

Approved

Date

Rep. B. H. 4 12 55

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Vice Chairman Sprague at  
Chairperson

1 ~~xxx~~ p.m. on Wednesday, April 3, 1985 in room 521-S of the Capitol.

All members were present except:

Reps. Lowther and King - Excused

Committee staff present:

Melinda Hanson - Legislative Research  
Emalene Correll - Legislative Research  
Gordon Self - Revisor's Office  
Helen Carlson - Secretary

Conferees appearing before the committee:

Mr. Ron Todd - State Insurance Department  
Mr. Gary Robbins, Executive Director of the Kansas Optometric Assn.

Melinda Hanson of Staff was asked to explain Substitute for SB 283. She said the bill would create statutes concerning preferred provider organizations that would (1) require obtaining of certificate of registration from the Insurance Commissioner as a prerequisite for acting as a PPO; (2) provides for initial issuance and renewal of such a certificate; (3) provides for a penalty in cases of non-compliance; (4) requires that PPO's maintain certain type of records and that the Insurance Commissioner have access to these records for examination, audit and inspection purposes; (5) prohibits PPO's from certain activities that would limit the freedom of choice of participants in their programs. In other words, no PPO could be an exclusive provider organization-participants could join another PPO or seek health care from another qualified provider, and (6) authorizes the Insurance Commissioner to develop rules and regulations necessary for implementing the Act.

Mr. Todd said SB 283 was introduced at the request of the Insurance Commissioner and that there is almost universal agreement that PPO legislation is necessary. He said the employers want the legislation to permit them to reduce health care costs and increase provider efficiency; health care providers want to enter into these agreements in order to be more competitive and increase the number of their patients, and the Insurance Dept. supports the bill because without a bill it will be difficult to police the explosion of PPO's that will be formed in the next year, with or without legislation, and determine which of these organizations are insurance type companies and which are not.

Discussion followed and questions arose as to how many different types of PPO's there are, would the bill affect self-insured and the purpose of the language in lines 88 and 90.

Mr. Gary Robbins, Executive Director of the Kansas Optometric Assn., spoke in favor of Sub. for SB 283 as it is written and thinks it is necessary to have such a bill.

Rep. Littlejohn made a motion, seconded by Rep. Neufeld, that Sub. for SB 283 be reported favorably for passage. Discussion followed and Rep. Turnquist said he thought the bill needed some amendments, such as striking the language in lines 88 and 89, before being voted out of Committee.

Rep. Littlejohn withdrew his motion and Rep. Neufeld his second and the Chairman said the Committee would meet on Thursday at 1:15 PM to further discuss Substitute for SB 283.

Meeting adjourned at 2 PM.

