

Approved February 24, 1987
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE VERNON WILLIAMS at
Chairperson

9:00 a.m. a.m./p.m. on Tuesday, February 24, 1987 in room 527-S of the Capitol.

All members were present except: Representatives Duncan, Ott, Dyck
-excused

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee: See attached list. (Attachment 1)

The meeting was called to order by Representative Williams, Chairman, to hear House Bill 2333 and House Bill 2230.

HOUSE BILL 2333 and HOUSE BILL 2230

Barbara Duncan, Health Care Commission, stated the Commission is concerned about the impact HB 2333 would have upon the health insurance premium rates for the state employee group if participation in the State Health Care Benefits Program is allowed for all state retirants. Attachment 2.

Written material on the precise impact of the increase in premium levels to be supplied by Blue Cross and Blue Shield to the Commission was requested by Chairman Williams.

In discussing HB 2230 which would allow participation of retirants in the health care program, with participants paying one-half of the cost, Ms. Duncan said the Commission would like to have an actuarial source study the amount of money it would take to fund the bill. The Chairman asked the Commission to supply the Committee with a written statement on the subject.

Basil Covey, Kansas Retired Teachers Association and Kay Coles, Kansas NEA, testifying on HB 2333 and HB 2230 said teachers groups support both bills since elementary and secondary retired teachers are the only public employees covered by KPERS that are not served by the State Health Care Program. Ms. Coles added that although retirees are willing to share part of the cost of health care, the state should examine picking up some of the cost. Attachments 3 and 4.

Indicating one of the main issues of law enforcement retirants is the

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m./p.m. on February 24, 1987

HOUSE BILLS 2333 and 2230 (continued)

expense of health insurance, James Denney, Kansas Association of Chiefs of Police; Captain Ellen Henson, Lenexa; Frank Wood, Chief, Police Department, Fairway; Steve Cox, Police Chief, Leawood; and Sgt. Bob Giffin, Kansas Highway Patrol spoke in support of HB 2333 and HB 2230.

Marshall Crowther, Executive Secretary, KPERS, pointed out to the Committee that since sponsors of HB 2333 and HB 2230 would like to include retirants of the Judges Retirement System and KP&F in the Health Care Benefits Program, additional technical language will be needed. He added that it would constitute a significant change if active employees were paying for health care of retirants while no reserves were set aside for the future health care of the active employees.

The meeting adjourned at 9:40 a.m.

Rep. Vern Williams

Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

2-24-87

NAME	ADDRESS	ORGANIZATION	BILL NO.
Wagner Kinnett	Topeka	KDOT	
Ellen Hanson	Lenexa, Ks	Lenexa P.D.	2333/2230
Frank Wood	Fairway Ks	P.D.	2333/2230
Steve Coy	Leawood Ks.	Police Dept	2333/2230
Nancy Echols	Topeka	SRS	2333/2230
Charles Dodson	TOPEKA	KAPE	
Basil Cowey	Topeka	KRTA	2333/2230
Ray Collin	Topeka	KALEA	2333/2230
BOB GREEN	TOPEKA	K.H.P.	2230/2333
Marshall Crowther	Lawrence	KPER	
Jack Hanna	Topeka	"	
Barbara Duncan	"	HCC	2333/2230
Harold Pitts	"	TARTA	
Joseph A. Kim	Topeka	BC/BS	2333/2230

Rep. Marshall Crowther

Tuesday, February 24, 1987

Handwritten signature/initials

APPROVE MINUTES for February 17

HB 2333-State Health Care Benefits Program (participants pay entire cost)

- ✓ Barbara Duncan, ^{Health Care Administrator, Health Care Commission} ~~Health Care Benefits Division~~
- ✓ Basil Covey, Kansas Retired Teachers Association
- ✓ James Denney, Kansas Association Chiefs of Police
- ✓ Captain Ellen Henson
- ✓ Frank Wood, Chief, Police Dept., Fairway, KS
- ✓ Steve Cox, Police Chief, Leawood
- ✓ Marshall Crouther, KPEERS

HB 2230 - State Health Care Benefits Program (participants pay one-half)st

- ✓ ~~Barbara Duncan, Health Care Benefits Division~~
- ✓ ~~Basil Covey, Kansas Retired Teachers Association~~
- Kay Coles, Kansas NEA
- ? Captain Ellen Henson
- ✓ James Denney, Kansas Association Chiefs of Police
- ✓ Dgt. ^{BOB} ~~Bob~~ Duffin, Highway Patrol
- ✓ Frank Wood, Chief, Police Dept., Fairway, KS
- ✓ Steve Cox, Police Chief, Leawood
- ✓ Marshall Crouther, KPEERS



KANSAS STATE EMPLOYEES HEALTH CARE COMMISSION

H. EDWARD FLENTJE,
Chairman
FLETCHER BELL,
Commissioner
ROBERT C. HARDER,
Commissioner

BARBARA L. DUNCAN
Administrator
Landon State Office Building
900 SW Jackson, Room 908
Topeka, Kansas 66612-1251
(913) 296-7483

MEMORANDUM

TO: Pensions, Investments and Benefits
FROM: Barbara L. Duncan
Health Benefits Administrator
DATE: February 23, 1987
RE: H.B. 2333

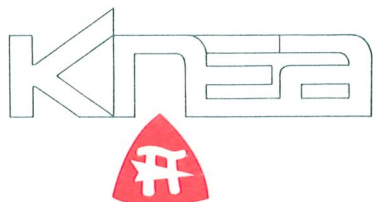
The following information is provided to point out the impact H.B. 2333 would have upon the health insurance premium rates for the state employee group.

This Bill would permit adding up to approximately 31,113 retirees to the state employee group health insurance program. The state health insurance group is currently comprised of active state employees (35,687) and retired state employees (6,205). The claims experience of the young and the old are combined, thus absorbing the more expensive claims of the older employees and retirees in the total group.

Older individuals use more health services and the services they use are more costly. For example, individuals seeking health insurance coverage on a non-group basis are offered premium rates based upon age categories. Individuals age 60-64 pay premium rates that range from 125% to 222% higher than individuals age 30 and below.

The present ratio of active employees to retirees in the state group is approximately 85% to 15%. If all KPERS retirants were added, the ratio could be 53% to 47%. This shift in the group mix, which increases the number of retirees, will increase premium rates significantly. Active

(on back)



Kay Coles testimony before the
House Pensions, Investments and Benefits Committee
February 24, 1987

Thank you Mr. Chairman. Members of the Committee, my name is Kay Coles and I am here today representing the 20,000 members of Kansas-NEA. I appreciate the opportunity to speak with you about HB 2230.

One concern we often hear from teachers considering retirement, and from those who have retired, is about the rapidly rising costs of health care. When one has made the decision to retire and is living on a fixed income a sudden increase in the cost of health care and health insurance can create a financial burden that a retiree cannot absorb.

Thus, Kansas-NEA supports the creation of a health care supplement that would ease these costs for individuals who have retired.

HB 2230 is a starting place for discussions about health care for retirees. We believe this legislation is an important beginning.

We do have some concerns about the funding for a health care supplement. The funding mechanism of HB 2230 seems to depart from the forward-funding concept that has made KPERS strong. We believe retirees are willing to share part of the cost of health care, but we also believe that the state should examine how it could pick up some of the cost, as well.

We urge you to give careful and favorable consideration to the concepts of HB 2230.
Thank you.

ATTACHMENT 4

2-24-87