

MINUTES OF THE House COMMITTEE ON InsuranceThe meeting was called to order by Rep. Rex B. Hoy at
Chairperson3:30 XX a.m./p.m. on February 26, 1986 in room 521-S of the Capitol.

All members were present except:

Rep. Graeber, excused
Rep. Weaver, excused

Committee staff present:

Emalene Correll, Research Department
Melinda Hanson, Research Department
Gordon Self, Revisor's Office
Deanna Willard, Committee Secretary

Conferees appearing before the committee:

Mr. Carl Schmitthenner, Kansas Dental Association

There was no hearing on HB 2834, as HB 2499 contains the same provision. The bill will be held on the calendar.

Hearing on: HB 2495 - alternative providers of dental coverage when an employer contributes to the benefit plan

Mr. Carl Schmitthenner, representing the Kansas Dental Association, spoke for this bill. He said the bill is needed because of a situation that may arise when an employer offers a closed panel dental plan to his employees. The employee may be forced to discontinue an already established relationship with his dentist to select one of the participating providers. The Kansas Dental Association believes that if an employer offers employees a health care plan which restricts selection, the employer should also offer the employees an optional plan which does not restrict selection. The employer contribution can be the same for both plans. (Attachment 1.)

Final action on: HB 2737 - reimbursement for treatment of alcoholism/drug abuse, nervous or mental conditions

An amendment was offered on the bill. It would provide that no coverage would be provided for court-ordered diversions. (Attachment 2.) Rep. Neufeld moved that the amendment be approved; Rep. Sprague seconded the motion. The motion carried.

A second amendment was offered on the bill. It would change the required coverage to 80% of the second \$100 and 50% of the next \$1,640. It would also change the word "more" in Line 0052 to "less" to clarify that the lifetime cap must be at least \$7,500. (Attachment 3.) Discussion following the amendment indicated that the idea was to encourage people to seek early treatment and also to encourage outpatient treatment which is less expensive than inpatient care. It was felt that the intent of the bill would necessitate a change of the word "or" in Line 0048 to the word "and." Rep. Blumenthal moved that the amendment be approved and that the word "or" be changed to "and" where needed. Rep. Cribbs

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance,
room 521-S, Statehouse, at 3:30 xx a.m./p.m. on February 26, 1986

Page Two

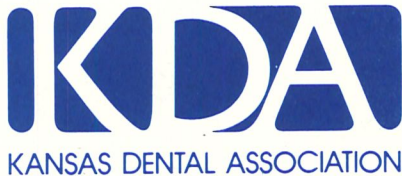
seconded the motion. The motion carried.

An explanation of the rejection provisions of the bill was given. Individuals may reject the coverage in writing; group policies cannot reject coverage.

Rep. Blumenthal moved that the bill be reported favorably as amended; Rep. Lacey seconded the motion. The motion carried.

The minutes of the previous meeting were approved.

The meeting was adjourned at 4:10 p.m. by the Chairman.



INSURANCE COMMITTEE TESTIMONY

February 26, 1986

KANSAS DENTAL ASSOCIATION

Carl C. Schmitthenner, Jr., Executive Director

Over the past few years we have seen the development of "Alternative Health Care Systems." The idea behind the creation of these systems is to increase competition in the delivery of health care services. In most cases these alternative systems enter into a contract with the health care professionals who agree to abide by certain provisions. Often times these systems will contract with a limited number of health care professionals in a given area. In order to receive benefits the consumer would have to seek care from a contracting provider. Such an arrangement is called a "closed panel".

When an employer offers a closed panel dental plan to his employees, the employees must seek care from a dentist who is participating in the closed panel. The employee is not free to choose the dentist of his choice. An example of a solution to this problem would be the health plan for state employees. According to the state plan employees may chose to participate in the HMO, where they must choose a health care professional who is participating in the program, or they may choose the conventional health plan which places no restrictions on provider selection. The state employee has a dual choice. Consider what would happen if the state offered only the HMO. Many state employees would be forced to discontinue an already established relationship with their dentist of long standing and select one of the participating providers selected by the plan.

The Kansas Dental Association believes that if an employer offers employees a health care plan which restricts selection, the employer should also offer the employees an optional plan which does not restrict selection. The employer contribution can be the same for both plans. Under the terms of the HMO law, an employee in a group receiving medical care benefits must be offered the alternative of seeking treatment from an HMO, if one is available. This is the same principle that we are addressing.

There is another aspect to consider. If employees/consumers are forced to receive care from a closed panel, no matter how low the fees of the providers outside the closed panel (because the employees/consumers are restricted), there is no hope of gaining them as patients. Incentive to lower fees and compete is lost.

The Kansas Dental Association is asking for legislation similar to the HMO law - if the employer offers a dental health program to employees which restrict (prohibits) the employees from selecting the dentist of their choice the employer must also offer an alternative program which does not restrict the choice. The Kansas Dental Association requests that House Bill 2495 be passed.

5200 Huntoon
Topeka, Kansas 66604
913-272-7360

Attachment 1
House Insurance
2-26-86

HOUSE BILL No. 2737

By Representatives Hayden, Blumenthal, Braden, Gjerstad,
Graber, Lacey, Lowther and Turnquist

1-24

0017 AN ACT concerning insurance; relating to reimbursement or
0018 indemnity for treatment of alcoholism, drug abuse or nervous
0019 or mental conditions; amending K.S.A. 40-2,105 and repealing
0020 the existing section.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 40-2,105 is hereby amended to read as
0023 follows: 40-2,105. ~~Unless refused in writing~~ (a) On or after the
0024 effective date of this act, every insurer, which issues any indi-
0025 vidual or group policy of accident and sickness, insurance pro-
0026 viding medical, surgical or hospital expense insurance coverage
0027 for other than specific diseases or accidents only and which
0028 provides for reimbursement or indemnity for services rendered
0029 to a person covered by such policy in a medical care facility,
0030 must provide for reimbursement or indemnity under such indi-
0031 vidual policy, unless the individual in writing refuses such
0032 coverage, or under such group policy which shall be limited to
0033 not less than ~~thirty (30)~~ 30 days per year when such person is
0034 confined for treatment of alcoholism, drug abuse or nervous or
0035 mental conditions in a medical care facility licensed under the
0036 provisions of K.S.A. ~~1978 Supp.~~ 65-429 ~~or and amendments~~
0037 thereto, a treatment facility for alcoholics licensed under the
0038 provisions of K.S.A. ~~1978 Supp.~~ 65-4014 ~~and amendments~~
0039 thereto, a treatment facility for drug abusers licensed under the
0040 provisions of K.S.A. ~~1978 Supp.~~ 65-4605 ~~and amendments~~
0041 thereto, a community mental health center or clinic licensed
0042 under the provisions of K.S.A. 75-3307b ~~and amendments~~
0043 thereto or a psychiatric hospital licensed under the provisions of
0044 K.S.A. 75-3307b ~~and amendments thereto. Unless refused in~~
0045 ~~writing~~; Such individual policy, unless the individual in writing

, except as provided in subsection (d),

Proposed Amendments to House Bill No. 2737

Attachment 2
House Insurance
2-26-86

0046 *refuses such coverage, or such group policy shall also provide for*
 0047 *reimbursement or indemnity of the costs of treatment of such*
 0048 *person for alcoholism, drug abuse or nervous or mental condi-*
 0049 *tions, limited to not less than one hundred percent (100%) 100%*
 0050 *of the first one hundred dollars (\$100) \$100 and eighty percent*
 0051 *(80%) 80% of the next five hundred dollars (\$500) \$1,125 in any*
 0052 *year and limited to not more than \$7,500 in such person's*
 0053 *lifetime, in said the facilities hereinbefore enumerated when*
 0054 *confinement therein is not necessary for said treatment or by a*
 0055 *physician licensed or psychologist certified to practice under the*
 0056 *laws of the state of Kansas.*

, except as provided in subsection (d),

0057 *(b) For the purposes of this section "nervous or mental*
 0058 *conditions" means disorders specified in the diagnostic and*
 0059 *statistical manual of mental disorders, third edition, (DSM-III,*
 0060 *1980) of the American psychiatric association but shall not*
 0061 *include conditions not attributable to a mental disorder that are*
 0062 *a focus of attention or treatment (DSM-III, V Codes).*

0063 *(c) The provisions of this section shall be applicable to*
 0064 *health maintenance organizations organized under article 32 of*
 0065 *chapter 40 of the Kansas Statutes Annotated.*

0066 *Sec. 2. K.S.A. 40-2,105 is hereby repealed.*

0067 *Sec. 3. This act shall take effect and be in force from and*
 0068 *after its publication in the statute book.*

(d) There shall be no coverage under the provisions of this act for any assessment against any person required by a diversion agreement or by order of a court to attend an alcohol and drug safety action program certified pursuant to K.S.A. 8-1008 and amendments thereto.

HOUSE BILL No. 2737

By Representatives Hayden, Blumenthal, Braden, Gjerstad,
Graeber, Lacey, Lowther and Turnquist

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PROPOSED AMENDMENTS TO HOUSE BILL NO. 2737

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0026 *viding medical, surgical or hospital expense insurance coverage*
0027 *for other than specific diseases or accidents only and which*
0028 *provides for reimbursement or indemnity for services rendered*
0029 *to a person covered by such policy in a medical care facility,*
0030 *must provide for reimbursement or indemnity under such indi-*
0031 *vidual policy, unless the individual in writing refuses such*
0032 *coverage, or under such group policy which shall be limited to*
0033 *not less than thirty (30) 30 days per year when such person is*
0034 *confined for treatment of alcoholism, drug abuse or nervous or*
0035 *mental conditions in a medical care facility licensed under the*
0036 *provisions of K.S.A. 4978 Supp. 65-429 or and amendments*
0037 *thereto, a treatment facility for alcoholics licensed under the*
0038 *provisions of K.S.A. 4978 Supp. 65-4014 and amendments*
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0044 *K.S.A. 75-3307b and amendments thereto. Unless refused in*
0045 *writing, Such individual policy, unless the individual in writing*

Attachment 3
House Insurance
2-26-86

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 0048 *person for alcoholism, drug abuse or nervous or mental condi-*
 0049 *tions, limited to not less than one hundred percent (100%) 100%*
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