

Approved April 4, 1989  
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Dale Sprague at  
Chairperson

3:30 xx a.m./p.m. on March 28, 89, 1989 in room 531-n of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Research Department  
Bill Edds, Revisor of Statutes  
Patti Kruggel, Committee Secretary

Conferees appearing before the committee:

Others present: see attached list

The Chairman called the meeting to order at 3:30 p.m.

A motion was made by Representative Flower to approve the minutes of March 22, and March 23, 1989. Representative Bryant seconded. The motion carried.

The Committee began discussion on SB 98.

SB 98 -- An Act concerning reimbursement for services performed by licensed specialist social workers under health and accident insurance policies or contracts; amending K.S.A. 40-2,103 and 40-2,114 and repealing the existing sections.

Chris Courtwright, Legislative Research Department, gave the Committee an overview of the bill. Mr. Courtwright explained that SB 98 would add the services of clinical social workers to the list of health care providers whose services are required to be covered. The Amendments would delete the mandate for reimbursement of services of clinical social workers, unless coverage is refused in writing by the policyholder, and mandate that reimbursement be covered. Mr. Courtwright also stated that the Senate Committee amendment exempts any insurance plans in existence on or before March 15, 1989, from the mandate to reimburse for social work services if such service is refused in writing.

Carl Myers, Kansas Chapter, National Association of Social Workers, appeared briefly before the Committee to endorse the favorable passage of SB 98.

Pat Ireland, Kansas Society for Clinical Social Workers, provided testimony in support of SB 98 which explained that the proposed revision would eliminate problems with the current insurance laws which give health care consumers the freedom to choose psychotherapists from qualified licensed providers, including clinical social workers. (Attachment 1)

Bob Runnels, Kansas Catholic Conference, provided testimony (Attachment 2) in support of SB 98. Mr. Runnels explained that the bill was requested by the Kansas Catholic Conference and is intended to correct the language to "grandfather in" those insurance policies which are currently in force and correct the problem of out-of-state insurance plans that insure Kansas and refuse to pay.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House \_\_\_\_\_ COMMITTEE ON \_\_\_\_\_ Insurance \_\_\_\_\_

room 531-N, Statehouse, at 3:30 ~~xx~~ a.m./p.m. on March 28, \_\_\_\_\_ 899 \_\_\_\_\_

Jim Schwartz, Kansas Employer Coalition of Health, provided testimony in opposition to SB 98. Mr. Schwartz stated that employers strive to select a package that offers the most desirable benefits for a particular group of employees and that when government intervenes the pressure mounts on employers to escape the effects of mandates by shifting more of the cost to employees, going self-insured, decreasing coverage in another way, or dropping health insurance altogether. (Attachment 3)

There were no other conferees wishing to testify on SB 98 and hearings were concluded.

The Chairman asked what the Committee's pleasure was on SB 98. Representative Brown made a motion that SB 91 be recommended favorable for passage. Representative Allen seconded. The motion carried.

The Chairman directed the Committee to discussion and final action on previously heard bills.

HB 2500 -- An Act enacting the medical accident compensation act.

A motion was made by Representative Gross that HB 2500 be recommended to the LCC for interim study. Representative Hoy seconded. The motion carried.

SB 107 -- Providing that refunds of unearned premiums be made upon declination or termination of coverage or other adverse underwriting decisions; amending K.S. A. 40-2,112 and K.S.A. 1988 Supp. 40-2404 and repealing the existing sections.

Representative Sawyer made a motion to adopt the amendments provided by Pam Scott, Kansas Insurance Department. Representative Wells seconded. The motion carried.

A motion was made by Representative Gross to recommend SB 107, as amended, favorably for passage. Representative Sawyer seconded. The motion carried.

SB 106 -- Authorizing the commissioner of insurance to impose administrative penalties on certain persons engaged in the business of insurance for certain acts; amending K.S. A. 40-242 and repealing the existing section.

Representative Gross made a motion to adopt the amendments offered by the Kansas Insurance Department. Representative Allen seconded. The motion carried.

A motion was made by Representative Sawyer to recommend SB 106, as amended, favorably for passage. Representative Cribbs seconded. The motion carried.

SB 55 -- Concerning the firefighters relief act; relating to expenditures from the firefighters relief fund; amending K.S.A. 1988 Supp. 40-1706, as amended by section 97 of chapter 356 of the 1988 Session Laws of Kansas, and repealing the existing section.

Representative Bryant made a motion that the \$500 noted on line 251 of SB 55 be raised to \$1,500. Representative Turnquist seconded. The motion carried.

A motion was made by Representative Allen to recommend SB 55, as amended, favorably for passage. Representative Campbell seconded. The motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance

room 531-N, Statehouse, at 3:30 ~~xx~~ m./p.m. on March 28, ~~80~~

HB 2050 -- Relating to municipal hospitals and the employees thereof; providing that claims for damages against such hospitals or employees arising out of the rendering of or failure to render health care services are subject to the Kansas tort claims act; amending the health care provider insurance availability act to excluded application to such hospitals and employees; amending K.S.A. 75-6115 and K.S.A. 40-3401 and repealing the existing sections.

Representative Hoy made a conceptual motion that the hospitals which would be placed under the Tort claims act with a limit of \$500,000 be at the same time required to make payments to the Health Care Stabilization Fund. Representative Gross seconded. Representative Sawyer made a substitute motion that HB 2050 be tabled. Representative Lynch seconded. The motion failed.

Representative Littlejohn made a motion to strike the words "Norton State Hospital" on page 4 of HB 2050. Representative Hoy seconded. The motion carried.

A motion was made by Representative Hoy to recommend HB 2050, as amended, favorably for passage. Representative Cribbs seconded. The motion carried.

SB 18 -- Concerning the health care provider insurance availability act; relating to private practice corporations or foundations and their full-time faculty employed by the university of Kansas medical center.

Representative Turnquist provided an amendment (Attachment 4) which would add the provisions of HB 2304 to SB 18.

A motion was made by Representative Turnquist to amend SB 18. Representative Gross seconded. The motion carried.

Representative Turnquist made a motion that the references to full-time faculty employed by the University of Kansas medical center be modified to read full-time physician faculty employed by the University of Kansas medical center, as the bill originally provided. Representative Allen seconded. The motion carried.

A motion was made by Representative Well to recommend SB 18, as amended, favorably for passage. Representative Cribbs seconded. The motion carried.

The meeting was adjourned at 5:25 p.m.

GUEST LIST

COMMITTEE: \_\_\_\_\_

DATE: 3/28/99

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Jim Gregory	Wichita	Beech Aircraft
Bob Corkins	Topeka	Ks. Hospital Assn.
Marlene Riem	Law	Ku Med Ctr
Ken Baker	Topeka	Enterprise Magazine
Jim Schwartz	Topeka	Ks Employer Coalition on Health
BRUCE LINHOS	LAWRENCE	Ks Soc for Clinical Social Work.
PAT IRZLAND	Olathe hm Overland Park work	Ks Soc for Clin Social Work
Paul Meyer	Topeka	Ks. Chapt. NASW National Association of Social Workers
Bob Turner Sr.	CCCS	St. John's Community
Dick Brock	Topeka	Ins Dept
Lee WRIGHT	OVERLAND PARK	Farmers Group
Lori Callahan	Topeka	AIA

BanScott  
Juland

Purpose of the Proposed Revisions

The proposed revisions would eliminate problems with the current insurance laws which give health care consumers the freedom to choose psychotherapists from qualified licensed providers, including clinical social workers. Generally, the law pertaining to clinical social workers is working very well. Since 1982, Kansas law has required reimbursement of licensed clinical social workers for psychotherapy by insurance policies delivered within the state. However, in some situations where the insurance is held by an out of state company, the health care consumer does not have the freedom to choose a clinical social worker. Likewise, in those situations, the clinical social worker is not allowed to fairly compete with psychologists or psychiatrists because it doesn't make economic sense to choose a provider whom your insurance does not cover.

Problem and Proposed Revision

1. K.S.A. 40-2,103: This out of state coverage problem exists because of the following facts: K.S.A. 40-2,114 which provides freedom to choose clinical social workers and be reimbursed by insurance does not apply to policies delivered outside of the state. However, thru passage of K.S.A. 40-2,103, in 1984, the laws which give freedom to choose all providers, other than clinical social workers, and be reimbursed do apply to policies delivered outside of the state when used by a Kansas resident or employee. The solution is to add clinical social workers to the providers covered by K.S.A. 40-2,103.
2. K.S.A. 40-2,114: The freedom of choice statute for clinical social workers allows the policyholder to "refuse in writing" coverage for clinical social workers. Although the "refuse in writing" provision has been used by only one company that we know of, elimination of this provision would make the statute for clinical social workers consistent with the freedom of choice statutes for all other providers, and as a preventative measure would eliminate potential for any future problems. (There is a grandfathering provision in S.B. 98 for the company that has used the "refuse in writing" clause.)

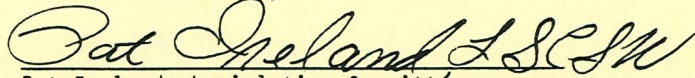
Discussion

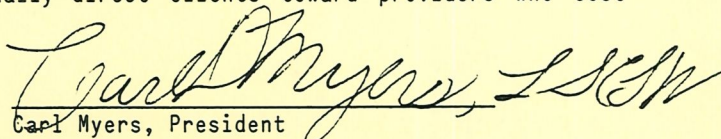
Under the current laws and practice, the insurance of most Kansans already does cover clinical social workers for psychotherapy services. This is because of Kansas statute 40-2,114 for policies delivered within the state, and because even the majority of insurance through out of state employers covers clinical social workers due to the laws of those other states or insurance company practices.

However, in the situations where clinical social workers are not covered by policies held out of state, the insured individual does not have freedom to choose from qualified providers and clinical social workers are deprived of the freedom to fairly compete.

To demonstrate how this is really a free enterprise issue, the following example is provided. Health care providers depend upon insurance just as real estate companies depend upon mortgage loans. If certain banks would not provide mortgage loans to people purchasing homes from Coldwell Banker Realty, that would clearly be seen as an interference with free competition. This is the same situation clinical social workers face with the loopholes in the freedom of choice of provider statutes; people don't want to use providers whom insurance does not cover.

Ironically, clinical social workers generally charge 25% to 50% less than psychologists or psychiatrists. Therefore, the current loopholes actually direct clients toward providers who cost insurance more money.

  
Pat Ireland, Legislation Committee  
Kansas Society for Clinical  
Social Workers

  
Carl Myers, President  
Kansas Chapter, National Association  
for Social Workers

TESTIMONY

SENATE BILL 98

House Insurance Committee  
Tuesday, March 28, 1989

KANSAS CATHOLIC CONFERENCE  
By: Robert Runnels, Jr., Executive Director

Mr. Chairman, Members of the House Insurance Committee, my name is Bob Runnels, I am Executive Director of the Kansas Catholic Conference.

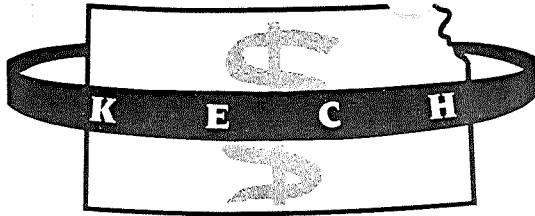
I am here today to support some language changes that will require out of state insurance companies to reimburse clients who elect to use the counseling services of Licensed Clinical Social Workers in Psychotherapy. Psychologists, Medical Doctors, already have this protection from a bill passed in 1984.

Licensed Clinical Social Workers perform the same services as psychologists. For clients who use their services their charges are at a lower rate. In-state insurance companies do reimburse policy holders ... it is only out-of-state insurance that insure Kansans that may refuse to pay.

There is a broad range of agencies which support and need this correction. I speak on behalf of Catholic Charities who do a great deal of this type of work in Kansas.

Language changes have been made in the Senate to "grandfather in" those insurance policies which are currently in force.

For those family members who require counseling assistance we seek your support of the change that would extend payment to Licensed Clinical Social Workers.



## Kansas Employer Coalition on Health, Inc.

1271 S.W. Harrison • Topeka, Kansas 66612 • (913) 233-0351

### Testimony to House Insurance Committee on Senate Bill 98

(requiring coverage of services by licensed clinical social workers)

by James P. Schwartz Jr.

Consulting Director

March 28, 1989

The Kansas Employer Coalition on Health is 107 employers across Kansas who are concerned about the cost-effectiveness of group health insurance. Since 1983 we have sought ways to manage the spiraling costs of purchasing health care benefits for our 350,000 Kansas employees and dependents.

The cost of providing group health insurance has increased faster than any other cost of doing business. That's why we've been working very hard lately to contain the costs of these benefits -- so that less expense has to be shifted to employees and so that more money can go to wages and other benefits.

Considering all the wonderful health services available today, we realize, as you do, that no insurance plan can offer employees all the health care benefits they could possibly want. So, employers generally strive to select a package that offers the most desirable benefits for a particular group of employees. This is a delicate process, especially in negotiated labor contracts.

When government intervenes in this process and mandates a particular benefit, several questionable results are likely to happen:

- 1) The process of quid-pro-quo between employer and employee is distorted.
- 2) The process of having various benefits compete for inclusion in the health plan is sidestepped.
- 3) A de-facto tax is imposed, without government accountability normally associated with legitimate taxes.
- 4) Pressure mounts on employers to escape the effects of mandates by shifting more of the cost to employees, going self-insured, decreasing coverage in some other way, or even dropping health insurance altogether.

Our 1989 survey of Kansas benefit plans did not ask about interest in dropping coverage, but we did discover a dramatic and disturbing resurgence of interest in shifting costs to employees, going self-insured and decreasing coverage.

But isn't coverage for social workers a valuable and cost-effective thing? We don't dispute the value of such services in a well-managed plan. But who's to say that the services of social workers are worthier than all the other services that must compete for inclusion in a benefits package?

We believe that in our voluntary system of employment-based health insurance, workers and employers are the best judges of what goes into a benefits package.

Proposed Amendment to SB 18  
(As Amended by Senate Committee)

On page 10, in line 345, by striking "and" where it appears for the second time; in line 347, before the period, by inserting the following: "; (15) any amount owed pursuant to a judgment or settlement for any injury or death arising out of the rendering of or failure to render professional services by a person, other than a person described in clause (12) of this subsection, who was engaged in a postgraduate program of residency training approved by the state board of healing arts; and (16) reasonable and necessary expenses for attorney fees and other costs incurred in defending a person described in clause (15) of this subsection."

On page 12, after line 419, by inserting a new paragraph to read as follows:

"(3) Upon payment of moneys from the health care stabilization fund pursuant to subsection (c)(15) or (16), the commissioner shall certify to the director of accounts and reports the amount of such payment, and the director of accounts and reports shall transfer an amount equal to the amount certified from the state general fund to the health care stabilization fund."