

MINUTES OF THE SENATE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

The meeting was called to order by Sen. Neil H. Arasmith at
Chairperson

9:00 a.m. ~~7:00~~ on February 17, 1983 in room 529-S of the Capitol.

All members were present except:

Sen. Hess - Excused

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor's Office

Conferees appearing before the committee:

Senator Tom Rehorn
Mayor Al W. Tikwart, Jr., Westwood Hills, Kansas
Jack Roberts, Blue Cross and Blue Shield of Kansas
L. M. Cornish, Kansas Assn. of Property & Casualty Insurance Companies

The minutes of February 16 were approved.

The hearing on SB 136 began with the testimony of Sen. Tom Rehorn, co-author of the bill. Sen. Rehorn began by saying that the bill does not do exactly what he had intended due to the fact that he was out of town when it was written for him. He said that this bill is an outgrowth of the efforts of Mayor Tikwart of Westwood Hills. Sen. Rehorn gave statistics showing that health care cost increases have exceeded the annual rate of inflation. He said that the intent of the bill is to make health care providers supply a comparison of health costs for the last ten years so that the general public would be informed.

Mayor Tikwart of Westwood Hills, Kansas, began his testimony in support of SB 136. He said that he was a member of the Kansas Health Cost Commission in 1977-78 and has done research on this subject. He passed out copies of statistical data to illustrate to the committee the relationship of inflation to the rising costs of health care. (See Attachment I). He feels that the state must do something about controlling the cost of health care. He stated that this bill is a positive approach to the problem which would look out for the good of the whole. He feels this approach would get the public involved because the health care providers would have to supply the comparative cost information on the bills that they issue to patients. He feels that this program would also assist the insurance companies in educating the general public about the problems involved in health care costs.

Sen. Karr asked Mr. Tikwart if he was suggesting that every insurance policy would have a listing of comparison of costs. Mr. Tikwart answered that it would not be included on the insurance policies but on the bill from the physician or institution. Sen. Pomeroy asked if all health care providers are required to put this information on their bills, how would those just beginning be able to comply. Mr. Tikwart responded by saying that they would not be able to comply but that the public would have a feeling about the trend by comparing to other doctors or hospitals. Also, there would be data as to what the profession in general charged ten years ago for specific services. Sen. Pomeroy asked on what is the comparison going to be based. Mr. Tikwart said that it would be county or state averaged. Sen. Pomeroy asked why it would not be just as good to have the comparisons printed by the state. Mr. Tikwart answered that the public wouldn't read it until the point of payment. Sen. Pomeroy inquired as to what the penalty would be if the health care provider did not furnish the information. Mr. Tikwart answered that would have to be determined later. Sen. Werts asked what effect this would have on the health care providers insofar as their increased cost of business. Mr. Tikwart answered that he had not thought through this.

Jack Roberts, Blue Cross-Blue Shield of Kansas, appeared to give his testimony on SB 136. He stated that he had thought that the bill was directed towards the insurers, but that it does not involve insurers as Mr. Tikwart has presented it.

Sen. Rehorn told the committee that if it likes the concept of SB 136, he will have the bill rewritten. The chairman said that if it is rewritten, the health care providers may want to give testimony.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS,
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 17, 1983.

Sen. Karr asked Mr. Roberts if a new reimbursement system is coming from insurance companies. Mr. Roberts said that a new system is planned for 1984 that will involve a list of preferred health care providers by insurance companies which would set a level that they would reimburse to hospitals. Mr. Roberts said that he feels that this would be providing more educational information than SB 136 does.

L. M. Cornish, Kansas Association of Property and Casualty Insurance Companies, appeared to give his testimony on SB 136. He stated that he had believed that the bill was directed towards insurance companies and that he would like to be heard if the bill is rewritten. He added that all insurance companies are concerned about increased health care costs and that they are compiling comparisons of costs now.

The chairman suspended the hearing on SB 136 and suggested that the authors make necessary changes in the bill. He noted that if such changes are made, there will probably be others interested in testifying on the bill.

The next meeting will be held on February 18.

The meeting was adjourned.

SENATE COMMITTEE

ON

COMMERCIAL AND FINANCIAL INSTITUTIONS

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
2-17	Marvin Amholz	Topeka	KML
2-17	Verl Strong	Americus	
2/17	Cathy Greaser	Lawrence	Western Sgt. Rehora
2/17	Jim Gregory	Wechita	Boeing Aircraft
	Michael Bras	Topeka	A/A
2-17	Rebecca Krupper	Topeka	KHA
	Don Todd	"	Ins Dept.
	Mark Klety	"	Security Benefit Life
	LM CORNISH	"	Ks. Life Assn.
	JACK ROBIERU	"	BC-B5
	Jay Lohmann	"	BC+BS
	LARRY MAGILL	"	I.I.A.K.

Senate Committee on Commercial and Financial
Institutions

February 17, 1983

Senate Bill 136-Insurance, requiring accident and health companies
to provide comparison of costs

Sen. Tom Rehorn
Al Tikwart

	<u>rate of inflation</u>	<u>physician's services</u>	<u>hospital rooms</u>	<u>medical care services</u>
1972	3.3%	3.2%	4.7%	4.4%
1973	6.2%	9.1%	19.4%	10.2%
1974	7.0%	12.3%	17.2%	12.5%
1975	9.1%	11.2%	13.7%	10.0%
1976	5.8%	9.2%	11.5%	9.9%
1977	6.5%	8.3%	11.0%	8.6%
1978	7.7%	9.1%	11.4%	9.7%
1979	11.3%	10.6%	13.1%	11.2%
1980	13.5%	11.0%	14.8%	11.9%
1981	10.4%	11.0%	14.8%	10.7%
1982	6.1%	9.4%	15.7%	11.9%

medical care services- combination of hospital and physician's services

Attachment I