

Approved

2/27/90

Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:00 a.m./p.m. on MONDAY, FEBRUARY 26, 1990 in room 529-S of the Capitol.

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

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

Committee staff present:

Bill Edds, Revisors Office
Bill Wolff, Research Department
Louise Bobo, Committee Secretary

Conferees appearing before the committee:

Dwight Wicker, Blue Cross Blue Shield

Chairman Bond called the meeting to order at 9:13 a.m.

SB 633 - Providing for reimbursement of services performed by advanced registered nurse practitioners under health and accident policies.

Dwight Wicker, Blue Cross Blue Shield, addressed the committee in opposition to this proposed legislation. Mr. Wicker said that his organization almost always opposed mandated benefits because (1) they do not apply to self-insured programs, resulting in uneven application, and (2) mandated benefits almost always result in increased costs. Mr. Wicker informed the committee that BCBS recently filed a rider to limit coverage for RN services and this was done to avoid having to pay greater amounts for no greater level of service due to "unbundling" of services. Mr. Wicker offered an amendment to the bill to change it from a mandate to an option for group policies only. (Attachment 1)

Considerable discussion ensued with committee members concerned that we are reimbursing the higher priced provider. Mr. Wicker replied that it had been their experience that when a provider first comes into the system their costs are less but within threefive years, the costs become the same. In addition, other services do not decrease. A committee member inquired if BCBS had made a study of the anticipated costs. Mr. Wicker said that he was not aware of any study but that increased services would naturally result in increased costs. Mr. Wicker was also asked if he knew what the experience had been in other states that provide this type of coverage. Mr. Wicker did not know but stated that any kind of mandated process tends to drive up the premium.

There being no further conferees on SB 633, Chairman Bond announced the hearing closed.

Senator Salisbury made a motion to pass SB 633 out of committee favorably as introduced. Senator Yost seconded the motion.

Discussion resumed with committee members concerned that they do not have enough information, specifically, facts about the costs. Also, concern was expressed that, if this bill was passed out favorably, then the committee was sending a signal that they approve of mandating.

A substitute motion was advanced by Senator Kerr to add to line 24 of the bill, "in the nature of a non-surgical related activity." Senator Karr seconded the motion.

Discussion continued with several members concerned about the definition of "non-surgical related activity." Senator Kerr expressed hope that this change in the wording of the bill would cause the focus to be on primary care for reimbursement.

Senator Kerr withdrew his motion to amend the language of the bill. Senator Karr withdrew his second.

Senator Kerr remarked that he thought it hasty and ill-advised to pass the bill out

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 SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on MONDAY, FEBRUARY 26, 1990.

favorably at this time. Senator Karr concurred and added that SB 444 needed to be addressed first.

Senator Strick made a substitute motion to send the bill to interim committee for study. Senator Karr seconded the motion. On a voice vote, Chair was in doubt and requested a show of hands. The motion failed.

Chairman Bond returned to the primary motion. On a voice vote, Chair was in doubt and requested a show of hands. The motion failed.

Senator Kerr made a substitute motion to send SB 633 to Federal and State Affairs Committee and have it rereferred to Financial Institutions and Insurance in order that it might be considered past the deadline. Senator Reilly seconded the motion. The motion carried.

SB 444 - Establishment of health benefit program.

Chairman Bond reminded the committee that this proposal would be a major change in Kansas policy and told the committee that he and the Senate President had conferred and the President thought it appropriate to refer the bill to Ways and Means Committee.

Senator Reilly made a motion to pass the bill out favorably and refer it to Ways and Means Committee. Senator Salisbury seconded the motion. The motion carried.

The minutes of Wednesday, February 21, and Thursday, February 22, 1990, were approved on a motion by Senator Yost with Senator Reilly seconding. The motion carried.

The meeting adjourned at 10:10 a.m.

GUEST LIST

COMMITTEE: FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE DATE: Mon Feb 26, '90

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Micki Zenger	Rt 1 Haddam, Ks 66944	Physicians Family Practice Clinic
Kinda Sebastian	6348 SW 23 rd Topeka	KSNA
HAROLD P. IT'S	TOPEKA	KCOM
Jesse McBrindle	Topeka	Observer
Bob Burkholder	Buhler Ia 67522	AARP
Pat Johnson	900 Jackson	Board of Nursing
Jerry Roberts	700 SW Jackson Suite 601	Kansas State Nurses' Assn.
Deborah S Rose	Rt 2 Box 164 Overbrook, Ks	VA Hospital / KSNA
Carroll Byrnes	2507 Monterey Dr Emporia	Menninger
Pamela Dyl	231 NW Elmwood	Gene C. Starnment Women's Health Ctr. / KSNA
Phyllis Peake	2540 Sunset Dr. Stillwater	KSNA
Jim Turner	Topeka	KNLSI
JEFF SONNICK	TOPEKA	KNLSI
Carol Wright	Topeka	KEUL
David Douglas	Topeka	S + L Dept.
Tina Hoyt	Lawrence	Town World
John Alquist	Topeka	SRS
Theresa Shively	Topeka	SRS
Denise Faust	Topeka	SRS
Joyce Sugme	Topeka	SRS
Burd Smart	"	Fourth Financial Corp
Carolyn Middlebury	Topeka	KSNA
Dwight Uicker	Topeka	BC/BS

TESTIMONY OF DWIGHT WICKER, BLUE CROSS AND BLUE SHIELD OF KANSAS

Mr. Chairman and members of the committee, let me start by saying;

1. Generally Blue Cross and Blue Shield opposes mandated benefits, since they do not apply to self-insured programs, resulting in uneven application.
2. We also believe mandated benefits almost always increase costs, because:
 - a. of increasing number of providers billing for services never before billed.
 - b. and in this case, there is an unbundling of bills for services currently sent to Blue Cross and Blue Shield. In this case, we cannot say how much this mandated benefit might cost - since we had received few claims before making a contract change.

Blue Cross and Blue Shield recently filed a rider to limit coverage for RN services. We did not eliminate coverage in all circumstances, instead, we limited coverage for which we will pay the RN directly, to anesthesia and private duty nursing. We continue to pay for services provided by nurses when billed for by a physician, and if such services would be separately payable under our subscriber contracts.

The reason for adopting this exclusion is to avoid Blue Cross and Blue Shield having to pay greater amounts for no greater level of service, due merely to "unbundling" of services. We have, for a number of years, for example, had a policy dealing with assistant surgery performed by a nurse. That policy indicated that such services were a content of service of the surgeon's activities, that is, when we received a surgery claim form from a contracting M.D. with an assistant surgery claim, indicating the performing provider was a nurse, and the claim for both services came from a M.D. who was contracting with us, we would pay the surgery services, but we would not pay the assistant surgery service, considering it "content of service".

Contracting providers agree to write-off or to not charge subscribers for amounts denied as content of service.

*Attachment 1-
Sen. F.I.T.
2/26/90*

When we recently began receiving independent billings from nurse practitioners for assistant surgery we felt it was necessary to take action to prevent increasing payouts without increasing numbers of services. In addition, we became aware of circumstances in which nurses were independently billing for office calls. Again, a service which had been an integral part of another service billed to Blue Cross and Blue Shield. Our contracts obligated us to pay for services performed by and directly billed by a nurse, so we found a contract change necessary to avoid the adverse impact of such unbundling.

At the very least:

We want to offer to the committee an amendment to change this from a mandate to an option for groups (Because of anti-selection and administrative issues, we do not want this option available for non-group coverage). A copy of the suggested amendment has been distributed.

Thank you.

Legislature

SENATE BILL No. 633

By Committee on Financial Institutions and Insurance

2-8

9 AN ACT relating to insurance; providing for reimbursement for serv-
10 ices performed by advanced registered nurse practitioners under
11 health and accident policies; amending K.S.A. 1989 Supp. 40-
12 2,103 and 40-19c09 and repealing the existing sections; also re-
13 pealing K.S.A. 1989 Supp. 40-19c09a.
14

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

16 New Section 1. Notwithstanding any provision of ~~an individual~~
17 ~~or~~ group policy or contract for health and accident insurance deliv-
18 ered within the state, whenever such policy or contract shall provide
19 for reimbursement for any services within the lawful scope of practice
20 of an advanced registered nurse practitioner within the state of Kan-
21 sas, the insured, or any other person covered by the policy or
22 contract, shall ~~be allowed and entitled to reimbursement for such~~
23 service irrespective of whether it was provided or performed by a
24 duly licensed physician or an advanced registered nurse practitioner.

a

, if requested by the policyholder and upon
payment of any appropriate premium charge,

25 Sec. 2. K.S.A. 1989 Supp. 40-2,103 is hereby amended to read
26 as follows: 40-2,103. The requirements of K.S.A. 40-2,100, 40-2,101,
27 40-2,102, 40-2,104 and 40-2,114 and section 1 and amendments
28 thereto shall apply to all insurance policies, subscriber contracts or
29 certificates of insurance delivered, renewed or issued for delivery
30 within or outside of this state or used within this state by or for an
31 individual who resides or is employed in this state.

32 Sec. 3. K.S.A. 1989 Supp. 40-19c09 is hereby amended to read
33 as follows: 40-19c09. Corporations organized under the nonprofit
34 medical and hospital service corporation act shall be subject to the
35 provisions of the Kansas general corporation code, articles 60 to 74,
36 inclusive, of chapter 17 of the Kansas Statutes Annotated, applicable
37 to nonprofit corporations, to the provisions of sections 3 and 4 of
38 this act, to the provisions of K.S.A. 40-2,116 and 40-2,117 section
39 1 and to the provisions of K.S.A. 40-214, 40-215, 40-216, 40-218,
40-219, 40-222, 40-223, 40-224, 40-225, 40-226, 40-229, 40-230, 40-
41 231, 40-235, 40-236, 40-237, 40-247, 40-248, 40-249, 40-250, 40-251,
42 40-252, 40-254, 40-2,100, 40-2,101, 40-2,102, 40-2,103, 40-2,104, 40-
43 2,105, 40-2,116, 40-2,117, 40-2a01 to 40-2a19, inclusive, 40-2111 to