

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE

The meeting was called to order by REPRESENTATIVE TURNQUIST at  
Chairperson

3:30 <sup>xxx</sup> a.m./p.m. on Thursday, February 21, 1991 in room 531 N of the Capitol.

All members were present except:

Theo Cribbs, excused Aldie Ensminger, excused.  
Tom Sawyer, excused

Committee staff present:

Bill Edds, Revisor  
Chris Courtwright, Research  
Nikki Feuerborn, Secretary  
Gena Lott, Intern

Conferees appearing before the committee:

Paul Klotz, Association of Community Mental Health Centers of Kansas, Inc  
Jim Sunderland, Reno County Mental Health Agency  
George Layman, Prairie View  
Lori Class, Mental Health Association in Kansas  
Chip Wheeler, Kansas Psychiatric Society  
Bill Sneed, Health Insurance Association of America  
Steve Dickinson, Kansas Chiropractic Association

Others attending: See attached list

Representative Sprague moved for the approval of the minutes of February 20, 1991, meeting. Representative Helgerson seconded the motion. Motion carried.

The Hearing on HB 2202 was opened by Chairman Turnquist. Representative Jess Harder spoke as a proponent of the bill. (See Attachment 1). Representative Harder testified that under present law Kansas citizens may be denied coverage of participation in mental health center programs by out-of-state companies and that Kansas insurance companies are at a disadvantage when competing with out-of-state companies for this type of business as Kansas-based companies are required to meet Kansas mandates.

Paul Klotz, representing the Association of Community Mental Health Centers of Kansas, Inc., testified on behalf of HB 2202 (See Attachment 2). In his testimony, Mr. Klotz stated that HB 2202 would go far towards making certain that private insurance industry is paying its fair share for clients of mental health centers. Kansas employees suffering a mental illness will be covered by their health and accident policies. Kansas taxpayers will not have to pay or supplement health costs for those having insurance. This bill will disallow discrimination against those who have a mental illness as opposed to a physical illness. The states surrounding Kansas do not have mental health mandates.

Jim Sunderland of the Reno County Mental Health Agency in Hutchison spoke on behalf of the bill. A mental health provider should be added to the bill that does not allow insurance companies to state that only Ph.D.'s or M.D.'s can treat mentally ill patients. Social workers, mental health workers, etc., should be included in the coverage.

George Layman, chief operating officer of Prairie View, testified in support of HB 2202. Problems of discontinuity in the treatment of clients was discussed as being due to some insurance companies covering only treatment by M.D.'s and Ph.D.'s when the proposed treatment plan did not include such expertise. This disallowed coverage of the client's illness.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE  
room 531 N Statehouse, at 3:30 ~~a.m.~~ p.m. on Thursday, February 21, 1991

Lori Class, Mental Health Association in Kansas, Kansas Mental Health Coalition, testified in support of HB 2202 which would extend mandated mental health insurance coverage to Kansans insured by policies written or issued outside of the state. (See Attachment 3). Early intervention is critical in receiving effective treatment but the lack of insurance often prevents this from happening. This bill would assure Kansans equal access to essential insurance services.

Chip Wheelen, Kansas Psychiatric Society, spoke as a proponent of HB 2202. This bill would impose the same coverage requirements on those companies issuing policies outside of Kansas for purposes of insuring a resident or employee working in Kansas. (See Attachment 4).

Bill Sneed, representing Health Insurance Association of America, testified as an opponent of HB 2202. The HIAA favors the freedom of contract that allows insurance purchasers to seek benefits for the coverage they choose to purchase and carriers to offer. The HIAA opposes legislation that would expand mandates for the coverage of mental illness, alcoholism, and drug abuse. Mr. Sneed asked that a fiscal impact report be prepared regarding HB 2202. Premiums will be increased. This benefit is available if requested by the employer, thus, there is no evidence of disparity of availability within the market place that would influence the Legislature in expanding this mandate. The product is available if an employer wishes to purchase it. (See Attachment 5).

Mr. Steve Dickinson, representing the Kansas Chiropractic Association, introduced legislation requesting a bill which would enforce the Unfair Trade Practice Act. The Commissioner of Insurance would be given the authority to force insurance companies to pay for chiropractic services if medically indicated. At this time there is no enforcement or penalty for their refusal to pay even if the coverage is indicated on the policy.

Representative Helgerson moved for the introduction of this legislation. Representative Campbell seconded the motion. Motion carried.

Representative Campbell requested the introduction of legislation which would require companies holding sickness or accident disability policies to notify customers with specific reasons for cancellation 30 days prior to actual termination.

Representative Campbell moved for the introduction of this legislation. Representative Neufeld seconded the motion. Motion carried.

Meeting adjourned at 5:00 p.m.

GUEST LIST

COMMITTEE: Susan Susurano

DATE: 2/21/91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Bill Sneed	TOPEKA	HIAA
Chop Wheelen	"	Ks Psychiatric Soc.
Cheri Bailey	Shawnee Mission	Med James, Inc
Cyndi Scott	Shawnee Msn. Ks	Wine-Wood Agy, Inc.
Lori Class	3217 SW Westover Rd Topeka, 66604	Mental Health Assn in KS KS Mental Health Coalition
JIM SUNDERLAND	107 W 20TH HUTCHINSON, KS	HORIZONS MENTAL HEALTH CENTER
Nancy Zogelman	Topeka	BC/BS of Ks
Ross Harkley	Baxter Springs, Ks	
WIM OLIVER	TOPEKA	PIAK
Brenda O Davidson	Wichita	Dollins Burdick Stude
Charlene Bryan	Topeka	Insurance Company Topeka
Lorna (Ludger)	Manhattan	IIAK
Lorna Paskin	Hodge City	IIAK
June Drivago	Clarey Centre	IIAK
Marge Ferrimore	McPherson	IIAK
John Peter	Topeka	Chd. Hsp Cyp
Joe FURJANIC	Topeka	KCA
Steve Dickson	"	"
Emma Hollingsworth	McPherson	Farmers Alliance
George Lehman	Newton Ks	Prairie View
Gwen Schroll	Topeka Ks.	IWOT/IIAK
Dick Brock	"	Tax Dept



TOPEKA

HOUSE OF  
REPRESENTATIVES

JESSE J. HARDER

REPRESENTATIVE, ONE HUNDRED AND THIRD DISTRICT  
BOX 208  
BUHLER, KANSAS 67522

COMMITTEE ASSIGNMENTS

MEMBER: EDUCATION  
LOCAL GOVERNMENT  
TAXATION  
LEGISLATIVE EDUCATIONAL  
PLANNING COMMISSION

Testimony Presented to House Insurance Committee

HB 2202

February 21, 1991

The need for legislation contained in HB 2202 was brought to my attention by a constituent whose daughter required treatment, coverage for which is mandated by Kansas law for Kansas insurance companies.

However, my constituent discovered that his daughter's insurance company was an out-of-state company, not subject to the Kansas mandate.

It seems to me that at least two inequities are possible under current law. One, Kansas citizens may be denied coverage by out-of-state companies and two, Kansas insurance companies are at a disadvantage when competing with out-of-state companies for this type of business.

For these reasons I request your favorable consideration of HB 2202.

A handwritten signature in cursive script that reads "Jesse Harder".

*House Insurance  
Feb. 21, 1991  
Attachment 1*



**Association of Community  
Mental Health Centers of Kansas, Inc.**

835 SW Topeka Avenue, Suite B, Topeka, KS 66612  
Telephone (913) 234-4773 Fax (913) 234-3189

**TESTIMONY PRESENTED ON  
HOUSE BILL 2202  
HOUSE INSURANCE COMMITTEE**

**BY  
Paul M. Klotz  
February 21, 1991**

John G. Randolph  
President  
Emporia

I appreciate this opportunity to support **HB 2202**.

Eunice Ruttinger  
President Elect  
Topeka

This Association of thirty Community Mental Health Centers sees over 90,000 Kansans each year. The centers receive approximately one-quarter of their revenue from private third parties or out of pocket. The other three-quarters of our revenue comes from federal, state, and local taxpayers. Every time an insured patient does not have coverage for mental illness and/or substance abuse, the taxpayer pays for some or all of their care and treatment. **HB 2202** would go far toward making certain that the private insurance industry pays its fair share. Also, as you know, "high taxes" is the number one issue of this legislative session, therefore, passage of this bill is good public policy and in keeping with the State's priorities.

Ronald G. Denney  
Vice President  
Independence

Donald J. Fort  
Secretary  
Garden City

Don Schreiner  
Treasurer  
Manhattan

Dan Watkins  
Member at Large  
Lawrence

Kermit George  
Past President  
Hays

The bill is good for Kansas. Kansas insurance companies will benefit by improving the competitive environment. That is, out-of-state insurance policies will have to meet Kansas law.

Paul M. Klotz  
Executive Director  
Topeka

Kansas employees suffering a mental illness will be covered by their health and accident policies.

Kansas employers loyally using Kansas insurance companies will not be disadvantaged vis a vis out-of-state employers.

Kansas taxpayers will not have to pay or supplement health costs for those having insurance.

Finally, **HB 2202** is good public policy in that it covers the whole citizen's need and does not discriminate against those who happen to have a mental illness as opposed to a physical illness.

Thank you for this opportunity to comment.



KANSAS ALLIANCE FOR THE MENTALLY ILL

112 S.W. 6th, Ste. 305 • P.O. Box 675  
Topeka, Kansas 66601  
913-233-0755

February 21, 1991

TESTIMONY

TO: Members, House Insurance Committee  
FROM: Terry Larson, Kansas Alliance for the Mentally Ill,  
Kansas Mental Health Coalition  
PRESENTED BY: Lori Class, Mental Health Association in  
Kansas, Kansas Mental Health Coalition  
SUBJECT: House Bill 2202

Mental health advocates strongly support House Bill 2202 which extends mandated mental health insurance coverage to Kansans insured by policies written or issued outside of the state.

While the current mandate does not provide coverage for brain diseases equal to that of other physical illnesses, it has been a significant step forward in the fight against mental illness. The next step is to eliminate the existing discrimination against Kansans not covered by the current mandate because of where their health insurance policies are issued. Further, this discrimination serves to continue promoting the stigma associated with mental illness.

Mental illness does not discriminate among its victims. It can strike any one of us, and its impact upon our families and loved ones is devastating. Early intervention is critical in receiving effective treatment, but the lack of insurance often prevents this from happening. House Bill 2202 assures Kansans equal access to essential insurance services.

*House Insurance  
Feb. 21, 1991  
Attachment 3*



February 21, 1991

## Kansas Psychiatric Society

1259 Pembroke Lane  
Topeka, KS 66604  
Telephone: (913) 232-5985  
or (913) 235-3619

Officers 1990-1992

Samuel L. Bradshaw, M.D.  
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Topeka, KS 66610

Ronald L. Martin, M.D.  
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*Menninger*  
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Topeka, KS 66601

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Maunel P. Pardo, M.D.  
*Councillor, II*  
JKMC-Psychiatry  
9th & Rainbow  
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Cathryn J. Zerbe, M.D.  
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George Dyck, M.D.  
*Representative*  
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I. Ivor Jones, M.D.  
*Deputy Representative*  
1029 W. 120th Terr.  
Overland Park, KS 66209-3543

Ann Klemmer  
*Executive Secretary*  
Telephone: (913) 232-5985

Chip Wheelen  
*Public Affairs Contact*  
(913) 235-3619

TO: House Insurance Committee

FROM: Kansas Psychiatric Society *Chip Wheelen*

SUBJECT: House Bill 2202; Health Insurance Policies  
Delivered to Kansans by Out-of-State Companies

Thank you for this opportunity to express the support of the Kansas Psychiatric Society for the provisions of HB 2202. We have appeared on a number of occasions in either this committee, the public health and welfare committees, or interim committees to explain the merits of health insurance coverage for mental illness or nervous disorders. At the appropriate time, we would be happy to return and discuss the long-term loss avoidance that accrues as a result of early intervention and appropriate treatment of mental illness. We could elaborate at great length, but it seems unnecessary inasmuch as this topic was a major component of an interim study by the 1990 Special Committee on Insurance.

The provisions of HB 2202 would simply impose the same coverage requirements on those companies issuing policies outside of Kansas for purposes of insuring a resident or employee working in Kansas. Needless to say, we believe that this is both good public policy and sound insurance practice. Thank you for considering our comments. We urge you to recommend HB 2202 for passage.

/cb

*House Insurance*  
*Feb. 21, 1991*  
*Attachment #*

## MEMORANDUM

TO: Representative Larry Turnquist  
Chairman, House Insurance Committee

FROM: William W. Sneed  
Legislative Counsel  
Health Insurance Association of America

DATE: February 21, 1991

RE: House Bill 2202

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Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for the Health Insurance Association of America ("HIAA"). The HIAA is a health insurance trade association consisting of over 325 insurance companies that write over 85% of the health insurance in the United States today. Please accept this memorandum as our testimony in regard to H.B. 2202.

H.B. 2202 is to amend K.S.A. 40-2,103, which is commonly referred to as the extraterritorial statute for insurance policies. The proponents of the bill wish to include the mandated benefit for treatment of alcoholism, drug abuse or nervous or mental conditions to be applicable to all policies by or for an individual who resides or is employed in the State of Kansas.

The HIAA favors the freedom of contract that allows insurance purchasers to seek benefits for the coverage they choose to purchase and carriers to offer. The HIAA, therefore, opposes legislation that would expand mandates for the coverage of mental illness, alcoholism and drug abuse.

Next, my client would contend that K.S.A. 1990 Supp. 40-2248 and K.S.A. 1990 Supp. 40-2249 would require a financial impact report on H.B. 2202. Although it

*House Insurance  
Feb. 21, 1991  
Attachment 5*

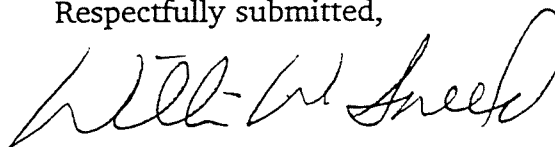


may be argued that since this is not a "new" mandate, but an extension of a current mandate, these two 1990 statutes may be inapplicable. However, it is our contention that the intent of the Legislature was to require fiscal impact reports so that the Legislature could fairly evaluate the social benefit versus social costs for such mandates. Thus, we would respectfully request that such a fiscal impact report be prepared.

Finally, we are unaware of any instances in which this benefit is not available if requested by the employer. Thus, we see no evidence of a disparity of availability within the marketplace that would influence the Legislature in expanding this mandate. Simply put, if an employer wishes to have this coverage, it is available in the marketplace, and all he or she has to do is purchase it.

Based upon the foregoing, the HIAA respectfully requests your disfavorable action on H.B. 2202. We appreciate the opportunity to appear in front of the Committee, and if there are any additional questions, please feel free to contact us.

Respectfully submitted,



William W. Sneed  
Legislative Counsel  
Health Insurance Association of America