Approved Feb. 12, 1987
Date

MINUTES OF THE HOUSE COMMITTEE ON PUBLIC HEALTH AND WELFARE.

The meeting was called to order by Vice-Chairman, Frank Buehler at
Chairperson

1:30 a.m./p.m. on February 5, 1987 in room 423-S of the Capitol.

All members were present except:

Chairman Littlejohn, and Representative Pottorff, both excused.

Committee staff present:

Emalene Correll, Research
Bill Wolff, Research
Sue Hill, Committee Secretary

Conferees appearing before the committee:

Donald A. Wilson, President of Kansas Hospital Association
Sylvia Hougland, Equicor
Dick Brummett, M.D., Equicor
John Coleman, Equicor

Vice-Chairman called meeting to order noting hearings would continue on HB 2014.

Mr. Don Wilson, Ks. Hospital Association gave hand-out, (see Attachment NO.1), for details. He stated their Association supports HB 2014 and he outlined areas they felt should be addressed, i.e., public program coverage of health care for the poor, and private insurance coverage for the large number of currently uninsured working adults; the Commission be encouraged to appoint a Technical Advisory Group to work with them as they seek solutions to fit Kansans' needs. This is, he said, a complex issue that cannot be solved overnight. They support the creation of this Commission and HB 2014.

Vice-Chair invited Ms. Hougland to give the presentation from Equicor.

Ms. Hougland introduced herself, Dr. Brummett, and Mr. John Coleman to committee, and called attention to (Attachment NO.2), a prepared fact sheet. She defined "Managed Care", the differences between Managed Care and Fiscal Indemnity Health Insurance, and outline the operational aspects, how they work, how they are financed and what they cover. Managed Care is becoming an alternative for many employees, many workers.

Health Maintenance Organizations, (HMOs) provide for the health care that has been pre-paid by the client. It is then their responsibility to contract with physicians, hospitals, pharmacies to provide for the care of this client. A monthly flat fee is paid by the client, (or the employer), and generally there are few, or no added charges.

Preferred Provider Organizations, (PPOs)is; groups of physicians and hospitals that contact on a fee-for-service basis with insurance carriers, third-party administrators, or employers to provide comprehensive medical services at reasonable rates.

A person choosing PPOs can choose the physicians, and the HMO will arrage for providing the care.

Dr. Dick Brummet then explained the birth of their company and explained aspects of how they funcion. There are various kinds of arrangements by which physicians can be contacted to give patient care, i.e., their company contracts with physician groups who then become a service component toward the managed delivery system. These groups are paid a fixed monthly payment and this payment can be divided in their group as they wish. In doing this he said we all share the insurance risk. Now the physicians have a change in their incentives. Before they provided maximum services at maximum income. Now it would be to do those quality care things which would be necessary and appropriate and conserve on the funds that they would receive monthly from HMOs. The aim is to provide quality care at a reasonable price. He explained the physicians are looked to as "Gatekeepers", and the Gatekeeper directs the health services

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room 423-S, Statehouse, at 1:30 a.m./p.m. on February 5, 1987

EQUICOR Presentation continues:

If the client goes out of the system, the services are not paid for. Some services are mandated if you are a Federal or State qualified HMO. There are also supplemental services, i.e., prescription pads that charges $3.00 for each prescription, so many times this is a good deal for a family because they could have lots of services for only one fee per month.

There were numerous questions, i.e., yes pediatricians are included in the list of physicians as "gatekeepers"; there is concern about a three tier health care system in that some can afford better health care than others; there has been a demonstration project in which this problem was studied, and he compliments the SRS for working with them closely in trying to resolve some of these problems. Yes, a HMO client can go to the neighborhood pharmacists to have prescriptions filled, however some do send out of state through mail-order for prescriptions. Neither is required, it is client's choice. However we do have certain rules and guidelines they stated. Each HMO operates differently. The price of the monthly premiums will vary from one HMO to another, and premium would vary if for care for a family vs. a single person. Yes, it is a problem when some clients might demand unnecessary care, and the judgement of the physician in cases of this type are difficult decisions to make.

Vice-Chair made some announcements, i.e.,

Hearings are closed on HB 2014.

Monday Committee make take action on bills we have previously heard.

Rep. Amos moved minutes of February 2, 3, 4th be approved as written, seconded by Rep. Blumenthal, motion carried.

Meeting adjourned.

GUEST REGISTER

HOUSE

PUBLIC HEALTH AND WELFARE COMMITTEE

Date 2-5-87

NAME	ORGANIZATION	ADDRESS
SUSAN TANNENWALD-MUNCOFF	KS STATE NURSES ASSN	TOPEKA
Ken Schafermeyer	KS Pharmacists Assoc	"
John Peterson	Kaiser Permanente	
Marilyn Bradt	KUNH	Lawrence
Tom Bell	Ks. Hosp. Assn.	Topeka
John Myers	Kaiser Permanente	topeka
KEITH R LANDIS	CHRISTIAN SCIENCE COMMITTEE ON PUBLICATION FOR KANSAS	"
Jacque Oakes	Ks. Assoc. Counseling & Dev.	Topeka

KANSAS HOSPITAL ASSOCIATION

Donald A. Wilson
President

HOUSE BILL 2014

I. KHA supports H.B. 2014

II. Kansas hospitals provided $75 million in uncompensated care during 1984, an amount equal to the payments received through the Medicaid program. This represents an increase of 30 percent in two years. During this same timeframe, the average Kansas hospital's revenues have actually decreased.

III. While medical indigence is more difficult to measure, several studies document estimates:

--the SHCC has estimated that 580,000 Kansans from a wide variety of population groups are at risk;

--the American Hospital Association estimates that 37 million people nationally are without health insurance. If Kansas represents approximately 1 percent of the nation's population, we could say that approximately 370,000 Kansans are uninsured; and

--a recent KHA-sponsored Public Opinion Poll in Kansas indicated that 14 percent of households were uninsured, or approximately 333,000 Kansans. Another 16 percent of the households were only partially insured, a minimum of 147,000 additional people...totaling around 480,000.

No one is exactly sure of the number of Kansans at risk of being medically indigent, but an educated guess tells us that between 15 and 20 percent of our population could be included.

IV. One-half of the uninsured are working adults or dependents of working adults and one-third live in households earning in excess of 200 percent of the poverty level. On the other hand, only 211,000 of the approximately 500,000 Kansans living in households earning less than $10,000 a year are eligible for Medicaid.

V. Within the broad issue of indigent/uncompensated care, we feel there are two areas which need study: public program coverage of health care for the poor, and private insurance coverage for the large number of currently uninsured working adults.

VI. According to the Public Opinion Poll mentioned before, Kansans believe that people should be responsible for their own health care when they can afford it. If they cannot afford it, government has a responsibility to finance their care. The bottom line, however, is that no one should be denied access to health care.

P&W
attm. #1.
2-5-87

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VII. Technical Advisory Group. Since this is such a complex issue, which will require a great deal of technical expertise, we would like to suggest that the Commission be encouraged to appoint a Technical Advisory Group to work with them as they seek solutions to fit Kansans' needs.

VIII. This is a complex issue which cannot be solved overnight. While we are disappointed that the interim study did not result in more substantive recommendations, we recognize that the complexity requires a concentrated effort. Therefore, we wholeheartedly support the creation of a commission.

HEALTH CARE PLUS INC.™

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MANAGED CARE: HMO'S, PPO'S, AND CMP'S

Presented to the
House Public Health & Welfare Committee
Chairman Mavin Littlejohn

I. Changing Health Care and Health Insurance System

- A. Government and Market impetus for change
- B. Pre-paid vs. fee-for-service

II. Managed Care defined

- A. HMO's (Health Maintenance Organization)
- B. PPO's (Preferred Provider Organization)
- C. CMP's (Competitive Medical Plan)

III. HMO's

- A. Health delivery and insurance combined
- B. Variable operations and structures
- C. Basic health services
- D. Enrollment, eligibility and choice
- E. Risks and incentives
- F. Federal and State Regulations

IV. PPO's: Preferred Provider Organizations

- A. Forms and structures
- B. Enrollment, eligibility and choice
- C. Providers, buyers and payers
- D. Regulation

V. State Regulation

VI. Kansas HMO's and PPO's

VII. Trend toward national/multiple product insurance and health care companies--EQUICOR.

PH+W
Attm# 2
2-5-81

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FACT SHEET

- Over 135,000 members
- 330 employees
  - 209 employees in Kansas
  - 175 employees in Wichita
- Network and IPA Model
- KANSAS LOCATIONS
  - Wichita
  - Lawrence
  - Salina
  - Hutchinson
  - Topeka
  - Emporia
  - Manhattan
  - Johnson County - Kansas City
  - Tri-County (McPherson, Marion, Harvey)
- Counties or portions of Counties covered (34)
  - Jefferson, Leavenworth, Miami, Anderson, Franklin, Douglas Shawnee, Osage, Coffee, Lyons, Greenwood (P), Waubaunsee, Pottawatomie, Riley, Geary, Clay, Dickson, Morris, Chase, Butler, Sedqwick, Sumner, Kingman, Harvey, Marion, McPherson, Saline, Ottawa, Ellsworth, Rice, Reno, Stafford, Pawnee, Rush, Barton.