

MINUTES

SPECIAL COMMITTEE ON FINANCIAL INSTITUTIONS/INSURANCE

November 13, 2001
Room 231-N—Statehouse

Members Present

Senator Sandy Praeger, Chairperson
Senator James A. Barnett
Senator Pete Brungardt
Senator Ruth Teichman
Representative Ray Cox
Representative Joe Humerickhouse
Representative Judith Loganbill
Representative Bill McCreary
Representative Eber Phelps
Representative Sue Storm

Members Absent

Representative Bob Tomlinson, Vice Chairperson
Senator Paul Feleciano, Jr., Ranking Minority Member

Staff Present

Dr. Bill Wolff, Kansas Legislative Research Department
Kenneth Wilke, Revisor of Statutes Office
June Evans, Committee Secretary

November 13, 2001
Morning Session

Chairperson Praeger called the meeting to order at approximately 10:00 a.m. She told the members and the audience the Committee would work until about 10:30 a.m. and then recess until 1:00 p.m., in order for people to attend the 11:00 a.m. funeral service for John Shoemaker's mother who died Saturday.

Representative Phelps informed the members and audience that Representative O'Brien was injured in a construction accident. The extent of his injuries are unknown at this time.

Representative Phelps moved, seconded by Senator Teichman that the minutes of October 22, 2001, meeting be approved. The motion carried.

Credit Scores. Since the Committee already had reached its conclusions and made its recommendations, the report as drafted was approved.

Public Adjusters Licensing Act. Staff called the members' attention to letters received since the public hearing on this topic, then proceeded to review the content of the draft Committee report, including the background to the study and the interim activities. Following discussion, staff was directed to add to the draft report the following Committee conclusions and recommendations. The Committee studied the issue and, at the present time, does not believe public adjusters should be licensed. Consequently, the Committee recommends that no action be taken on the bills carried over to the 2002 Session of the Legislature, unless additional evidence is produced demonstrating a problem with such adjusters in the marketplace.

The Committee report was approved with the addition of the conclusions and recommendations.

Public Program and Consolidation in SRS. Staff reviewed the content of the draft committee report, including the background to the study and the interim activities. Following discussion, staff was directed to add to the draft report the following Committee conclusions and recommendations. The Committee recognizes that current budget constraints may cause changes to be made in the public health programs; however, the Committee recommends that the Department of Social and Rehabilitation Services (SRS) exercise caution in increasing the costs to individual families.

On another issue, the Committee is aware that the Centers for Medicare and Medicaid (CMS), is looking at granting some greater flexibility to the states to offer family coverage under the Children's Health Insurance Program. The report should reflect that awareness and encourage, SRS to explore whatever options are available to the state as it maximizes federal dollars for family coverage.

Finally, the Committee requests the appropriate standing committees during the 2002 Legislature get an update from SRS on the implementation of the dental services program under contract to Doral Dental.

Representative Storm, a member of the Health Policy Committee created under the Business Health Partnership Act, commented that, if the Partnership is to accomplish anything down the road, it will have to access money under HealthWave for families.

The Committee report was approved with the addition of the conclusions and recommendations.

Afternoon Session

Chairperson Praeger called the meeting to order at approximately 1:00 p.m., and continued discussion and direction for Committee reports.

Allow Counties to Opt into the State Employees Health Care Benefit Program; Review Current State Employee Health Care Commission Rules and Regulations Applicable to School Districts that Choose to Join the Plan. Staff reviewed the content of the draft Committee report, including the background to the study and the interim activities.

Chairperson Praeger asked Bruce Witt, Preferred Health Systems, to review with the Committee the potential impact admitting currently insured groups into the state plan might have on the private market.

Bruce Witt, explained that, as an insurer of groups in the marketplace, PHS receives a certain return for its services. He explained that a school district group it previously insured joined the state plan. A high percentage of the group chose, under the state plan, coverage from PHS. However, the reimbursement to PHS from the state was lower than when it provided the same services to the group under its own contract (Attachment 1).

In response to a question, Mr. Witt indicated that while admission to the state plan of city and county employees might benefit the municipalities, it could do harm to the insurers.

Senator Teichman asked if some statutory provision should be enacted to guard against this type of adverse impact. Chairperson Praeger commented that guidelines are needed to be in place to assure administrative costs are shared and that no harm comes to the state plan as groups come in and go out over time.

On the issue of administrative structure of the Commission should city and county employees come into the plan, Chairperson Praeger stated there are currently five members on the Commission, each member representing 20 percent of the state employees. She suggested that when 20 percent of the plan pool is city and county employees, the Legislature should look at a governing change.

By consensus, the Committee agreed to recommend to the Kansas Health Care Commission that city and county employees be brought into the state plan under the same guidelines, where applicable, as used by the Commission to bring school district employees into the plan.

Staff reminded the members that Andy Corbin, Blue Cross/Blue Shield, at the last meeting, raised the issue of whether or not the existing Kansas law governing small groups applies to the state health care plan. Following a meeting with Committee staff of legal counsel for the Department of Administration and the Insurance Department, letters were drafted by each agency indicating that small group statutes do not apply to the state plan,

and specific statutory authorization exists allowing the Commission to admit a laundry list of potential applicants, including city and county employees.

The Committee report was approved with the addition of the conclusions and recommendations. Chairperson Praeger said she remains uncomfortable about the small group market and expressed a belief that it be continually monitored.

Prescription Drug Card. Staff reviewed the content of the draft Committee report, including the background to the study and the interim activities. The Chairperson recalled that at the hearing on this proposal, some questions were raised relating to sources of the problems identified by the proponents of legislation. Larrie Ann Lower, Executive Director, Kansas Association of Health Plans (KAHP), responded to those questions with a review of each issue raised. She concluded that the problems, if any, seemed to be with self-insured plans and not with Kansas plans or insurers (Attachment 2).

Chairperson Praeger informed the members that Terry Leatherman, Kansas Chamber of Commerce and Industry (KCCI), agreed to work with the KAHP and other interested entities to work out problems, and if the group found changes necessary, it could make recommendations to the 2002 Legislature. She also suggested that the informal group review what can be done to better educate the insureds and those in self-insured plans as to their coverage types and limits.

Following discussion, staff was directed to add to the draft report the following Committee conclusions and recommendations. The Committee concludes that the problems pharmacists confront seem more prevalent with self-insured groups over whom the Legislature has no control than with other health plans. Rather than impose new requirements on fully insured plans, the Committee recommends that pharmacists and employer groups and their benefit managers enter into discussions to identify the specific needs of the parties involved and develop a plan of action outside the legislative arena to address those needs. Included in the discussions should be ways to educate consumers as to the types of coverage they have and the entities responsible for paying for their coverage.

Business Health Partnership. Staff reviewed the content of the draft Committee report, including the background to the study and the interim activities. Following discussion, staff was directed to add to the draft report the following Committee conclusions and recommendations. The Committee recommends passage of a new bill by the 2002 Legislature to remove the sunset date of July 1, 2002, from the Business Health Partnership Act. Chairperson Praeger indicated that the Health Policy Committee has some suggested changes to the act, however, those suggestions have just been received from consultants to the Policy Committee. She told the members that she and Representative Storm would work with staff to get some legislation drafted that could be included in the bill removing the sunset on the act.

All final reports reflecting the Committee's decisions, conclusions, and recommendations will be mailed to the members. Any comments should be addressed to Dr. Wolff who will then consult with the Chairperson about changes.

There being no further business to come before the Committee, the last meeting of the Interim was adjourned at 2:30 p.m.

Prepared by June Evans
Edited by Bill Wolff

Approved by Committee on:

December 20, 2001