Approved 2/26/90
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by SENATOR RICHARD L. BOND
Chairperson a

9:00 a.m./~~p~~m. on WEDNESDAY, FEBRUARY 21, 1990 in room 529-S of the Capitol

~~All~~ members ~~were~~ present ~~except:~~

Senators Anderson, Karr, Kerr, Moran, Parrish, Reilly, Salisbury, Strick and Yost.

Committee staff present:
Bill Edds, Revisors Office
Bill Wolff, Research Department
Emalene Correll, Research Department
Louise Bobo, Committee Secretary

Conferees appearing before the committee:
Senator Roy Ehrlich, Chairman, Commission on Access to Service for the Medically Indigent and Homeless.
Barbara Gibson, Governor's Commission on Access to Service for the Medically Indigent.
Jeff Ellis, Governor's Commission on Access to Service for theMedically Indigent.
Orville L. Voth, Silver Haired Legislature
John Alquest, Commissioner, Income Maintenance and Medical Services, SRS.

Chairman Bond called the meeting to order at 9:15 a.m.

Continued Hearing on SB 444 - establishment of health benefits program.

Senator Roy Ehrlich, Chairman of the Commission on Access to Services for the Medically Indigent and Homeless, informed the committee that, in accordance with Chairman Bond's wishes, his committee met with John Alquest, Commissioner of Income Maintenance and Medical Services in SRS, and worked out the language and fiscal problems evident in the first hearing on January 24. Senator Ehrlich said that, as a result of their meeting, the Commission voted to recommend that SB 444 be amended to include limited hospital services, emergency services, but not to include organ transplants. Another amendment would make it clear that physician services are to be limited to doctors of medicine and osteopathy. Senator Ehrlich said that he would leave the major issue of costs projections to be explained by John Alquest of SRS. (Attachment 1)

Barbara Gibson, Governor's Commission on Access to Services for the Medically Indigent and Homeless, informed the committee that it was the intent of the Governor's Commission to give the authority and ability to control total program costs to the Secretary of Social and Rehabilitative Services. She further stated that they felt that SRS had the skill and expertise to determine how to give the best service to the most people. (Attachment 2)

Jeff Ellis, also a member of the Governor's Commission, spoke briefly informing the committee that this bill was part of a comprehensive package and that the key issue is that a reappraisal of health issues has to be made. He further stated that this bill was only part of a comprehensive package. Mr. Ellis said that a growing segment of the population do not have enough money left to afford health insurance and that it is the aim of the Commission to provide these people with rudimentary health care without providing a lot of mandates and to better allocate and use the medical dollar. Mr. Ellis also said that this was a self-help measure that would also allow people to help themselves.

Orville L. Voth, Silver Haired Legislature, spoke to the committee in support of SB 444. He stressed that he was disturbed that the budget for this bill was supposed to be the same as for MediKan when this measure is designed to serve 18,000 more Kansans than MediKan presently serves. Mr. Voth also stated that his organization would support the eligibility level set at 100% of poverty and also that they would put emphasis on preventive health care. Mr. Voth made two suggestions: (1) the fees be assessed on a sliding scale and (2) distribute funds through the County Health Department. (Attachment 3)

John Alquest, Commissioner, Income Maintenance and Medical Services, SRS, informed the committee that he was a proponent of the bill in that he wished to provide the best medical service possible to the largest number of people and, yet, was an opponent because he was conscious of the budgetary restraints. Mr. Alquest stressed that the medical dollars had not been there to maintain some of the programs already in existence. Mr. Alquest presented written testimony defining the estimated cost of the program as set out in SB 444. (Attachment 4)

Considerable discussion followed with committee members concerned about determining the cost of the program and also what services would be available, and to what segment of the population, under SB 444, that is not now covered under MediKan. One committee member was particularly concerned with how much was alloted to mental health care. Staff volunteered to furnish material that would give this information. Another committee member thought that SRS should make an effort to work with local health departments. Mr. Alquest agreed.

Chairman Bond announced that the hearing on SB 444 would continue on Monday, February 26, 1990, with possible action on the bill at that time.

The meeting adjourned at 10:05.

GUEST LIST

COMMITTEE: FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE DATE: Wed. Feb 21, 1990

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Katie Klassen	Topeka	SRS
Carla Nakata	Topeka	SRS
Theresa Shively	Topeka	KDHE
Orville Voth II	Lawrence	SHL
Lynden Drew	Topeka	KDOH
Kendell Strom	Topeka	CCTF AARP
Chip Wheelen	Topeka	Ks Medical Soc.
Jack Roberts	"	BC-BS
Bill Pitsenberger	Topeka	BC BS
Jeff Ellis	KC	Cmsn on Access to Services to Indigent
Barbara Shom	Hutchinson	Commission on Access for the M.I. & H
Rep. Bill Bornum	Wichita	Commission on Access for Medical Indigent
Sophia Medellin	Lawrence	Kansas University-student
Victoria Street	Lawrence	BSW Student - KU
Melita Bread	Lawrence	BSW Student - KU

Hearing 2/21/90

ROY M. EHRLICH
SENATOR, THIRTY-FIFTH DISTRICT
RICE, BARTON, RUSSELL COUNTIES
ROUTE 1, BOX 92
HOISINGTON, KANSAS 67544-0092

STATE OF KANSAS

TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
CHAIRMAN: PUBLIC HEALTH AND WELFARE
MEMBER: FEDERAL AND STATE AFFAIRS
LABOR, INDUSTRY, AND SMALL BUSINESS
LOCAL GOVERNMENT
ADMINISTRATIVE RULES AND REGULATIONS
ADVISORY COMMITTEE OF STATE DEPARTMENT OF AGING
NATIONAL CONFERENCE OF STATE LEGISLATURES SPECIAL SELECTED COMMITTEE—HEALTH CARE
NATIONAL SPECIAL SELECT STANDING COMMITTEE OF THE MENTAL HEALTH ASSOCIATION

February 5, 1990

Senator Richard Bond, Chair
Senate Committee on Financial Institutions
and Insurance
Room 128-S
Statehouse
Topeka, Kansas 66610

Dear Senator Bond:

The Commission on Services for the Medically Indigent and Homeless met on January 29 in Topeka with Mr. John Alquest, Commissioner of Income Maintenance and Medical Services in the Department of Social and Rehabilitation Services, in order to clarify the type of services to be made available in the first two years of operation of the Kansas Health Benefits Program that would be established under the provisions of S.B. 444. In the meeting with Mr. Alquest, it became clear that the misunderstanding over the fiscal note arose from the language concerning the hospital services to be made available to participants in the first two years.

As a result of the January 29 meeting the Commission voted to recommend that S.B. 444 be amended as shown on the attached balloon prepared by the Revisor, i.e., the services are to include limited hospital services, to include emergency services, but not to include organ transplants. The Commission also decided that the bill should be amended to make it clear that physician services are to be limited to those services provided by doctors of medicine and osteopathy. The Commission also recommends the additional language to be inserted on line 18 of page 2 of the bill.

The Commission also recommends that the bill be further amended by the adoption of two technical amendments, but has not drafted the latter since they are technical in nature and there was insufficient time during the Commission meeting to work with SRS to prepare the specific language. One amendment would make it clear that an individual who is eligible for the Medicaid program after meeting a spendown is not eligible for the Health Benefits Program, and the other concerns authorizing the Secretary to establish limits on any resources (assets, other than income) that an individual may have and remain a "qualified individual" under the act.

On behalf of the Commission, I urge you and your Committee to amend S.B. 444 and to report it favorably in order that the Legislature may consider the alternate to MediKan proposed by the Commission and in order that Kansas may begin to recognize, in a very limited way, the health care needs of the working poor who

Attachment 1
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are unable to access even basic health services now. As noted in the excerpt from the Commission's report, which is attached and which was approved by the Commission on January 29, Kansas is now spending scarce health care dollars to provide a range of services to a very small percentage of the Kansans who cannot access health care because they do not have health insurance or the personal resources to pay for such care. The members believe that an investment of fewer dollars to provide limited health services is an investment of those scarce dollars that will more than pay for itself in preventing health conditions from becoming disabling and resulting in increased expenditures for welfare.

Thank you for your attention to S.B. 444.

Senator Roy Ehrlich, Chair,
Commission on Access to Services for
the Medically Indigent and Homeless

RECOMMENDED INITIATIVES TO INCREASE ACCESS TO HEALTH CARE

HEALTH BENEFITS PROGRAM

As one part of a two-pronged approach to increasing the access of those without health insurance to basic health services, the Commission recommends that the existing MediKan program be replaced with a new Health Benefits Program under which more individuals would be able to access physician and pharmaceutical services and strictly limited, emergency hospital services at a cost to the state less than the projected total cost of MediKan in fiscal year 1990. The Commission proposal is outlined in S.B. 444 which is summarized below.

S.B. 444 creates a new Kansas Health Benefits Program to be operated by the Secretary of Social and Rehabilitation Services in lieu of the MediKan program but under the same administrative structure as Medicaid. However, the Commission does not envision the Health Benefits Program as a traditional public assistance program. Rather, while the program would provide access to limited basic health services for the indigent, the working poor, and the dependents of such individuals, it would not be tied to cash benefits and would require that participants contribute to the cost of their medical and health care through the payment of minimal monthly premiums and minimal copayments for services utilized in order to be qualified to receive medical and health benefits.

Under S.B. 444, residents of Kansas who do not have access to health insurance through the workplace or to health care through eligibility for a governmentally operated health care program and whose income is at or below 85 percent of the federal poverty level would be eligible to apply for the Health Benefits Program. Such persons would be required to pay a monthly premium as set by the Secretary on a sliding fee scale in order to be eligible for services covered by the program. Eligible individuals and their dependents would have access to the covered services established by the Secretary, **but in the first two years of the program, benefits would be limited to only the services of persons licensed to practice medicine and surgery, pharmacy services, and restricted hospital services, not including organ transplant services.** The Secretary would be authorized to adopt conditions and limitations on the services offered under the Health Benefits Program, including deductible requirements, and must establish copayment to be made by participants. Prior to the end of the first two years of the program, the Secretary would be required to review the program and report any recommendations relating to additional services or beneficiaries to the Governor and Legislature.

While the Commission recognizes that health care services that could be accessed by participants in the Health Benefits Program in the first two years would be more limited than those now available under MediKan, the members strongly believe that the State of Kansas should be utilizing scarce state tax dollars to open access to basic health care for as many Kansans without access to health insurance as possible, rather than spending a significant amount of state dollars to reimburse for a

range of health benefits for a relatively small number of persons, about 50 percent of whom utilize a high amount of institutional care. Based on actual expenditures in November, 1989, current expenditures for MediKan, excluding GA families, average about $4,207 per client annually, although, in fact, it appears that slightly over 49 percent of these clients utilize 69.7 percent of the MediKan dollars, including inpatient services relating to mental illness and substance abuse. The members believe that the latter should be funded through mental health and substance abuse dollars rather than as a budget item usually viewed as providing health and medical services for the most needy. Further, the Commission reiterates its position that access to basic health services is a more prudent investment in health than the purchase of "high tech" services for a few individuals, however worthy of assistance they may be.

The Commission recommends that the 1990 Legislature give serious consideration to S.B. 444 and the concepts it embodies before reauthorizing MediKan for the next fiscal year. It is time for Kansas to join the some 20 other states that have taken the initiative to provide some type of program to increase the access of the medically indigent in their state to health care. In considering S.B. 444, it should be noted that the Commission is also proposing legislation that would offer incentives for small employers to make health and medical insurance available to their employees and the dependents of such employees through group plans available through the workplace (H.B. 2610) and has requested that a resolution be introduced on behalf of the Commission that asks members of the Kansas Congressional delegation to support efforts to find a national solution to universal access to health care for all citizens of the United States.

90-127/EC

Session of 1990

SENATE BILL No. 444

By Senators Ehrlich and Anderson

1-8

AN ACT establishing the Kansas health benefits program; directing the secretary of social and rehabilitation services to establish a program authorizing certain persons to purchase medical and health care coverage under such program; granting authority to and imposing duties upon the secretary of social and rehabilitation services.

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

Section 1. (a) In accordance with the provisions of this section and within the limits of appropriations therefor, the secretary of social and rehabilitation services shall establish a statewide program by which qualified individuals and dependents of such individuals through the payment of monthly premiums are eligible for medical and health care benefits. The secretary shall administer the statewide program established under this section through the administrative structure used to operate the state medical assistance program.

(b) The secretary shall specify by rules and regulations the medical and health care benefits for which a qualified individual and dependents of such individual are eligible to receive under this section, except that during the first two years of operation of the program established under this section the only medical and health care benefits available shall be physician services, pharmacy services, preauthorized hospital services and emergency hospital services (not including organ transplant procedures). Prior to the end of such two year period, the secretary shall review the program and shall report to the legislature and to the governor any recommendations of the secretary relating to the desirability of making additional medical and health care benefits available. Any additional benefits made available subsequent to such two-year period shall be phased in on an incremental basis as specified by the secretary.

of persons licensed to practice medicine and surgery

and limited

to include emergency services, but not to include organ transplants

(c) A qualified individual to be eligible for medical and health care benefits under the program established under subsection (a) shall apply to the secretary on a form provided by the secretary for coverage under such program. The secretary shall determine whether

the applicant is a qualified individual for the purposes of this section. If the applicant is determined to be a qualified individual for medical and health care benefits under such program, the qualified individual shall contribute to the payment of the cost of such medical and health care benefits a monthly premium determined by the secretary.

(d) The secretary shall remit all premium payments received under this section to the state treasurer at least monthly. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury and credit the same to the social welfare fund.

(e) The secretary shall administer this act and may adopt rules and regulations as necessary to carry out the provisions of this act. The secretary may establish conditions and limitations, including deductible requirements, on coverage under the program of medical and health care benefits established under this section. The secretary shall establish copayment requirements on such coverage.

(f) The secretary shall apply to the federal secretary of health and human services for approval of a demonstration project as part of the program established under this section for the purpose of providing individuals not otherwise eligible for coverage under the state medicaid program and eligible for such coverage under the demonstration project the opportunity to purchase coverage under the program established under this section in accordance with the terms and conditions of the demonstration project. If such demonstration project is approved, to the extent individuals and dependents of such individuals eligible for medical and health care coverage under the program established under this section are covered by such demonstration project, such individuals shall not be eligible for coverage by the program established under this section but shall be covered under the demonstration project.

(g) The Kansas health benefits program established under this section shall be in lieu of and not in addition to any medical assistance provided under article 7 of chapter 39 of the Kansas Statutes Annotated and acts amendatory of the provisions thereof or supplemental thereto which is funded entirely by state funds.

(h) As used in this section:

(1) "Qualified individual" means an individual who is a resident of this state; whose current income does not exceed 85% of the federal poverty level as determined by the secretary; whose employer, if any, does not offer medical and health insurance benefits; and who is not currently covered by medical and health insurance from private third-party payors, medicare, other governmental health insurance or the state medical assistance program other than the

[, if authority is granted for doing so through statutory change or congressional action,

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program established under this section.

(2) "Secretary" means the secretary of social and rehabilitation services.

(3) The terms defined in K.S.A. 39-702 and amendments thereto and used in this section have the meanings provided by K.S.A. 39-702 and amendments thereto.

(4) Subsequent to July 1, 1992, and prior to September 1, 1992, the secretary shall report to the governor and to the legislature any recommendations of the secretary relating to the desirability of changing the number used as the percentage of the federal poverty level specified under paragraph (1) of this subsection.

(i) The program established under this section shall be known and may be cited as the Kansas health benefits program.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

REMARKS TO THE
SENATE COMMIT E ON FINANCIAL INSTITUTIONS ND INSURANCE

IN SUPPORT OF S.B. 444
TO ESTABLISH A KANSAS HEALTH BENEFITS PROGRAM

February 21, 1990

by Barbara J. Gibson
Member: Governor's Commission on Access to Services
for the Medically Indigent and Homeless

S.B 444 establishes a state-sponsored health benefit program which will place priority on access to basic health services. The initial program emphasis will be given to the low-income persons under age 65, especially the working poor and their dependents, by covering persons with incomes not to exceed 85% of the Federal Poverty Level. The result would be an estimated 18,000 participants with income for eligibility at approximately $8,500, or less, for a family of three.

The Commission on Access to Services for the Medically Indigent and Homeless held a special meeting on January 29, 1990 to consider amending S.B. 444 to clarify the authority of the Legislature to specify the maximum appropriation for the Kansas Health Benefit Plan. It is the Commission's intent that the Secretary of Social and Rehabilitative Services (SRS) will have the authority and ability to control total program costs by determining the list of services to be covered, and/or those specifically excluded, by the plan.

Sec. 1.(b) of S.B 444, as amended, provides that during the first two years of the proposed Kansas health benefits program, the only medical and health benefits available shall be physician services, pharmacy services, and limited hospital services to include emergency services, but not to include organ transplant procedures. This newly-worded description of the program's health service benefits, after discussion with John Alquest, SRS Commissioner, best described the intent of the Commission to assure that program costs will be contained within the limits of appropriations.

I realize that state funds are not unlimited and believe that health service priorities must be established and re-determined frequently through a process that includes broad-based citizen participation. As a former member of the Statewide Health Coordinating

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uncil and the local SA board of directors, I ca. testify to the usefulness of a structure for ongoing community input on health policy issues and health care system decisions. Lacking health planning, I trust that SRS officials will have the experience required to adopt the rules and regulations offering appropriate and effective health benefits for the greatest number of persons within funding limits. Let me restate this for emphasis, whenever the needs of medically indigent Kansans exceed the taxpayers' ability, or willingness, to fund medical care for them, there should be a method of determining priorities for persons to be served and services to be offered. The Legislature would continue to determine the amount of money available for health programs of the state.

To respond to these and future health policy dilemmas, the Commission has also supported H.B.2609 to establishing a Joint Legislative Committee on Health Decisions for the 1990's. Additionally, three of our Commission members have just recently been asked to serve on the Governor's new Commission on Health Care. This group will also be charged with looking at availability and affordability of health care in the state.

Other changes recommended at the January meeting include a request for language that would clarify "physician" to mean medical doctors and doctors of osteopathy licensed to practice medicine and surgery.

We, hopefully, will have a change specifying program participant qualifications that consider not only income but also assets and resources other than income in determination of program eligibility.

I support passage of S.B.444 and the restructuring of our state medical assistance program. It is an incremental and workable program Kansas can implement while we are urging our federal officials to adopt a system assuring universal access to an adequate level of health care for all Americans. Thank you for continuing your consideration of this legislation. I would be pleased to share additional information from the Commission on Access to Services for the Medically Indigent and Homeless.

ORVILLE L. VOTH
2212 WESTDALE ROAD
LAWRENCE, KANSAS 66049

BEFORE THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE, CONCERNING:

SB 444, ESTABLISHING A PROGRAM AUTHORIZING CERTAIN PERSONS TO PURCHASE MEDICAL AND HEALTH INSURANCE COVERAGE.

MEMBERS OF THE COMMITEE: I AM ORVILLE VOTH, DELEGATE FROM DOUGLAS COUNTY TO THE KANSAS SILVER HAIRED LEGISLATURE. I AM CURRENTLY SPEAKER OF THE SHL AND A MEMBER OF ITS BOARD OF DIRECTORS. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE AS A PROPONENT OF SB 444.

SB 444 IS SIMILAR TO SILVER HAIRED LEGISLATURE BILL NO. 606 WHICH IS OUR # 3 PRIORITY OF THE NINE BILLS AND RESOLUTIONS PASSED IN NOVEMBER, 1989. SHL 606 WAS PASSED BY A VOTE OF 109 YES, 3 NO. WHILE OUR BILL DIFFERS FROM SB 444 IN SEVERAL SIGNIFICANT WAYS, THE TWO BILLS AGREE IN THE BASIC NEED TO PROVIDE ACCESS TO HEALTH CARE FOR MANY UNINSURED PERSONS WHO ARE UNABLE TO PURCHASE HEALTH INSURANCE WITHOUT SOME FORM OF ASSISTANCE.

THERE ARE PROBABLY MANY PERSONS AND EVEN MORE REASONS FOR SUPPORTING SB 444 BUT I WILL EMPHASIZE AND COMMENT ON ONLY TWO:

1. FIRST OF ALL, THE KANSAS LEGISLATURE ITSELF, THROUGH THE COMMISSION ON ACCESS TO SERVICES FOR THE MEDICALLY INDIGENT AND HOMELESS, HAS RECOGNIZED THE NEED FOR SUCH LEGISLATION. THEIR IN-DEPTH STUDY, THE SUBSEQUENT RECOMMENDATIONS AND SB 444 ALL REFLECT THAT RECOGNITION. THE FISCAL NOTE NOT WITHSTANDING, THIS REPORT AND SB 444 CAN HARDLY BE DISMISSED WITHOUT VERY SERIOUS CONSIDERATION BY THIS COMMITTEE.

I FIND IT PARTICULARLY DISTURBING, HOWEVER, THAT THE PROGRAM DESCRIBED BY SB 444 MUST FIT THE SAME BUDGETARY PARAMETERS AS MEDIKAN. IT IS ESTIMATED THAT SB 444 WOULD SERVE 18,000 MORE KANSANS THAN MEDIKAN PRESENTLY SERVES,WHY WOULDN'T IT COST MORE? IF WE BUILD MORE AND BETTER HIGHWAYS WE EXPECT THAT TO COST MORE AND WE FIND THE DOLLARS TO PAY THE BILL. IT'S A MATTER OF PRIORITIES.

2. SECONDLY, I THINK IT IS SIGNIFICANT THAT THE SENIOR CITIZENS OF KANSAS, AS REPRESENTED BY THE SHL, BELIEVE IT IMPORTANT THAT THE INDIGENT BE AFFORDED ADEQUATE MEDICAL ASSISTANCE. THE FACT THAT CERTAIN ELDERLY KANSANS BETWEEN 60 AND 64 WOULD BENEFIT FROM THIS BILL IS IMPORTANT BUT THIS WAS LARGELY INCIDENTAL IN OUR COMMITTEE HEARINGS. IN FACT OUR BILL, SHL 606, SETS THE ELIGIBILITY LEVEL AT 100% OF POVERTY WHICH WOULD SERVE AN EVEN

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LARGER NUMBER OF KANSANS THAN SB 444 STIPULATES. WE ALSO ENDORSE THE CONCEPT AND EMPHASIS ON PREVENTIVE HEALTH CARE AND ALSO THE DEMONSTRATION PROJECT ENVISAGED BY SB 444 AND SHL 606.

PERMIT ME TO MAKE TWO SUGGESTIONS FOR THE ADMINISTRATION OF THIS PROGRAM:
-THE FEES ASSESSED TO BENEFICIARIES BE BASED ON A SLIDING SCALE;
-THAT SERIOUS CONSIDERATION BE GIVEN TO DISTRIBUTING FUNDS THROUGH COUNTY HEALTH DEPARTMENTS. ADMINISTRATION WOULD PROBABLY BE MORE EFFICIENT, LESS COSTLY AND MORE LIKELY TO SERVE THE REAL NEEDS OF THE COMMUNITY.

3.IF I AM NOT OUT OF ORDER, MAY I EXPRESS A PERSONAL COMMENT: SB 444 IS NOT A NEW IDEA NOR BY ANY MEANS THE ONLY ONE REFLECTING CONCERN ABOUT MEDICAL CARE AND ITS MOUNTING COST. WE CAN POINT TO HB 2609, 2610, SB 444, 445, 446 ALREADY IN THE 1990 SESSION OF THE KANSAS LEGISLATURE-BUT MY POINT IS THAT THE PROHIBITIVE COSTS OF MEDICAL CARE, NOT JUST FOR THE INDIGENT BUT FOR ALL OF US, WILL SOON REQUIRE A STATE SPONSORED AND FUNDED HEALTH CARE/DELIVERY SYSTEM, IF NOT A NATIONAL SYSTEM. WE ARE CONCERNED HERE TODAY WITH THE INDIGENT BUT SUCH A PROGRAM SHOULD BE IMPLEMENTED AS PART OF A CONCEPT OF EVENTUAL HEALTH CARE SERVICES FOR EVERYONE IN KANSAS.

THE IMMEDIATE AND MOST URGENT NEEDS ARE PARTIALLY ADDRESSED BY SB 444 AND, AS SUCH, THE KANSAS SILVER HAIRED LEGISLATURE IS ON RECORD AS SUPPORTING THIS PROPOSED LEGISLATION. I HOPE THE COMMITTEE WILL VOTE THE BILL OUT FAVORABLY.

THANK YOU.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

Winston Barton, Secretary

Testimony before
Senate Financial Institutions and Insurance Committee on Senate Bill 444

February 21, 1990

John W. Alquest
Commissioner, Income Maintenance
and Medical Services
(913) 296-6750

Attachment 4
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DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Winston Barton, Secretary
Statement regarding: S.B. 444

Title:
An act establishing the Kansas health benefits program; directing the Secretary of Social and Rehabilitation Services to establish a program authorizing certain persons to purchase medical and health care coverage under such program; granting authority to and imposing duties upon the Secretary of Social and Rehabilitation Services.

Purpose:
This bill creates a new medical program designed to serve those persons who do not otherwise have health coverage. The program would replace the current MediKan program and provide limited health coverage to those individuals and families whose income does not exceed 85% of the federal poverty level.

Background:
In previous testimony presented before this committee several weeks ago, the Department raised a number of issues concerning the bill, foremost of which involved the provisions for coverage of hospital services and the resulting fiscal impact of such coverage unless specific limitations were written into the bill.

Department staff have since met with members of the Commission on Access to Services for the Medically Indigent and Homeless to discuss these issues. We reached agreement upon two primary issues:

1. That coverage of hospital services in section 1(b) of the bill be limited to include emergency services. Emergencies would be defined as lasting no more than 48 hours and based on certain specified medical conditions. The attached information sheet explains this in more detail.

2. That the demonstration project requirement in section 1(f) of the bill be conditioned upon proper statutory or congressional authority to do so. Such authority does not currently exist.

Effect of Passage:
Based upon adopting the above understandings, it is estimated that the bill would have a total cost of $18,125,142 in FY 1991, all of which would be State general funds. The overall result would be the ability to provide services to twice as many of our needy citizens for less than the cost of the current MediKan program. However, it must be noted that neither the MediKan program nor an alternative such as proposed in S.B. 444 is included in the Governor's budget recommendation.

John W. Alquest
Commissioner of Income Maintenancee
and Medical Services
(913) 296-6750

February 21, 1990

Limited hospital services, to include emergency services, have been defined by the Department to cover inpatient and outpatient emergency services for one of the following diagnoses or conditions.

Definition

Emergency Services - services provided in a hospital emergency room after the sudden onset of a medical condition manifested by symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in: 1. placing the patient's health in serious jeopardy, 2. serious impairment to bodily functions, or 3. serious dysfunction of any bodily organ or part.

Covered Services for the Following Conditions:

Diabetic/hypoglycemic coma
Retinal detachment
Myocardial infarction
Pulmonary embolism
Cerebrovascular accident (stroke)
Ruptured aortal aneurysm
Esophageal varices
Spontaneous pneumothorax
Perforation of esophagus
Gastric ulcer with hemorrhage/perforation
Duodenal ulcer with hemorrhage/perforation
Acute appendicitis
Perforation/obstruction of colon
Acute cholecystitis
Perforation/obstruction of gallbladder
Kidney stone not passed
Twisted ovarian cyst
Vaginal hemorrhage
Emergency labor and delivery
Comatose when admitted
Convulsions-undetermined cause and first time
Fracture
Intracranial injury
Internal injury of chest, abdomen and pelvis
Ruptured spleen
Open wound of head, neck or trunk
Open wound of upper limb
Open wound of lower limb
Injury to blood vessels
Crushing injuries
Second or third degree burns
Injury to spinal cord
Poisoning or drug overdose
Meningitis/Encephalitis
Critical medical condition such as adrenal crisis, systemic infection, ventricular tachicardia.
Strangulated hernia

Limitation of hospital days allowed or level of reimbursement may be imposed to stay within a target of $5,000,000 during FY 1991.

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ESTIMATED COST OF THE KANSAS HEALTH BENEFITS PROGRAM AS DEFINED IN SENATE BILL # 444

	NEW POP BELOW 85% FPL	EXISTING GA/M'KAN ADULTS	TOTAL CASELOAD PER MONTH	AVG COST PER PERSON PER MONTH	FY 1991 ESTIMATED COST
HOSPITAL SVS	18,191	6,300	24,491	$17.01	$5,000,000 *
PHYSICIAN SVS	18,191	6,300	24,491	$28.41	8,349,661
PHARMACY	18,191	6,300	24,491	$8.91	2,618,505
BENEFIT COST	18,191	6,300	24,491	$54.33	$15,968,166

ADMINISTRATIVE COST (Includes 55 Field Staff, Space and Equipment, and Fiscal Agent contract modifications.)	2,156,976
TOTAL COST	$18,125,142

* Limited to emergency services as defined by the Department, not to exceed $5,000,000.

PRINCIPLES FOR HEALTH CARE RESOURCE ALLOCATION

Adopted by the 1988 Citizens Health Care Parliament
September 23-24, 1988 in Portland, Oregon

Purpose of health services

(1) The responsibility of government in providing health care resources is to improve the overall quality of life of people by acting within the limits of available financial and other resources.

(2) Overall quality of life is a result of many factors, health being only one of these. Others include the economic, political, cultural, environmental, aesthetic and spiritual aspects of a person's existence.

(3) Health-related quality of life includes physical, mental, social, cognitive and self-care functions, as well as a perception of pain and sense of well-being.

(4) Allocations for health care have a claim on government resources only to the extent that no alternative use of those resources would produce a greater increase in the overall quality of life of people.

(5) Health care activities should be undertaken to increase the length of life and/or the health-related quality of life during one's life span.

(6) Quality of life should be one of the ethical standards when allocating health care resources involving insurance or government funds.

Why priorities need to be set

(7) Every person is entitled to receive adequate health care.

(8) It is necessary to set priorities in health care, so long as health care demands and needs exceed society's capacity, or willingness, to pay for them. Thus an "adequate" level of care may be something less than "optimal" care.

How to set health priorities

4-5

(9) Setting priorities and allocating resources in health care should be done explicitly and openly, taking careful account of the values of a broad spectrum of the Oregon populace. Value judgments should be obtained in such a way that the needs and concerns of minority populations are not undervalued.

(10) Both efficiency and equity should be considered in allocating health care resources. Efficiency means that the greatest amount of appropriate and effective health benefits for the greatest number of persons are provided with a given amount of money. Equity means that all persons have an equal opportunity to receive available health services.

(11) Allocation of health care resources should be based, in part, on a scale of public attitudes that quantifies the tradeoff between length-of-life and quality-of-life.

(12) In general, a high priority health care activity is one where the personal and social health benefits/cost ratio is high.

Who sets what priorities

(13) The values of the general public should guide planning decisions which affect the allocation of health care resources. As a rule, choices among available alternative treatments should be made by the patient, in consultation with health care providers.

(14) Planning or policy decisions in health care should rest on value judgments made by the general public and those who represent the public, and on factual judgments made by appropriate experts.

(15) Private decision-makers, including third-party payors and health care providers, have a responsibility to oversee the allocation of health care resources to assure their use is consistent with the values of the general public.