, and I am happy to answer any questions.