# MINUTES

# SPECIAL COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

September 26-27, 2005
Room 514-S—Statehouse

## Members Present

Senator Ruth Teichman, Chairperson
Representative Clark Shultz, Vice-Chairperson
Senator Vicki Schmidt
Senator Chris Steineger
Representative Eric Carter
Representative Nile Dillmore
Representative Oletha Faust-Goudeau
Representative Dick Kelsey
Representative Rob Olson
Representative Virgil Peck

## Member Absent

Senator Nick Jordan

## Staff

Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Bruce Kinzie (Uniform Consumer Credit Code Issues), Revisor of Statutes Office
Ken Wilke (Health Issues), Revisor of Statutes Office
Mary Shaw, Committee Secretary

## Conferees

Jarrod Forbes, Kansas Insurance Department
Craig Van Aalst, Kansas Insurance Department
Tim Davis, Board Member, Kansas Chapter of National Association of Social Workers
Ira Stamm, Psychologist, Private Practice
Carolyn Middendorf, Kansas State Nurses Association
Elizabeth W. Saadi, Office of Health Care Information, Kansas Department of Health and Environment
Cary Mathes, Director of Communications, Hill's Pet Nutrition, Incorporated
Larrie Ann Lower, Executive Director, Kansas Association of Health Plans
Bill Sneed, America's Health Insurance Plans
Cheryl Dillard, Director of Government Relations, Coventry Health Care of Kansas

Brad Smoot, Blue Cross and Blue Shield of Kansas and Kansas City
David S. Nevill, President & Chief Executive Officer, Wesley Medical Center, Wichita
Leonard Kalm, Senior Vice President of Managed Care, HCA Continental Division
Lt. Governor John Moore, Chairman, Governor's Health Care Cost Containment Commission
Chad Austin, Senior Director, Health Policy and Data, Kansas Hospital Association
Jerry Slaughter, Kansas Medical Society
Kevin Robertson, Executive Director, Kansas Dental Association
Charles "Chip" Wheelen, Kansas Association of Osteopathic Medicine
Bert W. Oettmeier, Jr., DDS, President, Kansas Dental Association
Michael Wegner, Chief Financial Office, Via Christi Regional Medical Center
Gary Robbins, Executive Director, Kansas Optometric Association (written)
Chad Austin, Kansas Hospital Association (written)
Michael Clark, President and Chief Executive Officer, Delta Dental of Kansas
Elizabeth Kinch, Chair, Board of Directors for Delta Dental of Kansas (written)
Ted Jowett, DDS, Member of Board of Directors for Delta Dental of Kansas (written)
Collier Case, Director of Health and Productivity Benefits, Sprint Nextel
Marlee Carpenter, Vice President, Government Affairs, Kansas Chamber of Commerce
David H. Dake, Vice President, Managed Care, Wesley Medical Center (written)
Jim Berry, Human Resources Director, City of Garden City (written)
Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (written)
Chuck Stones, President, Kansas Bankers Association (written)
Laura Pintcke, Consumer
Keith Hacker, Consumer

## Monday, September 26
## Morning Session

Chairperson Ruth Teichman called the meeting to order at 10:00 a.m. and welcomed everyone to the meeting. Introductions were made by the members of the Committee. Chairperson Teichman noted that during this meeting the Committee would be reviewing items and no decisions would be made until the November meeting.

Chairperson Teichman welcomed Jarrod Forbes of the Kansas Insurance Department. Mr. Forbes introduced Craig Van Aalst, Kansas Insurance Department, who presented an overview of the regulation of health insurance in Kansas (Attachment 1). Mr. Van Aalst explained that the Kansas Insurance Department is responsible for ensuring the compliance of all health insurance products sold by insurance companies to do business in Kansas with all Kansas insurance laws and regulations. Each year, the Kansas Insurance Department reviews new filings, including new policy forms, new rate filings, renewal rate filings and advertisements to make certain that insurance carriers are issuing and maintaining products that comply with Kansas insurance laws. The Department also reviews consumer inquiries to ensure that insurance companies are providing benefits and charging premium rates in line with what was approved and filed with the Kansas Insurance Department. Mr. Van Aalst detailed 2004 statistics, which are found in his written testimony.

Mr. Van Aalst noted that the Kansas Insurance Department is now reviewing a large number of filings that will allow Medicare supplement insurers to comply with the requirements of the Medicare Modernization Act of 2003.

Chairperson Teichman welcomed the following conferees who provided background information concerning updates on mental health benefits and mental health parity.

Tim Davis, board member, Kansas Chapter of National Association of Social Workers, addressed health care delivery and the insurance industry (Attachment 2). Mr. Davis explained that his focus was about the insurance industry practice of utilization review and how it is being used to create barriers to mental health care for persons needing such care. Mr. Davis provided information in his written report on *Mental Health: A Report of the Surgeon General, December 1999* and the New Freedom Commission on Mental Health, which was created by President Bush in 2001.

Mr. Davis explained that the health insurance industry has established ways, through aggressive utilization review, to actively discourage and even prevent persons from accessing and maintaining mental health care that they need and should receive under the federal Mental Health Parity Law. He mentioned that with appropriate care, an individual who suffers from a major mental health disorder can still continue to work, pay taxes and productively contribute to the community. In closing, Mr. Davis explained that the Legislature would be well served by asking for a comprehensive assessment of the actual implementation of the Mental Health Parity Law, with particular attention given to the utilization review practices.

Ira Stamm, a psychologist in private practice in Topeka, provided information that he noted reflects his own professional views as a psychologist in private practice, and not those of any organization (Attachment 3). Dr. Stamm highlighted two problems.

- Are some commercial insurance carriers in Kansas routinely engaging in "breach of contract" by denying to policyholders health care benefits for which they have paid premiums?

- By denying consumers use of their purchased benefits, some insurance companies are "cost shifting" their fiduciary responsibility to the public ledger.

Dr. Stamm also explained that utilization review for outpatient therapy highlights several problems such as: the erosion of confidentiality; some utilization review practices of some insurance companies threaten and disrupt the emotional connection between patient and therapist; treatment is directed by the insurance company; and mental health patients are subject to different standards of utilization review from patients who undergo medical and surgical treatment.

In closing, Dr. Stamm mentioned recommendations to the Kansas Legislature which are detailed in his written testimony.

Carolyn Middendorf, Kansas State Nurses Association, addressed the following two issues (Attachment 4):

- The Kansas adolescent suicide rate is higher than the national average and may have implications for "health insurance" coverage; and

- The regulatory authority of the Kansas Insurance Commissioner to "approve" health insurance premium increases is limited in scope.

In closing, Ms. Middendorf asked what could be done, if anything, to strengthen the Kansas Insurance Department's authority for premium rate setting for health insurance.

Chairperson Teichman welcomed Dr. Elizabeth W. Saadi, Office of Health Care Information, Kansas Department of Health and Environment, who briefed the Committee on health care and health insurance information resources (Attachment 5). Dr. Saadi detailed the two major programs in the Center for Health and Environmental Statistics:

- Office of Vital Statistics – manages the state's civil registration system (source of legacy data); and
- Office of Health Care Information – created to address needs for morbidity and health system data.

Dr. Saadi also explained current Kansas Information for Communities programs. In closing, she mentioned that Kansas faces several challenges as follows:

- Rising cost of health care;
- The call for more consumer-oriented reporting on providers;
- Addressing the needs of the uninsured and underinsured; and
- Assuring adequate workforce for care for the aging population.

Additional healthcare data resources and Department publications were provided by Dr. Saadi (Attachment 6).

The meeting recessed at 11:55 a.m.

## Afternoon Session

Chairperson Teichman reconvened the meeting at 1:30 p.m. and turned the attention of the Committee to business and insurance industry comments on the current health care and health insurance environment in Kansas. She welcomed the following conferees.

Marlee Carpenter, Kansas Chamber of Commerce, introduced Cary Mathes, Director of Communications, Hill's Pet Nutrition, Inc. (Attachment 7). Mr. Mathes mentioned that one of the major guiding principles Hill's has as a company is to promote healthy lifestyles and to encourage employee consumerism. He noted that ensuring healthy lifestyles and educating consumers is the starting point for reducing, or at least managing, the increased cost of employee health care. Mr. Mathes also noted that another measure critical to controlling cost increases and ensuring educated consumer base, is to provide transparency on all costs for doctors and hospitals.

Larrie Ann Lower, Executive Director, Kansas Association of Health Plans, provided information on the status of health insurance (Attachment 8). Ms. Lower mentioned that in 2003, she and others appeared in front of various committees attempting to explain why the cost of health insurance was rising at alarming rates. She noted that they cited a Price Waterhouse Coopers study reporting that health insurance premiums were rising at an average of 13.7 percent.

Ms. Lower mentioned that, on September 19, the Kaiser Family Foundation released its seventh annual health insurance survey on job-based health insurance. It found that the rate of growth for health insurance premiums declined for the second straight year to 9.2 percent. She explained that employers, health plans, and government officials must continue to work together to find effective ways to address the continuing rise in health care costs.

Bill Sneed, America's Health Insurance Plans, explained that according to newly revised data from the Center for Studying Health System Change, the growth of health care spending per insured person stabilized at about 8 percent in 2004, which was down from a recent peak of 11 percent in 2001 (Attachment 9). He noted that hospital costs are a major cost driver.

Mr. Sneed presented an Executive Summary regarding *Individual Health Insurance: A Comprehensive Survey of Affordability, Access and Benefits*. This included information on the background, summary, key findings, and information about the survey. He noted that the survey was divided into three components: premiums, underwriting, and benefits.

Mr. Sneed noted information on pages 6 and 7 of the survey where Tables 2 and 3 indicate the average annual premiums by state for single and family coverage in 2004.

Cheryl Dillard, Director of Government Relations, Coventry Health Care of Kansas, explained some of the cost containment strategies of Coventry Health Care of Kansas, Inc. (Attachment 10). Ms. Dillard mentioned that when Coventry talks about the cost of health care, it always refers to the two U's – utilization and unit cost. She explained that these two factors, taken in combination, drive up heath care costs, hold them steady, or reduce them. Ms. Dillard provided copies of Coventry's booklet *Know Your Numbers* and a brochure describing ePhit, which is Coventry's online personal health improvement program. (Copies of this information are on file with the Kansas Legislative Research Department.)

Brad Smoot, Blue Cross and Blue Shield (BCBS) of Kansas and Kansas City, provided information regarding current trends in health care costs and insurance and noted that his data is Kansas-specific (Attachment 11). Mr. Smoot referred to a recent *New Yorker* magazine article stating that "Americans spend $5,267 per capita on health care every year, almost two and one-half times the industrialized world's median of $2,193." He explained that the impact of health care spending has been universal, affecting all states; the group and non-group insurance markets; federal, state, and local governments; employers (insured and self-insured); Medicare and Medicaid; and those without coverage. It was noted that Medicaid has had to increase its budget from $30.4 million in FY 1992 to $1.3 billion in FY 2005, a 204.2 percent increase in ten years.

Mr. Smoot listed several cost-driving forces, some of which are not subject to state government control:

- Aging population;
- Lifestyle choices;
- Prescription drugs;
- Government regulation;
- Cost-shifting and the uninsured;
- Expansion of services; and
- Use of new medical technologies.

Chairperson Teichman recognized Melissa Calderwood, Principal Analyst, Kansas Legislative Research Department, who presented a review of three bills from the 2005 Session that are to be considered for review by the Committee (Attachment 12). The three bills are SB 165, SB 166 and

SB 167. Chairperson Teichman explained that there currently are negotiations going on between the Kansas Insurance Department and parties that are interested in HB 2366. A report is ready and will be brought to the Committee at the November meeting.

The meeting recessed at 3:05 p.m.

## Tuesday, September 27
## Morning Session

Chairperson Teichman reconvened the meeting at 9:03 a.m. and asked Committee staff to introduce themselves.

The Chairperson opened a hearing on SB 165.

### Proponents

David S. Nevill, President and Chief Executive Officer, Wesley Medical Center, Wichita, testified in support of the bill. Mr. Nevill addressed the tactic of waiving patient liability for health care services as an unfair business practice that interferes with the relationships and duties between an employer and employees, an employer and the health plan provider/insurance company; and between the health plan provider/insurance company and health care providers, such as hospitals (Attachment 13). He also provided information regarding the impact of over-utilization and increasing costs on the insurance industry. Mr. Nevill urged the Committee to approve SB 165. Chairperson Teichman asked Mr. Nevill to provide actual numbers for the percentages used in his written testimony.

Leonard Kalm, Senior Vice President of Managed Care, HCA Continental Division, spoke in support of the bill (Attachment 14). Mr. Kalm noted that there is no difference in providers routinely waiving co-pays and deductibles and buying referrals by paying or kicking back money. Mr. Kalm presented information regarding the basics of Colorado and federal law, impact of waiving co-pays and deductibles, increased utilization, increased employer premiums, patient confusion, undermining quality programs, jeopardizing patient safety, and increasing the burden on Medicare and the uninsured. In closing, Mr. Kalm mentioned that, although on the surface waiving co-pays and deductibles appears to benefit patients, it actually creates skewed incentives and undermines many valuable programs that benefit patients in the long run. He respectfully requested that the Committee approve SB 165.

Chairperson Teichman welcomed Lt. Governor John Moore, Chairman, Governor's Health Care Cost Containment Commission (H4C), who presented a status and overview of the H4C, which was created December 14, 2004 (Attachment 15). Lt. Governor Moore mentioned that the Commission has met five times, and he felt that it has met the scope called for in the Executive Order. He explained that the H4C was created by an Executive Order to focus on:

- Health care system inefficiencies;
- Health care quality and safety;
- Escalating costs; and
- Health information technology and exchange.

Lt. Governor Moore noted that the H4C is focusing on the following areas:

- Patient identification (ID) card information standardization and advanced ID care technologies;
- Common barriers to payment of valid claims;
- Single credentialing process for physicians; and
- Health Information Technology (HIT)/Health Information Exchange (HIE).

In closing, Lt. Governor Moore explained that the H4C is focused on quality, safety, and cost-effectiveness.

Chairperson Teichman called the Committee's attention to continued testimony on SB 165.

## Proponents (continued)

Chad Austin, Senior Director, Health Policy and Data, Kansas Hospital Association, testified in support of the bill (Attachment 16). Mr. Austin mentioned that the purpose of his testimony is to prevent health care providers from the widespread practice of waiving the financial responsibility of the patient. He addressed certain exceptions in his written testimony. In closing, Mr. Austin explained that the Kansas Hospital Association and its members urge the Committee to strongly consider addressing SB 165 in the 2006 Legislative Session.

Chairperson Teichman recognized Jerry Slaughter, Kansas Medical Society, who presented oral testimony regarding SB 165. Mr. Slaughter expressed concern regarding the way the bill was written and how it would apply to all providers. He also noted a concern about the broad language of the bill, and that enforcement with consistency would be difficult. Mr. Slaughter was concerned with any unintended consequences. Chairperson Teichman asked that Mr. Slaughter provide written comments regarding his testimony by the November meeting.

There were no opponents to the bill and the Chairperson closed the hearing on SB 165.

Representative Dillmore asked a staff member from the Revisor's Office where the one-tenth cap came from and the Revisor indicated that he would research the question. Senator Schmidt also asked the Revisor's staff person to research the number of prosecutions associated with the statute in Colorado.

Chairperson Teichman opened the hearing on SB 166:

## Proponents

Kevin Robertson, Executive Director, Kansas Dental Association (KDA), testified in support of the bill (Attachment 17). Mr. Robertson explained that he was present to discuss 2005 SB 166 regarding the issue of insureds having the right and ability to assign their insurance benefits to providers. He mentioned that KDA strongly supports the 1969 statutes and believes that insureds should have the ability to assign their insurance benefit to providers who do not participate in certain insurance networks.

Mr. Robertson emphasized the following points:

- Insurers must allow their insureds to assign their benefit to the provider for payment, but benefits would only be assigned if the insured chooses to do so;
- Insurance carriers would still pay the same amount for services rendered, the only difference being the payment would go to the provider in instances where the insured chooses to assign;
- The financial burden is eased from insureds by allowing payment to be received directly by the provider, instead of having the patient pay up front for services and then await reimbursement from their insurer; and
- Providers would reduce costs associated with collections.

Charles "Chip" Wheelen, Kansas Association of Osteopathic Medicine, spoke in support of the bill (Attachment 18). Mr. Wheelan explained that the Kansas Association of Osteopathic Medicine supports the provisions of SB 166 because it would reinforce the principle of patient freedom of choice, and would promote continuity of medical care for patients who have an established relationship with a physician. He noted that this law is based on a fundamental premise that the benefits of an insurance policy belong to the insured, not to the insurer nor a third party that purchased the insurance on behalf of the insured. In closing, Mr. Wheelan urged support of SB 166 because the bill would reaffirm the fundamental principle of patient ownership of health insurance benefits, and would promote patient freedom of choice among health care professionals.

The meeting recessed at 11:40 a.m.

## Afternoon Session

Vice-Chairperson Clark Shultz turned the attention of the Committee to continued testimony on SB 166.

Bert W. Oettmeier, Jr., DDS, President, KDA, testified in support of SB 166 (Attachment 19). Dr. Oettmeier mentioned that SB 166 is a “patients’ rights” bill. It gives the patients the right to assign their insurance benefits to any provider who provides health or dental services to the insured, whether or not the provider is a participating provider.

Dr. Oettmeier listed some problems that are created without the “Assignment of Benefits”:

- Insurance companies refusing to honor assignments of benefits frequently leads to patients keeping reimbursement checks and not paying for services rendered in good faith.
- Refusing to honor assignments of benefits increases health care costs by increasing the costs of collection through re-billing procedures.
- When insurance companies refuse to honor assignments of benefits, the provider does not receive an “Explanation of Benefits” document.

In closing, Dr. Oettmeier noted that allowing assignment of benefits does not increase the cost of health care, and can reduce administrative costs by allowing the insurer to cut group checks to the provider as opposed to individual checks to patients.

Michael Wegner, Chief Financial Officer, Via Christi Regional Medical Center, spoke in support of SB 166 (Attachment 20). Mr. Wegner mentioned that he was speaking in favor of SB 166 to achieve two positive results:

- Settle a conflict regarding "free assignability" in insurance policies that exists in Kansas statutes; and
- Reduce Via Christi's cost of doing business by $800,000 to $1,000,00 per year.

Mr. Wegner addressed legal considerations and financial considerations in his written testimony. In closing, Mr. Wegner noted that for Via Christi Regional Medical Center, SB 166 is about eliminating the bad debt and unnecessary legal action that the refusal of assignment of benefits policy has foisted on medical providers in Kansas. He asked for support for the bill.

Written testimony was received from the following conferees:

- Gary Robbins, Executive Director, Kansas Optometric Association (Attachment 21); and
- Chad Austin, Senior Director, Health Policy and Data, Kansas Hospital Association (Attachment 22).

## Opponents

Ms. Lower testified in opposition to SB 166 (Attachment 23). Ms. Lower explained the Kansas Association of Health Plans' opposition to prohibiting health insurance companies from utilizing non-assignment of benefits clauses. She noted that SB 166 applies to all providers and would prohibit the mechanism of non-assignment clauses health plans can utilize to encourage providers to contract with them, which helps control the ever increasing cost of health care. In closing, Ms. Lower mentioned that the impact of SB 166 could be far more costly to the taxpayers.

Representative Carter requested information regarding the parameters and case law regarding the state courts, and any rulings on non-ERISA plans.

Mr. Smoot spoke in opposition to SB 166 (Attachment 24). Mr. Smoot explained that this bill would remove authority for insurance companies to refuse to make direct reimbursement to non-contracting hospitals, doctors, dentists, and other providers. He noted that if SB 166 were to become law, it could create two classes of Kansas consumers – those who have the benefits of negotiated health care prices and protection from "balance billing" and those who do not. In closing, Mr. Smoot explained that SB 166 would raise, not lower health care costs and is, in fact, anti-consumer. He urged Committee to discourage enactment of the bill.

Michael Clark, President and Chief Executive Officer, Delta Dental of Kansas, testified in opposition to SB 166 and SB 167 (Attachment 25). Mr. Clark mentioned that Delta Dental of Kansas is the largest dental benefits carrier in the State of Kansas. He noted that all the customers in Kansas would face higher costs for dental benefits if the bills are passed.

Mr. Clark addressed three implications if SB 166 and SB 167 are passed:

- There will be higher costs for employers;
- Patients will pay higher costs; and
- There will be lower participation in networks.

Written testimony on SB 166 was submitted by the following conferees:

- Elizabeth Kinch, Chairperson, Board of Directors for Delta Dental of Kansas (Attachment 26);
- Ted Jowett, DDS, Member of Board of Directors for Delta Dental of Kansas (Attachment 27);
- Collier Case, Director of Health and Productivity Benefits, Sprint Nextel, testified in opposition to SB 166 (Attachment 28). Mr. Case explained that Sprint is interested in preserving health coverage and managing costs for its employees and its shareholders. He expressed concern that if SB 167 passes, dentists will not have an incentive to join a network and Sprint employees will not have an incentive to visit a dentist. Mr. Case felt that without the network, non-network differentials and protections their costs will go up and so will costs for employees. In addition, Mr. Case noted that SB 166 would allow assignment of benefits which will raise their costs.
- Ms. Carpenter spoke in opposition to SB 166 (Attachment 29). Ms. Carpenter mentioned that allowing direct pay would aggravate the health insurance problem in Kansas and increase costs for all businesses. She noted that large and small businesses do not have the ability or expertise to negotiate directly with providers for the best rates. Ms. Carpenter mentioned that Kansas employers and employees will be the losers if SB 166 becomes law.

Written testimony on SB 166 was submitted by the following conferees:

- David H. Dake, Vice President, Managed Care, Wesley Medical Center (Attachment 30);
- Jim Berry, Human Resources Director, City of Garden City (Attachment 31);
- Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (Attachment 32);
- Chuck Stones, President, Kansas Bankers Association (Attachment 33); and
- Vice Chairperson Shultz closed the hearing on SB 166 and opened the hearing on SB 167.

## Proponents

Mr. Robertson testified in support of SB 167 (Attachment 34). Mr. Robertson explained that SB 167 would require dental insurance plans to reimburse their insureds the same for treatment whether the insured received treatment from a dentist participating in the insurance network or not. He noted that there are many reasons dentists do not participate in insurance networks including capacity of the office, reimbursement levels, contract exclusions, payment issues, and claim issues.

Mr. Robertson also noted that access to care for dental services suffers in areas where there are few providers, and insureds must travel miles to find a participating in-network provider. Some dental procedures, like orthodontics, are often excluded from reimbursement if the insured seeks treatment by a non-participating dentist. This jeopardizes the dental health of Kansans who live in areas with limited dentists who participate in the specific dental plan that the employee's company may offer.

Dr. Oettmeier testified in support of SB 167 (Attachment 35). Dr. Oettmeier explained that the bill is a "patient's rights" bill as well as a "freedom-of-choice" issue. He noted that SB 167 provides for equal reimbursement to the insured, regardless of whether the services were provided by a participating provider or a non-participating provider.

In closing, Dr. Oettmeier mentioned that a non-participating dentist will receive his "full fee" from the patient, regardless of whether this bill passes or not. It is not a "dentists' bill." The only thing that changes with passage of the bill is that Kansans who choose to go out of network are reimbursed fairly and equally to their co-insured who go in-network.

Laura Pintcke, consumer, testified in support of SB 166 and SB 167 (Attachment 36). Ms. Pintcke mentioned that, as a patient, she and others choose their treatment providers with great consideration of many factors. Regarding SB 166, she noted that her own dental insurance provider does not allow her to select her dentist to receive payment directly from the insurance company and finds that unacceptable. Regarding SB 167, she noted that, as a consumer, she pays the same premiums for care and gets double penalty (costs) if she chooses out of network providers. The freedom of choice is heavy on this issue.

Keith Hacker, consumer, spoke in support of SB 166 and SB 167 (Attachment 37). Mr. Hacker addressed freedom of choice, assignment of benefits and request for consideration. He respectfully requested that the Committee pass the bills so that families in Kansas are not ruled by business and insurance corporations, but are given the freedom to choose their medical provider based on skill and ability, rather than a network association.

## Opponents

Ms. Lower spoke in opposition to SB 167 (Attachment 38). Ms. Lower explained that SB 167 would require health plans to reimburse out-of-network dentists at the same level as in-network providers. She noted that the bill would eliminate one of the incentives health plans use to encourage network participation by providers. Although the legislation only applies to dentists, Ms. Lower mentioned that it very easily could be expanded to all providers.

Ms. Lower, in closing, explained that if the Legislature feels the legislation is necessary, her association members strongly recommend the legislation first be subject to the provisions of KSAs 40-2248, 40-2249 and 40-2249a. KSAs 40-2248 and 2249 require a cost impact study prior to the consideration of any new mandate. KSA 40-2249a requires testing any new mandate first on the state employees health plan.

Mr. Smoot testified in opposition to SB 167 (Attachment 39). Mr. Smoot noted that this bill would require insurance companies to reimburse dentists the same amount whether they had agreed to contract with the health insurer or not. On behalf of Kansas customers, Mr. Smoot explained that BCBS opposes this measure. Mr. Smoot mentioned that passage of this legislation would remove almost any incentive for a dentist to contract with BCBS plans or other dental insurers. In the interests of health care cost containment and their customers, Mr. Smoot urged rejection of SB 167.

The Vice Chairperson closed the hearing on SB 167.

Representative Dillmore asked if the statutory mandate is applicable for certain providers and if the statutes appear to cover a cost study. Vice-Chairperson Shultz requested that the Revisor's Office give an opinion on the mandates at the November meeting.

The next meeting is scheduled for November 2-3, 2005. The meeting adjourned at 3:15 p.m.

Prepared by Mary Shaw
Edited by Melissa Calderwood
and Terri Weber

Approved by Committee on:

November 2, 2005
(date)