

Approved April 26, 1991
Date

MINUTES OF THE House COMMITTEE ON Labor and Industry

The meeting was called to order by Representative Anthony Hensley at
Chairperson

9:10 a.m./~~p.m.~~ on March 27, 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:

Lori M. Callahan, American Insurance Association

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

Chairman Hensley announced that the hearing would continue on House Bill No. 2196, providing for employee choice, in the first instance, of health care provider in workers' compensation cases. He introduced an opponent to the bill:

Lori M. Callahan, Kansas Legislative Council, American Insurance Association, said that insurance companies assist employers by maintaining information regarding all medical specialists available for every type of treatment for employee injuries. She said family physicians may not have expertise for a particular injury. She said House Bill No. 2196 takes away the control of "claims management" from the insurance companies. She said the bill has the potential of increasing costs by allowing for "unnecessary and misdirected treatment." (attachment #1) Ms. Callahan answered questions from several committee members.

The meeting was adjourned at 10:00 a.m. The next meeting will be March 28, 1991, at 9:00 a.m. in room 526-S.

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GLENDAL CAFER

TO: House Labor and Industry Committee
FROM: Lori M. Callahan, Kansas Legislative Counsel
American Insurance Association
SUBJECT: H.B. 2196
DATE: March 26, 1991

The American Insurance Association is a trade organization of over 280 property and casualty insurance companies providing insurance in all lines of property and casualty insurance nationwide.

H.B. 2196 would allow injured workers in the first instance to choose their own health care provider to provide medical treatment for their workers' compensation injury. Currently, K.S.A. 44-510(c) provides that the employer may in the first instance choose the health care provider for the employee. Under current law, if the employee finds that the services provided by the employer's physician are not satisfactory to the injured employee, the employee may make a motion to change the physician. Thus, employers currently have an incentive to provide the best health care provider for the injured worker in order for the employee to remain satisfied with the services.

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Attachment #1

Currently, insurance companies assist their insureds by maintaining information regarding specialists available for every type of treatment for the employee's particular injury. Thus, the injured employee receives immediate treatment by a proper specialist, as opposed to treatment by a family physician who may not have expertise for the particular injury in question.

The American Insurance Association opposes H.B. 2196 in that it takes control of the claim management of the case away from the insurance company. It is through this management of the claim that the insurance company can actively attempt to resolve the injured employee's claim.

Additionally, H.B. 2196 has the potential to add costs to the system by providing unnecessary and misdirected treatment. Further, many physicians outside of the workers' compensation system do not understand the language utilized by the workers' compensation system to define recovery and disability. This results in a non-treating physician providing a rating and review in a workers' compensation case, rather than a treating physician, which adds to the cost of the system.

When there does not appear to be any corollary benefit to the injured worker, and potentially a detriment, the potential costs of H.B. 2196 do not appear justified. At a time when insurance companies are not receiving adequate rates in Kansas, legislation which adds additional costs without an increase in

benefit to the injured worker, and results in loss of claim management and control, is opposed by the American Insurance Association.