

Approved March 22, 1991
Date

MINUTES OF THE House COMMITTEE ON Labor and Industry

The meeting was called to order by Representative Anthony Hensley

Chairperson

9:10 a.m./p.m. on February 26, 1991 in room 526-S of the Capitol

All members were present except:

Rep. Douville - excused

Committee staff present:

Jim Wilson, Revisor

Jerry Donaldson, Research Assistant

Barbara Dudney, Committee Secretary

Conferees appearing before the committee:

Jim Yonally, NFIB

Terry Leatherman, KCCI

Lorri Callahan, American Insurance Assoc.

Rep. Kerry Patrick

John Rathmel, attorney-at-law, Lawrence, Ks.

The meeting was called to order at 9:10 a.m. by the chairman, Rep. Anthony Hensley.

Chairman Hensley announced that the hearing was now open on House Bill No. 2313, requiring insurance premium discounts to employers who have not filed a workers' compensation claim for three or more years. He introduced conferees as proponents of the bill:

Rep. Denise Everhart, co-sponsor of House Bill No. 2313, stated that the intent of the bill is to reward employers who provide their employees with a safe workplace.

Jim Yonally, Director of the Kansas chapter of the National Federation of Independent Business, said that in a 1991 survey of his organization's members 87% said they support legislation as proposed in House Bill No. 2313. He stated the bill would help small business people who need tax relief due to increasing insurance rates and higher property taxes (attachment #1). Mr. Yonally answered questions from several committee members.

The chairman then introduced conferees on House Bill No. 2313, who said they were neither a proponent nor opponent:

Terry Leatherman, Executive Director of Kansas Industrial Council, Kansas Chamber of Commerce and Industry (KCCI), stated that KCCI supports the intent of the bill, however, does not fully understand its ramifications. He urged the committee to develop legislation which would reward employers for providing "workplace safety and creative ergonomics" for their employees (attachment # 2). Mr. Leatherman answered questions from committee members.

Lori M. Callahan, Kansas Legislative Counsel for the American Insurance Association (AIA), stated that House Bill No. 2313 would increase insurance costs for smaller employers who have had claims and, as a result, they may pressure their employees to force them not to file a workers' compensation claim (attachment #3). She then answered questions.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Labor and Industry,
room 526-S, Statehouse, at 9:10 a.m./~~p.m.~~ on February 26, 1991

The chairman announced that the hearing on House Bill No. 2313 would continue at a later date.

Chairman Hensley opened the hearing on House Bill No. 2401, requiring competitive bidding in the acquisition of legal services by the Insurance Commissioner in the administration of the second injury fund in workers' compensation cases.

The chairman introduced Rep. Kerry Patrick as a proponent of the bill. Rep. Patrick listed five reasons for the bill: (1) reduce costs to employers for workers' compensation insurance, (2) awarding legal services has become a political patronage system, (3) legal representation of the second injury fund could easily be competitively bid, (4) the 1990 Legislature passed a law to require "negotiated bidding" for awarding legal collection contracts at the KU Medical Center, and (5) the "negotiated bidding" process is an alternative if the committee does not support competitive bidding (attachment #4).

Rep. Patrick referred committee members to a February 3, 1991 article in the Wichita Eagle newspaper that illustrates how competitive bid statutes have been circumvented and are used for political patronage. He said that the "negotiated bidding" process for legal collection contracts at the KU Medical Center has resulted in a 25-30% reduction in costs to Kansas taxpayers (attachment #5). Rep. Patrick then answered questions from committee members.

The chairman introduced John Rathmel, attorney-at-law from Lawrence, Kansas, as an opponent of House Bill No. 2401. Mr. Rathmel said he opposes the bill because the second injury fund needs to be represented by the most qualified attorneys in the state. He said the competitive bidding of legal services would be detrimental to the quality of those services.

The chairman announced that the hearing on House Bill No. 2401 would continue at a later date.

The meeting was adjourned at 9:58 a.m.

NFIB Kansas

National Federation of
Independent Business

TESTIMONY

on House Bill 2313
before the
House Committee on Labor and Industry

Mister Chairman, and members of the committee, my name is Jim Yonally, Director of the Kansas chapter of the National Federation of Independent Business. I am pleased to speak on behalf of over 7,500 small businesses in Kansas who are members of our organization, and express our support for House Bill 2313.

Our legislative program is determined by a vote of our membership. On the 1991 State Ballot, we asked them if legislation should be adopted to provide a small business a workers' compensation premium discount if the business had no claims filed against its WC policy in the previous three years. This, as you know, are the precise provisions of HB 2313. Our members supported passage of such a proposal by a vote of 87% to 6%.

This is, without doubt, a bill to assist small businesses, in particular. The larger the business, the less likely that they will have a record of no claims in the last three years. This is certainly timely, with many small businesses still under the burden of increased property taxes due to reappraisal and classification. Any relief, in taxes of any kind, at this time is particularly welcome.

An additional "positive" of this bill is that it gives an employer a further incentive to maintain a safe workplace.

We urge the committee's favorable consideration of this bill, and hope that you will take this opportunity to assist the small businesses in Kansas.

I appreciate this chance to speak on behalf of our members, and would try to answer any questions.

State Office
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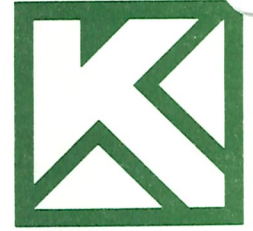
The Guardian of
Small Business

Labour & Industry
2-26-91
attachment #1
1-1

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 Bank IV Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

HB 2313

February 26, 1991

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Committee on Labor and Industry

by

Terry Leatherman
Executive Director
Kansas Industrial Council

Mr. Chairman and members of the Committee:

I am Terry Leatherman, with the Kansas Chamber of Commerce and Industry.

Thank you for permitting me a minute of the Committee's time to comment on HB 2313.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

The positions KCCI presents on business issues before the Kansas Legislature are the product of a series of policies adopted by the Kansas Chamber's Board of Directors.

Labor & Industry
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attachment # 2
2-1

Since KCCI has no policy concerning HB 2313 and because all of the ramifications of the proposed legislation is unclear, KCCI cannot support or oppose HB 2313 at this time.

While KCCI has no position on this bill, it does appreciate the intent of the legislation. To reward employers who experience no workers' compensation claims for three years with an insurance premium discount would add an economic incentive to the social obligation an employer has to provide a safe workplace for all employees. It is especially appropriate to consider this bill today, when a public conference on a proposed 30.9% workers' compensation insurance increase is being heard. Employers are seeking ways to control the runaway cost of workers' compensation insurance, which has nearly doubled in the past decade.

In conclusion, I wish to express the Kansas Chamber's resolve to work with members of the Kansas Legislature in developing legislation to reward all employers who strive to provide a safe work environment. Laws which encourage employers to develop workplace safety incentives, advance creative ergonomic projects and forward the concept that safety is the top priority at work may be the best approach the Kansas Legislature can take in striving for a safe and productive work environment for all Kansans.

Thank you for the opportunity to express KCCI's views on this matter. I would be happy to attempt to answer any questions.

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GLEENDA L. CAFER

TO: House Labor and Industry Committee
FROM: Lori M. Callahan, Kansas Legislative Counsel
American Insurance Association
SUBJECT: H.B. 2313
DATE: February 26, 1991

The American Insurance Association is a national trade organization representing more than 240 companies who write property and casualty insurance. I appreciate the opportunity to testify today.

The American Insurance Association testifies today with regard to H.B. 2313 to provide information for consideration by the Committee with regard to this bill. The concept of insurance is the sharing of risk. Under H.B. 2313, any employer with no claims in three years would be granted a discount from their usual premium rate. While the amount of discount is not stated in the legislation, there is also not a corollary debit to those which have had poor claims experience. It is presumed such a debit would be allowed in order to offset the premium discount which would be allowed under this legislation.

Currently, employers are experience rated under workers' compensation, however, those employers or risks too small to rate

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attachment #3
3-1

within their own class will be rated within a class of other risks. In order to avoid small employers bearing the brunt of a premium which would compensate for all of the monetary losses caused by the claims against that employer, the employer is grouped together with other small employers in the same business class for experience purposes. Under the legislation, those without claims would be removed from the class. This makes insurance much more expensive for those who have had any claims since they are now forced to bear the entire brunt of their claims experience. As a result, under this legislation small employers may pressure their employees to force them not to file workers' compensation claims since the penalty is so great with regard to premiums.

Additionally, it should be noted that while this claims data is currently collected for claim departments, insurance companies do not keep this information for underwriting purposes and to require this additional collection and compilation of data for underwriting purposes would place additional costs in the system which would be reflected in higher premiums.

The American Insurance Association thanks you for the opportunity to testify today. Please let us know if you have any questions.



TOPEKA

HOUSE OF
REPRESENTATIVES

KERRY PATRICK
 REPRESENTATIVE, TWENTY-EIGHTH DISTRICT
 JOHNSON COUNTY
 10009 HOWE DRIVE
 LEAWOOD, KANSAS 66206

COMMITTEE ASSIGNMENTS
 MEMBER: ENERGY AND NATURAL RESOURCES
 LABOR AND INDUSTRY
 LOCAL GOVERNMENT
 JOINT COMMITTEE ON SPECIAL CLAIMS
 AGAINST THE STATE

To: House Labor and Industry Committee
 From: Kerry Patrick
 Re: House Bill 2401
 Date: February 26, 1991

Chairman Hensley, fellow committee members, I would like to thank you for giving me the opportunity to testify in favor of HB 2401. This Legislation is similar to what I sponsored last year while a member of this Committee and I am pleased to return today to speak concerning it.

There are many reasons for supporting this bill:

1. Reduce the costs of employers in the state for their workers compensation insurance. Legal fees to this fund have more than doubled over the last three years!
2. The attached article from the Wichita Eagle and Beacon illustrates how the competitive bid statutes have been circumvented and how the awarding of legal fees from this fund has become nothing more than a form of political patronage.
3. I know that my fellow members of the bar will not appreciate this statement but since we know approximately from year to year how many cases we will be handling, this type of legal work lends itself to the competitive bidding process.
4. Last session, we passed a bill and it was signed into law that required "negotiated bidding" for the awarding of legal collection contracts at the KU Medical Center. The savings, as the article from the Wichita Eagle, emphasizes shows to the taxpayers was about \$200,000. Later projections show that the savings to the taxpayers will be closer to \$300,000. Putting out these legal collection contracts at the KU Medical Center have resulted in a reduction of about 25-30% in the overall cost to the taxpayers in collecting delinquent accounts.

Labor + Industry
2-26-91
Attachment # 4
4-1

5. If this committee, does not choose to go with a pure competitive bidding situation then I would suggest going to the "negotiated bid" process which is a semi form of competitive bidding. Where the legal contracts are announced publically, and all qualifed attorney's are permitted to bid, but the department is not required to take the lowest bid but the lowest and best bid.

State skips bid process to hand out legal work

By Jim Cross
The Wichita Eagle

Kansas elected officials dodged the state's competitive-bid laws to hand out more than \$12 million worth of legal work to private law firms last year.

State officeholders, mainly the attorney general and insurance commissioner, hand-picked lawyers for dozens of big legal cases. The work was not advertised, nor were bids sought.

The system is legal and efficient, its practitioners say. It allows the state, they argue, to hire some of Kansas' best and most expensive law firms at reasonable rates to handle government work.

But critics contend the system smacks of political patronage.

Officeholders answer to no one as they steer state legal work to friends and former employees who support them politically and contribute to their campaigns. As a

result, law firms with carefully cultivated political connections make hundreds of thousands of dollars each year on state work.

Most voters paid no attention in November when Republicans Bob Stephan and Ron Todd were under fire from opponents for hiring lawyers and law firms with whom they had political and personal ties. Stephan won a fourth term as attorney general. Todd, a 30-year veteran of the state insurance commissioner's office, was elected to

succeed his political mentor, Fletcher Bell.

But a political maverick in the Kansas House, Rep. Kerry Patrick, R-Leawood, says he will pick up the drive to reform the system. He will sponsor bills in the 1991 Legislature to require bids for state legal work and to begin treating lawyers more like the state's other vendors. He began the process last year, when the 1990 Legislature passed a bill he wrote that took

away some of Stephan's power to hire lawyers for state work.

The odds may be against Patrick as he takes aim at a practice that is deeply rooted in the traditions of Kansas politics. But he intends to pressure state lawmakers by hammering at government's ethical soft spots. In the process, he hopes to draw public attention to the inner workings of a system most voters know nothing about.

See **PATRONAGE**, Page 10A

"Just because it's always been that way doesn't make it right. I'm going to try to change it. But I've been in politics long enough to know you don't always succeed,"

Rep. Kerry Patrick

From Page 1A-1

"There is a vast pattern of economic benefits that can be handed out by the state. It's a money machine."

Lynn Hellebust, Common Cause

More than 100 law firms across the state received part of the \$12.5 million the state spent on outside legal work in fiscal 1990. They ranged from one-man law practices in small towns to large firms in Wichita, Topeka and Kansas City.

The scope of the cases varied greatly. Some were small jobs such as disciplinary actions for the state Dental Board. One was a big case that took years of preparation, Kansas' lawsuit against Colorado over rights to Arkansas River water. The state paid a New Mexico lawyer about \$1.67 million during fiscal 1990 to handle that case.

Most of the state's legal work was handed out by the attorney general and the insurance commissioner.

The insurance commissioner controlled two state insurance funds that routinely hired lawyers. The first was the Health Care Stabilization Fund, which insured doctors who had been sued for medical malpractice. The other was part of the state workers compensation system. It paid benefits to workers injured on the job. The insurance commissioner operated both funds and hired lawyers to defend them. The lawyers researched and analyzed claims, negotiated settlements and, in some cases, took cases to court.

Most of the legal work assigned by the attorney general involved collecting debts from patients treated at the University of Kansas Medical Center. Stephan hired law firms to find the debtors and make them pay. Until the end of the fiscal year, Stephan himself decided which lawyers to hire. But starting in fiscal 1991, Stephan has one vote on a three-member panel that decides who gets the collection work.

"All those state offices have been able to assign out big cases, particularly the attorney general. That's just been a license to steal for attorneys for as long as I can remember."

Rep. Kerry Patrick, R-Leawood

Law firms with ties to Stephan, Bell and Todd dominated the list of a dozen firms that received the most legal work from the state in fiscal 1990.

Bennett, Lytle, Wetzler & Winn, a Prairie Village firm, was paid about \$315,000.

Most of the firm's legal fees came from collecting debts for the KU Medical Center. The state paid the firm 40 cents for each dollar it collected.

Robert Bennett, the founder of the firm, was the Republican governor of Kansas from 1975 to 1979. And several other members of the firm, including Larry Winn, have held positions in the state Republican Party.

Bennett is a political ally and a close friend of Stephan's. He also is representing Stephan in a private legal matter. Stephan owes \$200,000 to Marcia Tomson Singley, a former employee of the attorney general's office. She was awarded the money in a judgment arising from her lawsuit charging Stephan with sexual harassment. But Stephan has declared bankruptcy. Bennett is handling Stephan's legal plea to have the judgment dismissed along with Stephan's other debts.

Bennett's law firm also contributed liberally to Republican candidates in 1990 — 24 contributions totaling more than \$16,000. About \$5,500 of that went to Stephan's re-election campaign.

Among lawyers who do insurance work, firms with ties to Bell and Todd ranked high on the list of those doing state work.

Lawrence lawyer Chris Miller, for instance, earned about \$159,000 in fiscal 1990 representing the state workers compensation fund. Miller used to work for the insurance commissioner's office. He managed the state workers compensation fund until January 1986, when he went into private practice. Miller is chairman of the Republican Party in Douglas County. During the 1990 campaign, he made 11 contributions totaling \$2,500 to Todd's campaign for insurance commissioner.

Robert Singletary
2-26-91
attachment #5
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State legal work finding its way to those with connections

"Some attorneys, I think, view campaign contributions as a sort of business expense — some people may feel, without it being said, that they need to contribute in order to keep the (state) business. Some may do it because they feel the candidate is the best-qualified person for the office. And we'll probably never know which is which."

Rep. Michael O'Neal of Hutchinson, a member of the law firm of Gilliland & Hayes, which was paid about \$150,000 for state legal work last year.

Todd raised about \$200,000 after last year's primary. He relied heavily on lawyers for contributions.

Of about 1,200 contributions to Todd during the general election, lawyers made more than 1 in 5.

Many of those firms represented insurance companies regulated by the insurance commissioner. And many did work for the state last year.

In the general election, for instance, 36 law firms contributed to Todd in the name of the firm, rather than as individuals. Of those, 27 received legal work from the state in fiscal 1990.

"Well, somebody could walk through the door and say, 'I'll give you \$4,000 for the campaign if you give me some business.' I mean to tell you, if anybody ever said that in this office, Fletcher (Bell) and Ron (Todd) would run them out the damned front door."

Ted Fay, chief attorney, Insurance Department

In the absence of a formal bid process, the insurance commissioner's office under Bell's administration worked from lists of law firms that were eligible to be assigned state cases. Lawyers who managed the insurance funds made appointments from the lists, which Bell drew up himself.

"The list was in Fletcher's hands," said Ted Fay, chief attorney for the Insurance Department. "He made the decision. We couldn't appoint somebody who was not on the list."

How did lawyers get on the list?

"They'll call and want to talk to Fletcher (Bell)," Fay said. "This is the way it's been over the years. They talk to Fletcher about doing the work."

Lawyer Miller remembered his interview with Bell in 1986 when Miller wanted his name added to the list. The meeting was a formality, mainly, because Miller knew Bell and had worked for him.

"We went over basically my ability and talked about experience, and he knew most of that already," Miller said. "I don't know what his selection criteria were because he never told me."

Were any strings attached? Would Miller be expected to make contributions to Bell or Todd?

"No. Nobody has ever told me, 'We give you work and you give us money.' It's never even been implied," Miller said.

But Miller made 11 contributions to Todd's campaign last year. Why?

"Ron Todd was the best-qualified candidate in that race," Miller said. "There's no question in my mind about that."

"There's no question some of those attorneys helped Ron in the campaign — and we appreciate that. But it's more the fact they have done work for us before. They know Ron. They know Fletcher. They've got confidence in the office. The assumption that they are only contributing to get legal work is not necessarily true."

Ted Fay, chief attorney, Insurance Department

No one had to pull strings at the insurance commissioner's office or make campaign contributions in order to get state legal work, Fay said.

The lists of approved lawyers — about 96 for medical malpractice cases and 72 for workers compensation — were too long and caseloads were too heavy for the commissioner's office to steer all the state work to a handful of the commissioner's best friends, he said.

The lists included Democrats and Republicans, those who contributed and those who didn't, Fay said.

Fay said the office kept tight control over its legal costs. The state paid lawyers \$85 an hour for most medical malpractice cases and \$60 an hour for all workers compensation cases, he said, less than most of those lawyers would charge a private client. The commissioner's office computerized billing information and analyzed the data to identify cases on which lawyers spent more than the average amount of time, he said.

"I'd be a fool to say that (doing legal work for the state) doesn't enter our heads when we make a political contribution. I'd tell you, though, we're governed mainly by personal conviction. You can throw in a lot of things. In a large part, though, it's plain, old personal conviction."

Lee Woodard, a Wichita lawyer whose firm made about \$218,000 last year for state legal work.

During his campaign last year for insurance commissioner, Democrat Paul Feleciano said the problem with the office was that the regulators were cozy with the people they regulated. Insurance companies, Feleciano claimed, were pouring money into Todd's campaign because they feared losing Todd would mean losing their connections.

The same is true, Feleciano said, of lawyers.

"Fletcher Bell and Ron Todd hired lawyers to represent the state," he said. "What they did was send out letters to each and every one of them and imply between the lines that, 'You're on the payroll. Now it's time to deliver.'"

But Feleciano was unable to produce such a letter. And lawyers who supported Todd said they were under no pressure to contribute.

"We gave to Ron Todd," said Lee Woodard, whose Wichita firm, despite its reputation as a Democratic bastion, backed Todd in last year's race. "We have done business with him, and we hope to continue to. All I can say is we would have given to Ron Todd in any event."

Accusing the Insurance Department of practicing patronage is an insult to the nighly quanned lawyers who handle state cases, said Rep. Michael O'Neal, R-Hutchinson. His firm, which includes former state legislator John Hayes, had credentials and a proven record of performance, O'Neal said.

"I think we all know why we're getting the work — because we're good at it," he said.

Former Gov. Bennett said he saw nothing wrong with Stephan, Todd or other elected officials' hiring lawyers they know and trust.

"I don't see anything ethically wrong — or anything wrong, period — about someone contributing to a candidate, whether or not that person gets business from the candidate," Bennett said. "Nor do I see anything ethically wrong in the candidate taking contributions from someone with whom he does business, as long as the two things are not connected."

If Rep. Patrick wants the Legislature to back his plan to reform the system, O'Neal said, he will have to uncover more than campaign contributions and friendships between elected officials and the people they hired.

"The real question is whether you're paying more than the going rate or whether you're giving work to somebody who doesn't have the credentials," O'Neal said. "That's where I would get concerned."

"For the past five years incumbent Attorney General Stephan has been rewarding political friends and contributors to his campaign fund by directing to them the awards of outside counsel work and fees. . . . This amounts to nothing less than a political payoff by Stephan using taxpayers' dollars."

Bert Cantwell, during his unsuccessful campaign for attorney general

Months before Bert Cantwell began his blazing anti-Stephan campaign rhetoric, Patrick was at work in the

1990 Legislature trying to take away some of Stephan's power.

Patrick had no trouble convincing his House colleagues that Stephan was steering work to his friends.

Stephan had hired four law firms to collect debts at the KU Medical Center. The work went to:

■ A firm headed by former Gov. Bennett.

■ A firm headed by Wayne Hundley, a Stephan campaign contributor who had served under Stephan as a deputy attorney general in charge of consumer protection.

■ A firm headed by Robert Alderson, another Stephan contributor who had served as first deputy attorney general under Stephan.

■ A firm called State Line Corp., headed by a woman named Delome Dickson. Dickson's husband, Jerry Dickson, was an Overland Park lawyer who had been a friend of Stephan's for years and who had helped raise the money to settle Marcia Tomson Stingley's lawsuit against him.

Patrick wanted to have a bid process for the KU Medical Center collections. His proposal would have created a three-member panel — one member each from Stephan's office, the Board of Regents and the medical center — to write specifications for the work and advertise it, interview bidders and choose the winners. The panel would not be required to take the low bid. Price would be only one of the criteria.

Patrick wasn't able to prove that any of the four firms were unqualified or overpaid. Stephan himself was satisfied with their work, and because the old system had been in place for years, there was nothing to compare it with.

But the attorney general's office didn't put up much of a fight against the bid proposal.

"If patronage is hiring people you know and respect, then this is patronage," said Stephan's chief of staff, Neil Woerman. "I would say, however, that it is simply a matter of trying to provide for the best legal services for the state. . . . But we wouldn't argue it one way or another. Whatever the Legislature chooses to do, the attorney general will be pleased to let them do without any influence at all from his office."

Surprisingly, Patrick's bill was passed with little fanfare. The collection work was advertised. The panel began meeting in mid-1990 to select the vendors for 1991. There were 15 bidders. The panel eliminated about half by analyzing bids and interviewed the rest.

The results didn't completely satisfy Patrick. Three of the four firms that had been working for Stephan got contracts again.

Patrick made some headway, though. State Line Corp., a company that was created by the Dicksons solely to do state work and that earned more than \$1.3 million in legal fees from 1986 to 1990, was cut during the bid process.

Patrick said he suspected that the three holdovers had the upper hand among the bidders because of their connections. Experience was one of the panel's criteria, giving the firms at least one advantage. Nevertheless, the new system broadened the process to allow competition among all comers and opened the records of the bid proceedings to the public.

More important, the bid process revealed that the state was paying too much. Faced with competitors that tried to underbid them, the three firms that had been getting a 40 percent commission agreed to cut their rates to 30 percent. Two collection agencies that took State Line's place also agreed to work for 30 percent. The reduced rate should save the state at least \$200,000 in legal fees during fiscal 1991.

"A bid process assumes lawyers are fungible — interchangeable — and it doesn't make any difference which one you get as long as you get the cheapest one."

Topeka lawyer Arthur Palmer of Goodell, Stratton, Edmonds and Palmer, which made about \$298,000 on state legal work last year

The result of Patrick's work in the 1990 Legislature was to prove that a bid process works for hiring lawyers, at least in some cases. But Patrick likely will face an uphill battle if he follows through on his plans to try requiring bids of lawyers who get their work from the insurance commissioner's office. Medical malpractice and worker injury cases are far more complex than bill collecting, said lawyers whose firms handle the state

"Generally speaking, I think it would be a disaster," said lawyer Stephen Adams of the Overland Park firm of Blackwell, Sanders and Matheny, which earned \$364,000 from the state last year. "You could get a guy right out of law school who didn't even know his way down to the courthouse."

Patrick may address those concerns by proposing something similar to the so-called "negotiated" bids used in the medical center collections. The state writes specifications, advertises the work and seeks competitive bids. But price is only one criterion. A low bidder with little or no experience doesn't necessarily get the work.

The other obstacle Patrick faces is more subtle. It has to do with the fact that lawyers with political connections resent being treated like vendors of pencils or toilet paper.

"Buying professional services is not like buying tires," former Gov. Bennett said.

It also has to do with a generally unspoken agreement among the players in state government that politics is a kind of team sport and that to the victors go the spoils.

Rep. O'Neal said: "I must admit that I'm one of those guys who says, 'Gee, all things being equal, I would like to pick whoever I want to pick.' Whether it is my next-door neighbor, somebody who contributed to my campaign or somebody that went to school with one of my kids, I don't care what the reasons are, political or not, if there is some connection there."

The big winners

More than 100 Kansas law firms shared \$12.5 million in fiscal 1990 doing legal work for the state. The work was not advertised or put out for bids. Here are the dozen well-connected firms that collected the most in legal fees from the state last year.

\$0

Richard Simms, \$1.67 million, New Mexico, handling lawsuit against Colorado over water rights in the Arkansas River. \$1.67 million

\$365,000

Blackwell, Sanders, Matheny, Weary & Lombardi, \$365,000, Johnson County. Defended medical malpractice cases. Partner contributed about \$4,000 to Todd's campaign.

\$324,000

Holbrook, Ellis & Heaven, \$324,000, Wyandotte and Johnson counties. Defended insurance cases. Two partners active in politics. Firm members gave \$3,500 to Todd's campaign. Firm let Todd use its airplane during the campaign.

\$315,000

Bennett, Lytle, Wetzler & Winn & Martin, \$315,000, of Johnson County. Collected debts for the University of Kansas Medical Center. Robert Bennett is ex-governor, a personal friend of Attorney General Stephan and represents Stephan in private legal matter. Three partners active in GOP politics. Firm members made two dozen contributions to GOP candidates last year, gave more than \$5,000 to Stephan.

\$305,000

State Line Corp., \$305,000, Kansas City, Kansas. Collected debts for KU Medical Center. The head of the firm's husband is a friend of Stephan, raised money for Stephan's to settle a sexual harassment lawsuit. Firm lost contract when competitive bidding started last year.

\$301,000

Sloan, Listrom, Eisenbarth, Sloan and Glassman, \$301,000, Johnson County. Defends state in insurance cases. Firm includes former Insurance Department employee.

\$298,000

Goodell, Stratton, Edmonds & Palmer, \$298,000, Topeka. Defends insurance cases. A partner is a personal friend of Todd's, once worked with Todd. Members of the firm made 10 contributions to Todd's campaign, \$3,850.

\$218,000

Woodard, Blaylock, Hernandez, Pilgreen & Roth, \$218,000, Wichita. Defends medical malpractice and worker injury cases. Firm supported Todd. One partner is a former Insurance Department employee.

\$159,000

Chris Miller, \$159,000, of Lawrence. Defends Worker's Compensation cases. Backed Todd. GOP Douglas County chairman, ex-Insurance Department employee.

\$150,500

Gilliland and Hayes, \$150,500, Hutchinson. Defends insurance cases. One firm member is GOP member of the Kansas House and former chairman of the House Judiciary Committee. Another firm member served in the Kansas House. Firm backed Todd.

\$149,500

Wayne Hundley, \$149,500, Topeka. Collects debts for KU Medical Center. Ex-deputy attorney general in charge of consumer protection under Stephan. Supported Stephan.

\$139,000

Alderson, Alderson, Montgomery & Newbery, \$139,000, Topeka. Collects debts at KU medical center, defends insurance cases. Firm backed Stephan and Todd.