

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Chairman Rex Hoy at  
Chairperson

3:30 ~~am~~/p.m. on January 20, 1983 in room 521-S of the Capitol.

All members were present except:

Rep. Elizabeth Baker, excused; Rep. Bill Fuller, excused; and  
Rep. David Webb, excused.

Committee staff present:

Wayne Morris, Legislative Research  
Gordon Self, Revisor's Office  
Mary Sorensen, Committee Secretary

Conferees appearing before the committee:

John Koepke, Kansas Association of School Boards; and  
Bob Hagen, Lawrence, KS

Others present:

See List (Attachment 1)

John Koepke spoke as lobbyist for the Kansas Association of School Boards, to ask the committee to introduce two bills regarding insurance which, if introduced by the committee, would be referred back for hearings. (See Attachment 2). The first bill would repeal KSA 21-3907 and 3908. The recommendation to do so was sent to an interim committee last summer by the Insurance Department. It had been discovered that those two statutes apply criminal penalties to an insurance agent who sells insurance to a public body on which he serves. The second bill requested is one dealing with KSA 40-202, which includes a list of exemptions from the insurance code for various kinds of fraternal and other organizations who only market programs to their members. The Kansas Association of School Boards would like to add its name to that list.

Bob Hagen, from Lawrence, KS, was introduced to testify. He stated that he was an average 60-65 year old citizen, who became concerned sometime back when he was inquiring about health insurance costs. He went to the Insurance Commissioner, who told him that he did not have authority to investigate the operation of the health insurance companies within the State of Kansas. Mr. Hagen said the point he was trying to make with the Commissioner related to the word "terminal" which, in his case, he thought had a dual meaning. There is a point in an insurance agreement which is terminal; that is the point where you have no choice to go elsewhere, due to terminal illness, age, mental illness...he thought when he reached that terminal point he was paying \$400 to \$500 per year, and it has gone to \$2,800 to \$3,000. Mr. Hagen said he had taken his wife to the hospital emergency room where she got a shot of penicillin, and it cost \$38 or \$39. Blue Cross/Blue Shield covered only 80% of this. He thought there should be a point, when a person no longer is able to look elsewhere in the free market for insurance, that the costs should be terminal insofar as any additional costs are concerned. If the rate at that point is \$100 per month, then Mr. Hagen thought it would seem equitable that it remain there for that one person for that one policy, but he knew of no legislation that is particularly interested in containing this.

Mr. Hagen said he spoke with Mr. Roberts of Blue Cross/Blue Shield about a quarter to eight this morning. Mr. Roberts suggested that Mr. Hagen could be on Medicare or Medicaid, but he had his cross-fire with the Veterans Administration, and has been on Blue Cross/Blue Shield for some 30 years, so he (Mr. Hagen) is appearing here to put on the record that there is concern by a specific citizen and aggravate or motivate somebody into thinking of where and how the cost of health insurance can be moderated to a place where you can live

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with it. It is conceivable, Mr. Hagen said, that over the next few years it could be \$10,000 a year; and to the people in this country on a fixed income there isn't any answer, they might start stealing on the streets, and some of that probably goes on too. He then thanked everyone for listening, and asked to receive a copy of the minutes with a list of those who were present, just for the record, and said he hoped that someone, somewhere down the line, would have a suggestion that would be functional.

Chairman Hoy asked if there were any questions, and Mr. Hagen said he did not want to take any more of the committee's time, but would be glad to answer if there were any. Rep. Cribbs said he did not understand some of the terms used, and asked for an explanation of the \$600 to \$3,000 premium figures. Mr. Hagen said that in 1974 he was on Blue Cross/Blue Shield, running his own wholesale business, and it was costing about \$500 or \$600 per year for himself, his wife, and two children for maximum coverage. Today he is paying over \$232 per month and it is 80% coverage. He said that he was not suffering yet, but he was going on the assumption that it would get worse. He is now terminal, since the day he died twice. He made it with a pacemaker, which failed, and they put in another. He got infection in that one, and a third one was put in, which he has had for some 70 good months. When that happened he was no longer insurable and the policy, insofar as his ability to go elsewhere, is terminal. He thinks that should be the terminal point for any price changes or rate changes on his policy, and he would like to have the committee think about it.

Rep. Littlejohn moved that the minutes of the last meeting be approved. Rep. L. Johnson seconded. The motion carried. There was no further new business.

The meeting adjourned at 4:00 PM.



KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

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Bill Requests To House Insurance Committee

submitted by

Kansas Association of School Boards

1. Repeal K.S.A. 21-3907 and 21-3908.
2. Add the Kansas Association of School Boards to the list of organizations in K.S.A. 40-202.