Approved Feb. 6, 1984
Date

MINUTES OF THE House COMMITTEE ON Insurance.

The meeting was called to order by Rep. Rex Hoy at
Chairperson

3:30 ~~a.m.~~/p.m. on Wednesday, Feb. 1, 1984 in room 521-S of the Capitol.

All members were present except:
Rep. Peterson, Rep. Turnquist, and Rep. Webb, who were excused.

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

Conferees appearing before the committee:
Sylvia Hougland, Secretary of Aging
Dick Scott, State Farm Insurance
Rep. Sprague
Dick Brock, Insurance Department
James Ketcherside, McPherson, KS. Farmers Alliance Mutual Ins. Co.
Jerry Slaughter, for Kansas Medical Society
Larry Magill, for Independent Insurance Agents of Kansas

Others Present:
See Attachment 1

Sylvia Hougland, Secretary of Aging, spoke to request a bill introduction by the committee to prohibit age-rating in Medicare supplement policies in the State of Kansas. Her written testimony is attached and marked Attachment 2. Ms. Hougland also passed out a proposed conceptual amendment (Attachment 3) with the wording her organization would like to see put into the law. There were questions and discussion on this subject.

Dick Scott, representing State Farm Insurance Company, then spoke with a bill request for an amendment to the present No-Fault law. He passed around Attachment 4, which is a draft of his proposed amendment and suggested two changes in the wording, which are shown in ink.

Rep. Sprague then presented a request for a committee bill on No-Fault automobile insurance to be considered at the same time as HB 2248. There were no copies of the proposed bill to pass around to committee members.

Rep. Spaniol moved that all three bills be requested, introduced and referred back to the committee for action. Rep. Cribbs seconded. The motion carried.

Dick Brock, from the Insurance Department, then spoke on HB 2753. This bill concerns examination of the books of insurance companies and waiver of costs of examination in certain cases. The bill was requested by the insurance department and they feel it would improve the function of the department in this area. There was no testimony in opposition.

Larry Magill of the Independent Insurance Agents of Kansas then spoke on HB 2754 and briefly explained the bill, which would eliminate countersignature requirements on certain policies on a reciprocal basis with other states. There was no testimony in opposition to this bill.

HB 2755 was then explained by Dick Brock. This bill concerns the Health Care Provider Insurance Availability Act and was requested by the Insurance Department. The bill would eliminate a sunset provision in the original Act, which would expire on July 1, 1984, unless extended by this bill. James Ketcherside, McPherson, KS, then spoke in opposition to the bill. Mr. Ketcherside is Chairman of the Provider Plan involved, and he said their Board of Governors would like to have the three year provision put back in rather than just go on indefinitely, and he recommended one change in the plan which would aid in administration. He left a copy of this change with Gordon Self of the Revisor's office, and explained it to

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

Minutes of the House Insurance Committee on Feb. 1, 1984

the Committee. Jerry Slaughter of the Kansas Medical Society then spoke on HB 2755. He said the Medical Society had no strong feelings as to whether the expiration date should be eliminated or go to a 3 or 4 year extension at this time. Larry Magill said the Independent Insurance Agents of Kansas would encourage the committee to continue the sunset provision that is in the law right now, but they did not care if it was extended 3 years or 5 years. He did ask the committee to make a change in the bill, which would be to apply the sunset provision to both the primary plan and the excess coverage.

HB 2756 was next to be considered. It relates to Health Maintenance Organizations; protection against insolvency; requirements. Dick Brock of the Insurance Department briefly explained this bill also, as it was requested by the Department. Mr. Brock said that when HMOs were originally authorized by law there were no financial requirements established, but now the Department feels that some are needed. He compared HB 2756 with HB 2247, which was studied by the committee last session. There were objections to HB 2247 from established HMOs in Kansas. The Department has contacted these HMOs about the new bill and has not heard of any problem. No one appeared to testify in opposition to HB 2756.

There was no further discussion, and the meeting adjourned at 4:30 PM.

GUEST LIST

Attachment 1

COMMITTEE: *House Insurance*

DATE: *Wed Feb 1, 1984*

NAME	ADDRESS	COMPANY/ORGANIZATION
Dick Brock	Topeka	Ins Dept
LEE WRIGHT	LENEXA	Farmers Ins. Group
Tom Wilder	Topeka	Ks League of Savings Institutions
JERRY SLAUGHTER	TOPEKA	KS MEDICAL SOCIETY
Jim Ketcherside	McPherson	FARMERS Alliance Mutual Insurance Co.
L.M. CORNISH	Topeka	Ks Assoc of Prop & Casualty Cos.
[illegible]	Topeka	[illegible]
Sylvia Hansford	Topeka	KDOA
Harold Riehm	Topeka	Ks Assn Osteopathic Med.

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GUEST LIST

Attachment I

COMMITTEE: House Insurance DATE: Wed. Feb. 1, 1984

NAME	ADDRESS	COMPANY/ORGANIZATION
Rebecca Kupper	Topeka	Kan. Hospital Assoc.
James L. Ketcherside	McPherson	Farmers Alliance Mutual Ins. Co.
Mark Bennett	Topeka	AIA
Michael [illegible]	Topeka	AIA
[illegible] Magill Jr.	Topeka	IIAK
Homer Cowan	Ft Scott	The Western Ins Co's

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Attachment

PRESENTATION TO
HOUSE INSURANCE COMMITTEE
February 1, 1984

THANK YOU CHAIRMAN HOY AND THE MEMBERS OF THE COMMITTEE. I AM HERE TO REQUEST A BILL INTRODUCTION BY THE HOUSE INSURANCE COMMITTEE PROHIBITING AGE RATING OF MEDICARE HEALTH INSURANCE POLICIES IN KANSAS.

THIS PROBLEM HAS BEEN BROUGHT TO OUR ATTENTION BECAUSE OF A VARIETY OF CHANGES THAT HAVE RECENTLY OCCURRED IN THE HEALTH INSURANCE FIELD, NUMEROUS CONCERNS AND COMPLAINTS THAT WE HAVE RECEIVED FROM OLDER KANSANS, AND INDICATIONS THAT THE LARGEST INSUROR OF MEDIGAP COVERAGE MAY REQUEST A CHANGE IN THEIR POLICY OF AGE RATING WHICH WILL GREATLY IMPACT MANY OLDER KANSANS.

ALTHOUGH THERE HAS BEEN A GROWING TREND TO AGE RATE OTHER KINDS OF INSURANCE, HEALTH INSURANCE, UNTIL RECENT YEARS, HAS NOT BEEN AGE RATED, AT LEAST IN GROUP POLICIES. THE MAJORITY OF HEALTH INSURANCE POLICYHOLDERS ARE IN GROUPS CONNECTED WITH THEIR EMPLOYMENT. RECENTLY, BLUE CROSS-BLUE SHIELD HAS AGE RATED SMALL GROUP POLICIES, INDIVIDUAL POLICIES, AND CONVERSION POLICIES, INCREASING PREMIUMS FROM 25-46% FOR THOSE IN THE OLDER GROUPS. RATES FOR DIRECT-ENROLLED, NON-GROUP COVERAGE FOR THOSE 60-64 YEARS OF AGE WENT UP 24%. RATES FOR CONVERSION POLICIES HAVE GONE UP 44%.

ALTHOUGH THIS IS AN ACCOMPLISHED FACT, WE ARE CONCERNED THAT THIS TREND WILL BE REQUESTED FOR PLAN 65 MEDICARE SUPPLEMENTAL POLICIES, RESULTING IN MUCH HIGHER RATES FOR THE ELDERLY MOST IN NEED OF PROTECTION. ULTIMATELY THIS GROUP OF OLDER ELDERLY, WHO ARE ALSO LOWER INCOMED MAY BE DRIVEN OUT OF THE INSURANCE MARKET, OUT OF HEALTH CARE, AND ONTO STATE ROLLS.

Atch. 2

MEDICARE SUPPLEMENTAL POLICIES ARE SOMEWHAT DIFFERENT THAN OTHER HEALTH INSURANCE POLICIES IN THAT THEY ARE TIED TO MEDICARE. THEY PICK UP THE DEDUCTIBLE OF PART A, HOSPITAL CO-INSURANCE (AFTER 60 DAYS). THE AVERAGE STAY IS 11 DAYS. UNDER PART B, THEY MAY, OR MAY NOT, PICK UP THE DEDUCTIBLE OF $75, AND USUALLY THE CO-INSURANCE. BUT THAT $346 PART A DEDUCTIBLE IS ONLY PAID ONCE IN A PERIOD, AS IS THE $75 PART B. THE PHYSICIAN'S INSURANCE IS PAID ON A CO-INSURANCE BASIS.

KDOA BELIEVES THAT AGE RATING OF MEDICARE SUPPLEMENTAL POLICIES IS CONTRARY TO THE INHERENT PHILOSOPHY OF HEALTH INSURANCE -- OF A SHARED RISK POOL. THAT IS THE PRINCIPLE IN GROUP HEALTH INSURANCE. WE BELIEVE THAT PHILOSOPHY SHOULD BE RETAINED IN MEDICARE SUPPLEMENTAL POLICIES - FOR THOSE PEOPLE OVER 65 WHO DO FORM, IN ESSENCE, A GROUP AND THAT THE RISK SHOULD CONTINUE TO BE SHARED. WE BELIEVE THAT MOST ELDERLY AGREE, BECAUSE THEY KNOW THERE IS A GREAT LIKELIHOOD THAT THEY WILL BE 75 AND PREFER WHILE THEY ARE ABLE TO PAY THE COST TO DO SO, IF THEY CAN KEEP THE COST LOWER FOR THEIR LATER YEARS.

ALTHOUGH WE ARE UNABLE TO EXACTLY PINPOINT THE PERCENTAGE OF BLUE CROSS/BLUE SHIELD POLICIES, AS OF OCTOBER, 1983, THERE WERE 159,600 PLAN 65 HOLDERS (13,000 BLUE CROSS/BLUE SHIELD OF KANSAS CITY). THERE ARE ONLY 306,000 KANSANS OVER 65 AND NOT ALL OF THOSE HAVE MEDICARE SUPPLEMENTS. INSURANCE PREMIUMS HAVE INCREASED FROM $21.46 TO $38.73 SINCE 1981, AN INCREASE OF 18.05%. THE ANNUAL COMPARISON IS $258 TO $465.

WE UNDERSTAND THAT INSURANCE COMPANIES WILL HAVE SOME CONCERNS, BUT KDOA BELIEVES THAT A CAREFUL ANALYSIS WILL SHOW THAT THE NON-AGE RATED GROUPS ARE EXTREMELY COST COMPETITIVE AND INDEED HAVE THE LARGEST SHARE OF THE MARKET.

FOR THESE REASONS WE ARE ASKING THE COMMITTEE TO INTRODUCE A BILL PROHIBITING AGE RATING FOR MEDICARE POLICIES. THE INTRODUCTION WILL NOT MEAN SUPPORT OF THE PROPOSAL BUT WILL ALLOW A FULL DISCUSSION OF THE ISSUE AND THE POSSIBILITY OF ACTION. THE BILL AMENDMENT IS IN A CONCEPTUAL FORM.

Attachment 3

Be it enacted by the legislature of the State of Kansas

Section 1. K.S.A. 40-2221 is hereby amended to read as follows:

(a) In addition to any other statutory authority not consistent herewith, the commissioner shall adopt regulations establishing specific standards for medicare supplement policies delivered or issued for delivery in this state. The standards so established shall equal, but not exceed, the minimum standards and requirements established by section 507, P.L.

(b) Not withstanding any other provisions of law, no insurance company or non-profit corporations shall charge premiums for medicare supplemental policies that are based on the age of the covered persons.

2-1-84

Atch. 3

Attachment 4

person, his or her dependents or personal representatives shall have the right to pursue his, her or their remedy by proper action in a court of competent jurisdiction against such tortfeasor.

(b) In the event of recovery from such tortfeasor by the injured person, his or her dependents or personal representatives by judgment, settlement or otherwise, the insurer or self-insurer shall be subrogated to the extent of duplicative personal injury protection benefits provided to date of such recovery and shall have a lien therefor against such recovery and the insurer or self-insurer may intervene in any action to protect and enforce such lien. Whenever any judgment in any such action, settlement or recovery otherwise shall be recovered by the injured person, his or her dependents or personal representatives prior to the completion of personal injury protection benefits, the amount of such judgment, settlement or recovery otherwise actually paid and recovered which is in excess of the amount of personal injury protection benefits paid to the date of recovery of such judgment, settlement or recovery otherwise shall be credited against future payments of said personal injury protection benefits.

(c) In the event an injured person, his or her dependents or personal representative fails to commence an action against such tortfeasor within eighteen (18) months after the date of the accident resulting in the injury, such failure shall operate as an assignment to the insurer or self-insurer of any cause of action in tort which the injured person, the dependents of such person or personal representatives of such person may have against such tortfeasor for the purpose and to the extent of recovery of damages which are duplicative of personal injury protection benefits. Such insurer or self-insurer may enforce same in his or her own name or in the name of the injured person, representative or dependents of the injured person for their benefit as their interest may appear by proper action in any court of competent jurisdiction.

(d) In the event of a recovery pursuant to K.S.A. 60-258a, the insurer or self-insurer's right of subrogation shall be reduced by the percentage of negligence attributable to the injured person.

~~(e) Pursuant to this section, the court shall fix attorney fees which shall be paid proportionately by the insurer or self-insurer and the injured person, his or her dependents or personal representatives in the amounts determined by the court.~~

History: L. 1977, ch. 164, § 4; July 1.

40-3114. Duty of employer, physician, hospital, clinic or medical institution to furnish information upon request of insurer or self-insurer; settlement of dispute by district court; copy

If the Bar is not comfortable without some "fee" language, perhaps insecure, then use substitute (e) below.

(e) Pursuant to this section, any recovery by an insuror or self-insured through right of subrogation ~~shall~~ may be subject to reasonable attorney fees fixed by agreement among the insuror or self-insured and the attorney(s); or, if such fees are appropriate, fixed by the court under equitable considerations.

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