

Approved March 17, 1988  
Date

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 16, 1988 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research  
Bill Edds, Revisor of Statutes

Conferees appearing before the committee:

Ron Todd, Kansas Insurance Department  
Jerell Wright, Kansas Credit Union League

The minutes of March 15 were approved.

The Chairman said that after the meeting yesterday when SCR 1617 was passed, he discovered that there is a need to reconsider it. Sen. Warren made a motion to reconsider SCR 1617, Sen. Harder seconded, and the motion carried.

The Chairman explained that there had been a misunderstanding between the primary sponsor of the bill, himself, and staff regarding funding. He passed out copies of a proposed amendment. (See Attachment I.)

Sen. Werts made a motion to adopt the amendment, Sen. Karr seconded, and the motion carried.

Sen. Warren made a motion to report SCR 1617 favorable as amended, Sen. Gannon seconded, and the motion carried.

Attention was turned to SB 668 concerning health insurance coverage for mammograms and pap smears which was continued from yesterday. Ron Todd of the Kansas Insurance Department stated that there are some areas in the bill which need to be cleared up. With regard to Section 1, the intent of the authors was to make it applicable to as many policies as possible so he recommends that language regarding policies out-of-state be included by using the language presently in 40-2103 which has been on the books for some time and which would simplify things in the future in dealing with the courts. Also, Mr. Todd suggested that the committee might want to exclude that the provision not apply to Medicare supplement policies and long-term care policies. Jack Roberts of Blue Cross/Blue Shield stood to explain further the adverse affect the bill could have on Medicare costs. Sen. Werts asked how much it would increase and how much it would cost the policyholder. Mr. Roberts had a pass out on costs for the committee. (See Attachment II.)

Mr. Todd's final suggestion was that since the bill as written does not apply to HMOs, the committee might want to to add that to catch all possibilities in case of changes in the future.

Sen. Reilly asked what percentage of women who don't have coverage now would not have the availability of this screening. Mr. Todd said he has no information on this. Sen. Reilly questioned if the bill covers those who need it the most--the poor. Sen. Kerr confirmed with Mr. Todd that the small employers will be covering what the State of Kansas does not cover. With this, the hearing on SB 668 was concluded.

The hearing began on HB 2128 concerning group life insurance policy requirements with the testimony of Jerel Wright of the Kansas Credit Union League in support of it. (See Attachment III.)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,  
room 529-S Statehouse, at 9:00 a.m./~~p.m.~~ on March 16, 1988.

The Chairman asked if the basis for the need of this increase is the increasing size of loans, and Mr. Wright agreed it is. Sen. Karr noted that in several places "may" was changed to "shall", and staff explained that is for clean-up purposes and does not change the effect.

Sen. Werts began a discussion as to why a separate notice from the loan agreement is required. Mr. Wright explained that the reason is to make sure it is not in small print and reminded him that it is required only in those instances where the lender requires the insurance. Sen. Werts asked further why the floor amendment was added. Staff explained that it was put in as a matter of disclosure. It was felt that it is important that the consumer receive a separate piece of paper that he must have insurance although he is not required to purchase it from the lender. Sen. Werts said that the extra piece of paper bothers him and felt that perhaps bold faced lettering would be sufficient. Stan Lind of the Kansas Association of Financial Services stood to explain the relation of truth in lending to the situation covered by the bill. This concluded the hearing on HB 2128.

Attention was returned to SB 668. As to the suggested amendment of yesterday to add "diagnostic" before "laboratory", the Chairman said that Sen. Hoferer has no objection to it. The Chairman also reminded the committee of two other amendments that had been offered by Blue Cross/Blue Shield. Sen. Karr made a motion to adopt these three amendments, Sen. Burke seconded, and the motion carried.

The Chairman called for action on Mr. Todd's suggested amendment to include out-of-state companies and/or policyholders out-of-state. Sen. Harder made a motion to thus conceptually amend SB 668, Sen. Gannon seconded, and the motion carried.

Sen. Werts made a motion to conceptually amend SB 668 to exclude Medicare supplemental policies and long-term care policies, Sen. Karr seconded, and the motion carried.

Staff began a discussion of the amendment offered by Blue Cross/Blue Shield to change "licensed practitioner" to "board of healing arts". "Board of healing arts" would include podiatrists and chiropractors. Podiatrists would be automatically excluded, but chiropractors could make claims for this. Perhaps the suggested amendment by one of the conferees to limit it to "only accredited radiological facilities" would limit it. Also, the conferees wanted the bill to allow walk-in trade (not referred by a physician) to be covered by insurance, but this is not the way the bill is written. The Chairman added that to have the mammogram without the referral of a physician may not be a good idea due to radiation on too regular a basis.

Sen. Gannon made a motion for a conceptual amendment to include HMOs, Sen. Burke seconded, and the motion carried.

Sen. Harder made a motion to recommend SB 668 favorably as amended, Sen. Gannon seconded, and the motion carried with two "no" votes.

Sen. Kerr led a discussion following the vote. He said this bill is another mandate to raise costs. He feels it is premature to be putting this on small employers when it has not been done for poor people with medical cards who are the ones that need it. He feels insurance should cover this, but this bill is bad policy. Sen. Gannon added that a lot of middle class people can't afford the higher premiums either. Sen. Kerr continued that the legislature keeps driving up rates, and this drives more people out from under insurance because they can't afford it. The Chairman noted that it is a noncompetitive market when everyone is required to carry it as in this bill.

There being no further time, the meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS  
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
3/16	Kevin Kelly	Overland Park	Sun
	Joe A. Morais	Topeka	KCSF
	Stan Lind	K.C. Ks.	Ks. Assn. of Fin. Serv.
	M. Hauser	Topeka	Cur-Jam
	Lee Ruppel	"	American Cancer Society
	Darcy Hoogstraten	"	" " "
	Maudie Meyers	"	" " "
	Paul Whitt	Topeka	Ks Audit Union League
	Ron Morley	"	BC + BS of Ks
	JACK ROBERTS	"	BC - BS
	Ron Todd	"	Ins. dept

## Senate Concurrent Resolution No. 1617

By Committee on Financial Institutions and Insurance

3-9

0016 A CONCURRENT RESOLUTION providing for a special com-  
0017 mittee to make a legislative study concerning the approval and  
0018 implementation of a plan to provide accident and sickness  
0019 insurance for persons unable to procure the same through  
0020 ordinary methods.

0021 *Be it resolved by the Senate of the State of Kansas, the House*  
0022 *of Representatives concurring therein:* That the legislative co-  
0023 ordinating council shall appoint or designate a special committee  
0024 to study the following: The approval and implementation of a  
0025 plan proposed by the commissioner of insurance to provide for  
0026 the equitable apportionment among accident and sickness in-  
0027 surers of applicants for such insurance who are unable to procure  
0028 the same through ordinary methods and such other matters as the  
0029 legislative coordinating council may specify. Such special com-  
0030 mittee shall make its report and recommendations to the legisla-  
0031 ture and transmit the same to the legislative coordinating council  
0032 on or before December 1, 1988, unless such council authorizes  
0033 an extension of such time.

funding

, alternative methods of funding such plan including a method authorizing offsets against premium tax liability for amounts assessed against insurers pursuant to any such plan as provided in 1988 Senate Bill No. 670,

Attachment II

January 20, 1988

TO: Wayne Johnston  
cc: Joe Kun, Don Lynn, Tom Miller, Ron Morley, Jack Roberts ✓

FROM: Pam Miller

SUBJECT: MANDATED COVERAGE FOR MAMMOGRAPHIES AND PAP SMEARS

Shown below are estimated costs, assuming these coverages are mandated at 100% benefit level (i.e., not subject to deductibles and coinsurances):

	Estimated Additional Monthly Rate		Estimated Additional Annual Costs
	<u>Single</u>	<u>Family</u>	
1. Add benefit at full to those contracts currently without any coverage for pap smears (there are no contracts without some coverage for mammographies)	\$0.43	\$0.55	\$ 31,700
2. Remove deductibles and co-insurances for mammographies and pap smears currently covered by Major Medical and Shared Pay products	0.80	1.02	1,773,500
3. Total	----	----	1,805,200

Note: These costs assume an increase in utilization due to benefit awareness.

PM:nh

Attachment II



**Kansas  
Credit  
Union  
League**

5942 S.W. 29th Street, Suite C  
Topeka, Kansas 66614  
(913) 273-4343

March 16, 1988

SENATE COMMITTEE ON  
FINANCIAL INSTITUTIONS AND INSURANCE

H.B. 2128

Mr. Chairman and members of the Committee:

I am Jerel Wright, the Governmental Affairs Director for the Kansas Credit Union League (KCUL). I am here to testify in support of House Bill 2128 which amends K.S.A. 40-433 and 16a-4-109.

Group Credit Life Insurance Coverage

H.B. 2128 raises from \$25,000 to \$50,000 the maximum group credit life insurance coverage that can be written through a group policy for consumer loans. This provision is similar to S.B. 133 which this committee and the full Senate passed out favorably during the 1987 Regular Session. Due to a House floor amendment dealing with medicare supplement policies, S.B. 133 was assigned to a conference committee for further consideration, where it remains today.

Disclosure Provision

The bill provides that if a creditor requires the insurance the creditor must provide the consumer with a separate notice of the consumer's right to provide the required insurance through an existing policy or through new policies purchased by the consumer.

KCUL Position

KCUL asks the committee to support passage of H.B. 2128. The change will allow creditors to offer borrowers higher credit life insurance coverage through group policies.

Thank you , Mr. Chairman, for the chance to testify on House Bill 2128. I would be happy to respond to any questions.