

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:00 a.m./~~p.m.~~ on March 7, 1985 in room 529-S of the Capitol.

All members were present except:

Sen. Gordon - Excused

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statutes

Conferees appearing before the committee: None

The minutes of March 6 were approved.

The chairman began a discussion of SB 274 dealing with insurance coverage for diabetic equipment which had been previously heard. He had spoken to Sen. Francisco since the hearing, and Sen. Francisco was concerned that the bill might cause insurance costs to rise. The chairman has directed staff to draft a resolution and has requested the Insurance Department to work in conjunction with the insurance companies and other interested individuals to determine the effect of the bill on costs. If the resolution passes, the chairman will accept a motion to report SB 274 adversely which would not be in contradiction to Sen. Francisco's wishes.

The chairman called attention to another bill previously heard, SB 123, dealing with finance charges under the UCCC. Sen. Werts' motion to report the bill favorably as amended, seconded by Sen. Kerr, was not voted on due to a lack of time. Sen. Kerr agreed with the chairman that the indexing approach has merit, but it needs more work. The chairman called for a vote on Sen. Werts' motion, and it carried.

Next to be discussed was SB 299 which creates prohibition against the "most favored nations" clause in health care contracts. Sen. Reilly said that if the bill is passed, it should be amended so that it is all inclusive of other companies beside Blue Cross. Sen. Harder asked if negotiations could not be made without this bill. The chairman recalled the testimony of Dr. Kardatsky who had said that the contract must be signed or there is none.

Sen. Gannon began a discussion regarding the effect the bill would have on small businesses. Ron Todd, Kansas Insurance Department, was asked for his opinion on the subject. Mr. Todd said that his department has not had complaints from small businesses in regard to the clause. The Department did approve the clause, and it has had the effect that Blue Cross and Delta Dental desired. As to the effect on small groups, he could not take a position. Werner Gliebe of Kansas Employer Coalition on Health said that small employers can use their initiative and organize a more creative mechanism without the artificial barrier of the "most favored nations" clause.

Sen. Werts made a conceptual motion to amend SB 299 to include all third party payers. Sen. Warren seconded, and the motion carried.

Sen. Strick made a motion to table SB 299 for additional study. There being no support for his motion, Sen. Strick withdrew his motion.

Sen. Karr suggested that SB 299 be held in committee until more study could be made by a subcommittee or the Insurance Department. The chairman suggested that the bill be held and the information be gathered by the parties for and against the proposal which was the consensus of the committee.

In regard to SB 283 concerning preferred provider agreements, Sen. Reilly said that the subcommittee had not met yet but would do so today. The chairman said that then there probably would not be time for the bill to be worked in the Senate. However, he feels there is a need for something to be enacted, but the committee does not have the time for it. It was decided that the chairman will request that the bill be removed from the committee and reassigned to Ways and Means or Federal and State Affairs.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE NAME ADDRESS REPRESENTING

DATE	NAME	ADDRESS	REPRESENTING
March 7, 1973	Paul Smith	Topeka	KCUK
	Decker Smith	Wichita	KCUK
	Maurice Anhaltz	Topeka	KCUK
	Tom Reagan	"	KAFCC
	Gary Pollock	Topeka	KOA
	Wayne Johnston	Topeka	BCRS
	Bill Steinberg	Topeka	Pharm. Ins. Sec.
	Wenger Ghibo	TOP.	KECH
	David Green	Topeka	KCC
	Bill Hill	Wichita	11th St. 259
	LARRY MAGILL	Topeka	IIIR
	DENNIS DEHN	"	SEN. WERTS' INTERN