

Approved 3-5-91  
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by SENATOR ROY M. EHRLICH at  
Chairperson

4:10 aXX/p.m. on February 26, 1991 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Emalene Correll, Legislative Research  
Bill Wolff, Legislative Research  
Norman Furse, Revisor's Office  
Jo Ann Buntten, Committee Secretary  
Conferees appearing before the committee:

Harold Riehm, Kansas Association of Osteopathic Medicine  
Senator Doug Walker  
David Hanzlick, Kansas Dental Association  
Richard G. Gannon, Executive Director, Board of Healing Arts  
Jerry Slaughter, Kansas Medical Society  
Harold Riehm, Kansas Association of Osteopathic Medicine  
Bob Williams, Kansas Pharmacists Association

Chairman Ehrlich called the meeting to order at 4:10 p.m. with continued hearing on SB 184.

Harold Riehm, Kansas Association of Osteopathic Medicine, submitted written testimony and appeared in opposition to SB 184 stating a thorough study should be done before he is ready to support a renewal of the certificate of need concept. (Attachment 1)

Written testimony in opposition to SB 184 was submitted by John Grace, President, Kansas Association of Homes for the Aging. (Attachment 1a)  
Hearing on:

SB 204 - Established charges for services of health care providers to be made available to the public.

Senator Doug Walker, principal sponsor of SB 204, presented written testimony and appeared before the committee in support of the bill. He stated SB 204 would require health care providers make available to the public information relating to established charges for services, and this information would allow consumers to make better informed decisions concerning their health care. (Attachment 2).

David Hanzlick, Kansas Dental Association, presented written testimony and appeared before the committee stating the association shares the concern of the bill's authors for increasing the public's understanding of professional fees, but is opposed to the bill as written. He suggested amendments that would strengthen the intent of the legislation and provide important information concerning fees. (Attachment 3)

Richard Gannon, Executive Director, Board of Healing Arts, presented written testimony and appeared before the committee stating the Board has not taken a formal position on SB 204. His main concern was the fiscal note of the bill, as additional staff would be needed to handle the extra paper work if the bill became law. (Attachment 4).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE,  
room 522-S, Statehouse, at 4:10 ~~xxx~~ p.m. on February 26, 1991.

Jerry Slaughter, Executive Director, Kansas Medical Society, presented written testimony and appeared before the committee stating he is opposed to the bill. Mr. Slaughter stated physicians have always had an obligation to answer a patient's question about cost, scope and options of care to be provided. He felt the bill is unnecessarily bureaucratic and overly punitive. He also opposes the concept that would require a health care provider make a public list of his or her charges to any person, whether or not such person is one of the health care provider's patients. Also failure to comply with this requirement as grounds for revocation of a license is also his reasons to oppose the bill. A balloon of the bill showing suggested changes was submitted. (Attachment 5) Billing charges, reimbursement rates, fee reduction and revocation of licenses were discussed by the committee.

Harold Riehm, Kansas Association of Osteopathic Medicine, presented written testimony and appeared in opposition to SB 204. He stated easily identifiable costs, such as office visits and routine procedures are already readily available to any person requesting such information, either from the physician or from personnel in the physician's office as reasons to oppose the bill. (Attachment 6) Discussion was centered on price shopping, billing and third party payers.

Bob Williams, Executive Director of the Kansas Pharmacists Association submitted written testimony and appeared in opposition to SB 204. He stated the cost of drugs frequently fluctuates and most pharmacists must update their prices monthly. Another problem is assuming each pharmacist will interpret the guidelines in the same manner so the consumer can make accurate comparisons as his reasons to oppose the bill. (Attachment 7)

Written testimony was also distributed from Tom Bell, Kansas Hospital Association, in opposition to SB 204. (Attachment 8)

The meeting was adjourned at 5:10 p.m.

SENATE  
PUBLIC HEALTH AND WELFARE COMMITTEE

DATE 2-26-91  
afternoon

(PLEASE PRINT)  
NAME AND ADDRESS

ORGANIZATION

Judy Merton

Sen. Ehrlich - Intern

Pat Glass

KSRN

ALAN COBB

WICHITA HOSPITALS

FRANCES KASTNER

Ks Physical Therapy Assn -

Scott White

Legislative Intern

Michael L. Harmon

Bl of Hearing Opt

Steve Quinn

KAM

GARY ROBBINS

Ks Opt Assn

JERRY BAUBERT

KMS

Bob Williams

Ks Pharmacists Assoc.

# Kansas Association of Osteopathic Medicine

Harold E. Riehm, Executive Director

1260 S.W. Topeka  
Topeka, Kansas 66612  
(913) 234-5563

February 26, 1991

To: Chairman Ehrlich and Members, Senate Public Health Committee  
From: Harold Riehm, Kansas Association of Osteopathic Medicine  
Subject: Comments on S.B. 184

We assume that S.B. 184 is an outgrowth of concern by its authors that there is duplication and unnecessary expenditure of funds on medical facilities and equipment. These, in turn, contribute to the rise in health care costs.

As we have stated before, physicians share in the concern of health care costs and want to be a part of effective efforts to curtail rises in such costs. But before we are ready to support a renewal of the certificate of need concept, we think there should be a thorough study done of all the many developments in medicine that are causes of the rapidly rising expenditures for health care.

We also think serious review needs to be made of the effectiveness of past efforts at controlling expenditures through requiring certificates of need for major expenditures for facilities or equipment purchases, to analyze both the failures and successes of such programs.

Within the context of such studies, it may be possible to verify that reestablishing a certificate of need process has merit. We pledge our support to the conduct of such a study.

Thank you for this opportunity to comment on S.B. 184.

Senate P H&W  
Attachment #1  
2-26-91 pm



*Enhancing the  
quality of life  
of those we serve  
since 1953.*

MEMORANDUM

Date: February 26, 1991  
To: Senator Roy Ehrlich Chairman  
Senate Public Health and Welfare  
& Members of the Committee  
From: John R. Grace, President  
Kansas Association of Homes for the Aging

RE: Senate Bill No. 184  
=====

The Kansas Association of Homes for the Aging is a trade association of 130 not-for-profit retirement and nursing homes of Kansas.

For the past 5 years since the expiration of Certificate of Need, we have favored the free market system versus some sort of government mandate or control mechanism. In the nursing home environment, we have plenty of government involvement and would prefer a private market approach to some sort of mandatory government control.

However, we understand the concern on the part of legislators about the increase occurring in health care expenditures in our state.

I have attached an occupancy report of Kansas nursing homes. While the number of nursing home beds has increased during the past 8 years occupancy has varied no more than 2 percentage points.

Secondly, attached is a sheet showing the beds per thousand elderly in Kansas versus surrounding states. During the period of 1978-1989 our beds per thousand elderly have actually decreased.

These figures and other similar data should be reviewed and studied to determine what services are available, what effect these issues have upon quality of care and upon the cost of this care.

We also believe that the nursing home market is quite different from the acute care market and the area of physicians services. We should look at each of these components individually, to determine what if any systems should be

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913-233-7443  
Fax: 913-233-9471

Senate P H&W  
Attachment 1a 1a  
2-26-91 PM

February 26, 1991  
Senator Roy Ehrlich Chairman  
RE: Senate Bill No. 184  
page 2

implemented to track information or provide for a government approval mechanism.

The goal of our particular system is to have a long term care system that offers a variety of services, that are available and accessible and provided in an economic and efficient manner to the clients.

We look forward to continuing dialogue about these issues and welcome the opportunity to provide further information about the coordination of various delivery systems.

Thank you Mr. Chairman and Committee members.

2-26-91

KANSAS  
Occupancy Nursing Homes

1981	89.9
1982	89.4
1983	90.7
1984	90.9
1985	90.17
1986	90.22
1987	89.67
1988	87.77
1989	88.06

Source: Kansas Department of Health and Environment

Number of Nursing Home Beds Per 1,000 Population Age 65 and over:

COMPARISON OF KANSAS TO SURROUNDING STATES

Total Number of Skilled/Intermediate Care Beds/Facilities

27,641 Beds/367 Facilities

	<u>1978</u>	<u>1989</u>	<u>% Change</u>
Kansas 27,600	88.3	81.2	(8.0)
Oklahoma 32,975	79.0	73.7	(6.7)
Nebraska 17,563	90.5	80.1	(11.5)
Missouri 53,429	55.4	74.2	(34.0) X
Colorado	86.5	58.0	(33.0)

Source: 1978 Data: Long Term Care for the Elderly: A Legislator Guide. Nat. Conference of State Legislatures.

1989 Data obtained from each State Licensure Agency,  
February 1990.





TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENT

MEMBER CONFIRMATIONS  
 EDUCATION  
 ENERGY AND NATURAL RESOURCES  
 FEDERAL AND STATE AFFAIRS  
 PUBLIC HEALTH AND WELFARE

DOUG WALKER

SENATOR, 12TH DISTRICT

MIAMI, BOURBON, LINN,

ANDERSON, ALLEN AND

NEOSHO COUNTIES

212 FIRST

OSAWATOMIE, KANSAS 66064

(913) 755-4192 (HOME)

(913) 296-7380 (STATE CAPITOL)

## TESTIMONY SUPPORTING PASSAGE OF SB 204

Senate Bill 204 would require health care providers to make available to the public information relating to established charges for services. Verification that cost information is available to the public is to be sent to the licensing agency and a public notice is to be posted in all health care providers' offices informing the public that cost information is available for their examination. This information will allow consumers to make better informed decisions concerning their health care. This legislation should principally benefit those without insurance by making it easier for them to shop around and compare prices of the various providers.

This legislation would implement recommendation #43 from the Governor's Commission on Health Care report.

RECOMMENDATION #43: Require providers to make price information available to consumers of health care.

"Consumers do not have access to price information that will enable them to make cost conscious decisions. Requiring that providers make this information available will not only stimulate price shopping by consumers, it will also stimulate price competition among providers."\*

\*Report and Recommendations on the Kansas Health Care System by the Governor's Commission on Health Care, November 28, 1990, p. 30.

Senate P H&W  
 Attachment #2  
 2-26-91 pm



STATEMENT BY DAVID HANZLICK  
SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE  
SENATE BILL 204  
FEBRUARY 26, 1991

Mr. Chairman and members of the Committee, my name is David Hanzlick. I am the Assistant Executive Director of the Kansas Dental Association, which represents 80 percent of Kansas dentists. I appreciate the opportunity to share the KDA's perspectives on Senate Bill 204.

Let me state at the outset that the Kansas Dental Association shares the concern of the bill's authors for increasing the public's understanding of professional fees.

I would like to address several important points the committee might want to consider and offer suggestions to strengthen the effectiveness of the bill.

First, it is in both the patient's and dentist's best interest to discuss fees openly at the time of the examination and treatment planning. The patient needs to understand clearly the procedures to be performed and the fee for those services.

Second, merely posting prices can be misleading. Without an examination of the patient, the nature and extent of treatment often cannot be determined. Useful information, therefore, includes both the usual fee -- the fee an individual dentist charges most frequently for a specific dental procedure -- and the reasonable fee -- the range of the fee from the best to worst case as influenced by complications and unusual circumstances.

Third, an insured patient needs not just the fee information from the health care provider, but also the customary fees or schedule of benefits used by the health benefit plan. For example, the fee for a particular procedure may be \$100. The patient needs to know what the health plan will pay in order to know the out-of-pocket expense. Obtaining that information from health benefit plans is often difficult. Yet such information is essential to making informed decisions.

Mr. Chairman, I have attached to my testimony a copy of the KDA's suggested changes, which will strengthen the intent of the legislation and provide important and useful information to Kansans. Thank you for this opportunity to appear before the committee.

5200 Huntoon  
Topeka, Kansas 66604  
913-272-7360

###

Senate P H&W  
Attachment #3  
2-26-91 pm

SENATE BILL No. 204

By Senators Walker, Anderson, Brady, Ehrlich, Feleciano,  
Gaines, Kanan, Karr, Lee, Martin, Parrish, Petty, Strick, and  
Winter

2-13

10 AN ACT concerning health care providers; requiring information  
11 relating to established charges for services of the health care pro-  
12 viders to be available to the public.  
13

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

15 Section 1. (a) As used in this section:

16 (1) "Health care provider" means a person licensed to practice  
17 any branch of the healing arts by the state board of healing arts, a  
18 medical care facility licensed by the secretary of health and envi-  
19 ronment, a health maintenance organization issued a certificate of  
20 authority by the commissioner of insurance, an optometrist licensed  
21 by the board of examiners in optometry, a podiatrist licensed by the  
22 state board of healing arts, a pharmacist licensed by the state board  
23 of pharmacy, a registered nurse anesthetist authorized to practice  
24 by the board of nursing, an advanced registered nurse practitioner  
25 who holds a certificate of qualification from the board, a dentist  
26 licensed by the Kansas dental board, an optometrist licensed by the  
27 board of examiners in optometry, a physical therapist registered by  
28 the state board of healing arts, an occupational therapist registered  
29 by the state board of healing arts, a psychiatric hospital licensed  
30 under K.S.A. 75-3307b and amendments thereto, a psychologist li-  
31 censed by the behavioral sciences regulatory board, a master social  
32 worker licensed by the behavioral sciences regulatory board, a reg-  
33 istered professional counselor registered by the behavioral sciences  
34 regulatory board or a mental health center or mental health clinic  
35 licensed by the secretary of social and rehabilitation services.

36 (2) "License" includes licensing, registration, certification, au-  
37 thorization or other terms relating to formal state recognition of  
38 professional or technical competence.

39 (3) "Licensing agency" means the state agency which issued the  
40 license.

41 (b) The licensing agency of each health care provider shall require  
42 each health care provider to submit annually to the licensing agency  
43 for that health care provider and to post in a public area in a facility

(4) "Usual fee" means the fee which a health care provider most frequently charges for a specific procedure;

(5) "Reasonable fee" means the fee charged by a health care provider for a specific procedure which has been modified by the nature and severity of the condition being treated and by any medical or dental complications or unusual circumstances, and, therefore, may differ from the health care provider's "usual" fee;

(6) "Customary fee" means the fee level determined by the administrator of a health benefit plan from actual fees for a specific procedure to establish the maximum benefit payable under a given plan for that specific procedure.

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1 or office of the health care provider notification that there is available  
 2 for public examination from the health care provider the established  
 3 charges for services offered by such health care provider, including  
 4 any modification of charges or services, or both, within the year.  
 5 The notification shall state the place where such information is avail-  
 6 able for public review and that the information is available for public  
 7 review at any time during usual business hours. The licensing agency  
 8 by rule and regulation shall specify the annual date for the submission  
 9 of the notification under this section to the licensing agency.

10 ~~(e)~~ The failure of a health care provider to comply with the  
 11 provisions of this section shall constitute a ground for the revocation  
 12 of the license of such health care provider.

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

← → usual and reasonable fees  
 ← → routinely provided

← → (c) The Kansas Department of Insurance shall require  
 the administrators of health benefit plans, subject  
 the jurisdiction of the Kansas Insurance Department,  
 to provide notification that there is available for  
 public examination from the health benefit plan the  
 customary fee or scheduled benefit for each procedure  
 covered by the health benefit plan.

(d) For health care providers licensed by the Kansas  
 Dental Board, fees shall be listed in accordance with  
 the ADA Code on Dental Procedures and Nomenclature.

3-3

Office of

RICHARD G. GANNON, EXECUTIVE DIRECTOR  
LAWRENCE T. BUENING, JR., GENERAL COUNSEL  
STEVE A. SCHWARM, LITIGATION COUNSEL  
MICHELLE M. TORRES, DISCIPLINARY COUNSEL  
SUSAN M. LAMBRECHT, LICENSING SUPERVISOR

State of Kansas



Kansas State Board of  
Healing Arts

235 S. TOPEKA BLVD.  
TOPEKA, KS 66603  
913 296-7413  
FAX: 913-296-0852

Board of Healing Arts

MEMORANDUM

TO: Senate Committee on Public Health and Welfare  
FROM: Richard G. Gannon, Executive Director  
DATE: February 26, 1991  
RE: TESTIMONY ON SENATE BILL 204

Mr. Chairman and members of the Committee, thank you for allowing me to appear before you on Senate Bill 204.

The last meeting of the Board of Healing Arts was held February 9th. This bill was introduced February 13th. Therefore, the Board has not taken a formal position to either support or oppose this bill. However, I have discussed the provisions of the bill with Board President, Franklin Bichlmeier, M.D. and have been directed to advise the Committee of the impact this Bill would have on Board operations.

The definition of "health care provider" set forth in section 1(a) includes six professions licensed or registered by the State Board of Healing Arts: Medical Doctors, Osteopathic Doctors, Chiropractic Doctors, Podiatric Doctors, Physical Therapists and Occupational Therapists. There are approximately 8,500 individuals in these professions currently licensed or registered.

Section 1(b) would require each of the individuals within the MEMBERS OF BOARD

FRANKLIN G. BICHLMEIER, M.D., PRESIDENT  
OVERLAND PARK  
JOHN P. WHITE, D.O., VICE PRESIDENT  
PITTSBURG

DONALD B. BLETZ, M.D., OVERLAND PARK  
JIMMY V. BULLER, D.O., PARSONS  
EDWARD J. FITZGERALD, M.D., WICHITA  
PAUL T. GREENE, JR. D.C., GREAT BEND  
HAROLD GULDNER, SYRACUSE  
MARK HATESOHL, D.C., MANHATTAN  
GLENN I. KERBS, DODGE CITY

CAMERON D. KNACKSTEDT, D.O., PHILLIPSBURG  
GRACIELA MARION, EUDORA  
JOHN PETERSEN, OVERLAND PARK  
JOSEPH PHILIPP, M.D., MANHATTAN  
IRWIN WAXMAN, D.P.M., PRAIRIE VILLAGE  
KENNETH D. WEDEL, M.D., MINNEAPOLIS  
RON ZOELLER, D.C., TOPEKA

Senate P H&W  
Attachment 4  
2-26-91 pm

six professions regulated by the Board to provide notification that each has established charges for services offered by that health care provider. Under the present language, this obligation would be imposed upon each of the 8,500 individuals licensed or regulated, irrespective of whether those individuals practice in the State of Kansas. The bill would require the Board to specify, by rule and regulation, an annual date for the submission of this notification. Failure of the health care providers to provide such a notification to the Board on an annual basis would constitute an additional ground for revocation of the license.

At present, the Board, as a condition for renewal of license of all but occupational therapists, must ensure that each individual is maintaining professional liability insurance and has paid the appropriate surcharge to the Health Care Stabilization Fund if they are rendering services in the State of Kansas. Further, as a condition for renewal, each individual in these six professions must submit to the Board, as a condition for renewal, evidence that they have complied with the continuing education requirements specified by the Board.

The Board has undertaken the duties and obligations specified by the Legislature very seriously. Should Senate Bill 204 be passed, it is felt that at least one additional Office Assistant would be required in order to ensure that each and every one of these 8,500 individuals would provide to the Board the notification required under this Law. In addition, in order to ascertain that each such person has developed established charges for the services they offer, at least one additional Medical Investigator would be

required to ensure compliance. If non-compliance was found, such non-compliance would be a ground for revocation of the license, but would not be, apparently, grounds for suspension, limitation, or the imposition of a public or private censure or an administrative fine for such non-compliance.

It is of great concern that a number of the individuals currently licensed or registered by the Board who do not practice in Kansas may determine that they wish to allow their license to be cancelled rather than to comply with the provisions of this Act for charges made while working in other states or countries. This could have a devastating effect to the fee income and revenue received by the Board by these non-resident health care providers.

Finally, the providing of health care services is not a science. Each individual and the diseases or injuries from which they suffer is unique. While it may be possible for each health care provider to establish a charge for each procedure similar to that provided by the C.P.T. codes and ICD-9-CM codes, it is not a simple procedure to identify and establish charges that would apply to each and every individual who underwent similar procedures.

I would be happy to respond to any questions.

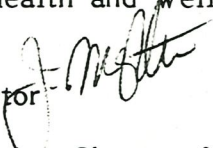


## KANSAS MEDICAL SOCIETY

1300 Topeka Avenue • Topeka, Kansas 66612 • (913) 235-2383  
Kansas WATS 800-332-0156 FAX 913-235-5114

February 22, 1991

TO: Senate Public Health and Welfare Committee

FROM: Jerry Slaughter   
Executive Director

SUBJECT: SB 204; Concerning Charges for Services Offered  
by Health Care Providers

The Kansas Medical Society appreciates the opportunity to appear on SB 204, and would offer the following comments for your consideration. We recognize that the bill is an attempt to provide the public more information about the cost of services provided by various health care providers, in hopes that they will become more prudent "shoppers" for necessary health care services. Despite our skepticism about the validity of an assumption that people will "shop" for health care services, it is not our intention to debate that point within the context of this bill. We do have some concerns, however, which make it difficult for us to support this legislation.

First, we have always encouraged patients to inquire about the cost of services they are about to receive so there are no misunderstandings subsequent to the care being rendered. Additionally, it promotes a better understanding between patient and physician when issues such as the cost of services are discussed and understood in advance. Physicians have always had an obligation to answer a patient's question about the cost, scope and options of care which are to be provided. What concerns us about this bill is that it is both unnecessarily bureaucratic and overly punitive. There is no reason why a health care provider should have to annually notify the licensing agency that a list of charges is available at some place for public inspection. We do not have any problem with a requirement that a physician, or other health care provider, make available to his or her patients upon request a list of the charges for services which are to be provided by the health care provider. We have enclosed suggested language which would accomplish this. However, we do oppose a requirement that would require a health care provider to make a list of his or her charges available to any person in the public, whether or not such person is one of the health care provider's patients.

Additionally, we think it is overly punitive to make failure to comply with this requirement grounds for revocation of a license. Obviously, if a patient does not get satisfactory information about the cost of charges to be provided, that patient can always go to a different physician. It is also overly punitive when viewed in context that no other professionals or institutions licensed by the state such as lawyers, architects, securities dealers or banks, are similarly required to make such information available under penalty of license revocation.

Senate P H &W  
Attachment #5  
2-26-91 pm



Testimony on SB 204  
Senate Public Health and Welfare Committee  
February 22, 1991  
Page Two

Finally, with the growth in managed care systems and fee restrictions which are already a part of virtually every third party payment mechanism, the actual charge to a patient for a given service may vary greatly. Even though the customary charge might be a fixed amount, the de facto cost to the patient (or his or her insurance company) is almost always a lesser amount. Consequently, it would make it very difficult, time consuming and confusing to keep a current list of all charges (which could run into the hundreds of services) available for any member of the public to inspect.

In summary, we question the necessity for the bill. Since virtually all third party payment systems already limit reimbursement to health care providers to predetermined amounts regardless of the customary charges, it will just add a burden of additional paperwork and confusing information to already busy health care providers, and it imposes the harshest penalty available, license revocation, hardly a reasonable punishment. If the Committee feels that it must act favorably on this bill, then we would suggest you consider the language we submitted or extend the provisions to all licensed individuals and entities, not just those in the health care sector. Thank you for the opportunity to offer these comments.

JS:ns

SENATE BILL No. 204

By Senators Walker, Anderson, Brady, Ehrlich, Feleciano, Gaines, Kanan, Karr, Lee, Martin, Parrish, Petty, Strick, and Winter

2-13

10 AN ACT concerning health care providers; requiring information  
11 relating to established charges for services of the health care pro-  
12 viders to be available to the public.  
13

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

15 Section 1. (a) As used in this section:

16 (1) "Health care provider" means a person licensed to practice  
17 any branch of the healing arts by the state board of healing arts, a  
18 medical care facility licensed by the secretary of health and envi-  
19 ronment, a health maintenance organization issued a certificate of  
20 authority by the commissioner of insurance, an optometrist licensed  
21 by the board of examiners in optometry, a podiatrist licensed by the  
22 state board of healing arts, a pharmacist licensed by the state board  
23 of pharmacy, a registered nurse anesthetist authorized to practice  
24 by the board of nursing, an advanced registered nurse practitioner  
25 who holds a certificate of qualification from the board, a dentist  
26 licensed by the Kansas dental board, an optometrist licensed by the  
27 board of examiners in optometry, a physical therapist registered by  
28 the state board of healing arts, an occupational therapist registered  
29 by the state board of healing arts, a psychiatric hospital licensed  
30 under K.S.A. 75-3307b and amendments thereto, a psychologist li-  
31 censed by the behavioral sciences regulatory board, a master social  
32 worker licensed by the behavioral sciences regulatory board, a reg-  
33 istered professional counselor registered by the behavioral sciences  
34 regulatory board or a mental health center or mental health clinic  
35 licensed by the secretary of social and rehabilitation services.

36 ~~(2) "License" includes licensing, registration, certification, au-~~  
37 ~~thorization or other terms relating to formal state recognition of~~  
38 ~~professional or technical competence.~~

39 ~~(3) "Licensing agency" means the state agency which issued the~~  
40 ~~license.~~

41 ~~(b) The licensing agency of each health care provider shall require~~  
42 ~~each health care provider to submit annually to the licensing agency~~  
43 ~~for that health care provider and to post in a public area in a facility~~

(b) Upon the request of a patient or client, a health care provider shall make available the established or customary charges for the services which are to be provided to such patient or client.

5-3

1 or office of the health care provider notification that there is available  
2 for public examination from the health care provider the established  
3 charges for services offered by such health care provider, including  
4 any modification of charges or services, or both, within the year.  
5 The notification shall state the place where such information is avail-  
6 able for public review and that the information is available for public  
7 review at any time during usual business hours. The licensing agency  
8 by rule and regulation shall specify the annual date for the submission  
9 of the notification under this section to the licensing agency.  
10 (c) The failure of a health care provider to comply with the  
11 provisions of this section shall constitute a ground for the revocation  
12 of the license of such health care provider.



delete

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

5-4

# Kansas Association of Osteopathic Medicine

Harold E. Riehm, Executive Director

February 26, 1991

1260 S.W. Topeka  
Topeka, Kansas 66612  
(913) 234-5563

To: Chairman Ehrlich and Members, Senate Public Health Committee  
From: Harold Riehm, Kansas Association of Osteopathic Medicine  
Subject: Comments on S.B. 204

The Kansas Association of Osteopathic Medicine has long encouraged its member physicians to be candid with patients regarding physician service costs, and to encourage an interchange of communication with patients. However, we feel that the easily identifiable costs, such as office visits and routine procedures, are already readily available to any person requesting such information, either from the physician or from personnel in the physician's office. We doubt if the provisions of S.B. 204 would produce much change in the "patient's right to know".

Also, were we to require that all health care provider licensees file lists of prices for all services, covering a myriad of contingencies, then it appears it would be a sizable new record keeping responsibility for all licensing agencies. And, for those agencies to enforce such provisions could result in major new agency expenditures.

Physicians have several different "sets" of fees. There are those imposed by Medicare, another for Medicaid, and various others to meet third party reimbursement schedules, managed care schedules, etc. Again, our response is to continue to encourage physicians and their office personnel to respond to any and all patient questions regarding fees, when such answers are readily available.

Again, to the extent that this is part of a concerted effort to hold down health care costs, we pledge our support to such efforts. Physicians are also concerned! We have reservations, though, whether S.B. 204 would produce a meaningful, manageable or practical means to that end.

Thank you for this opportunity to present our views on S.B. 204.

Senate P H&W  
Attachment #6  
2-26-91 pm



THE KANSAS PHARMACISTS ASSOCIATION  
1308 WEST 10TH  
PHONE (913) 232-0439  
TOPEKA, KANSAS 66604  
ROBERT R. (BOB) WILLIAMS, M.S., C.A.E.  
EXECUTIVE DIRECTOR

## TESTIMONY

Senate Public Health and Welfare Committee  
SB204

February 26, 1991

My name is Bob Williams. I am the Executive Director of the Kansas Pharmacists Association. Thank you for this opportunity to appear before the committee.

The Kansas Pharmacists Association is opposed to SB204, not because we are opposed to advertising (you have only to pick up any Sunday newspaper and you will see a number of pharmacy ads), but because as it is currently written, it is unworkable and ambiguous.

There are two components of a pharmacist's fees, one being the cost of the drug and the other the dispensing fee. The cost of the drug frequently fluctuates. Most pharmacists must update their prices, at the very least, monthly. The dispensing fee will also vary depending on the need to do any mixing, compounding, and quantity dispensed.

Another problem is assuming that each pharmacist will interpret the guidelines in the same manner so the consumer can make an accurate comparison. This is no easy task. To illustrate my point I have attached a few of the responses to a worker's compensation survey we have received. As you will not responses to the same questions vary greatly.

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We are concerned that in order for the pharmacist to allow for special circumstances, the fees published would be so broad as to be of little use to the consumer.

Lastly, we believe licensure revocation a drastic measure for failure to comply with this requirement.

We urge the committee not to pass SB204. Thank you.

**SURVEY FORM TO BE DISTRIBUTED BY THE KANSAS  
DIVISION OF WORKERS COMPENSATION**

The Kansas Division of Workers Compensation has been actively working on the development of a Medical Fee Schedule in the state of Kansas, which was mandated by the 1990 Kansas legislature, by fixing the maximum fee that can be charged for medical services and/or treatment provided to injured workers.

An advisory panel that was created by law and which is composed of eight members, one of which represents our profession, has been working the past few months in the development of a survey form to receive the needed input from health care providers, hospitals, health care facilities, vocational rehabilitation vendors, self-insured employers, insurance carriers, etc. to determine the reasonable and customary fees for specific services. This survey form is being finalized and will be mailed within the immediate future, if you have not already received it.

We encourage each of our members to take the necessary time in the completion of this survey form. Your input will be of valuable assistance to the advisory panel.

State of Kansas  
Workers Compensation Medical Utilization Review Survey  
To be Completed by Pharmacists

1. List any respective publications and/or procedures used for arriving at the price for dispensing medication.
  - a. Average wholesale Price + \$5.00
  - b. AWP = professional fee = price
  - c. Usual and customary. Average wholesale or direct price plus \$3.50 + 10%.  
There are a significant number of exceptions to this, most resulting in a lower net price.
  
2. Percentage of your mark-up for dispensing medication for any individual drug if a wholesale price schedule/index is used.
  - a. No response
  - b. 35% GM (average)
  - c. Not applicable
  
3. Maximum dollar amount of mark-up charged for any individual drug if a wholesale price schedule/index is used.
  - a. \$5.00
  - b. \$15.00 [depends upon price (cost) of drug]
  - c. Not applicable
  
4. Other information and/or material you feel would be beneficial in the establishment of a Medical Fee Schedule. Please attach copies of any information and/or material, if available.

No responses





**Donald A. Wilson**  
President

February 26, 1991

TO: Senate Public Health and Welfare Committee

FROM: Kansas Hospital Association

RE: SENATE BILL 204

The Kansas Hospital Association appreciates the opportunity to comment regarding the provisions of Senate Bill 204. We support what we believe to be the theory behind this bill -- that patients are entitled to receive full information regarding charges from health care providers. We think providers are obligated to provide this information. Certainly the main accreditation body for hospitals, the Joint Commission on Accreditation of Healthcare Organizations, requires this.

We would like to point out, however, that Senate Bill 204 would create a number of practical problems. These problems are in large part associated with the competitive environment in which providers find themselves. This environment is one in which the purchasers of health care negotiate discounts for a group of individuals. These purchasers come to a provider with a specific number of people in a group and attempt to trade the volume those individuals represent for a certain discount. This type of competition is very keen in certain parts of our state and it makes up an increasingly large part of the market.

Because of this competitive environment, the bill's reference to "established charges" means less today than it might have in the past. Most purchasers today do not pay "established charges." Certainly Medicare, Medicaid, HMOs and PPOs do not. In addition, the bill would require the types of arrangements that have been made with different purchasers to be

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made public. This would certainly discourage that type of competition in health care.

We have additional concerns about the penalty provisions of the bill. SB 204 would make any violation of its provisions grounds for revocation of the provider's license. It is certainly possible to imagine violations of this law that would be inadvertent. In those cases, the penalty would be too severe.

Thank you for your consideration of our comments.

TLB / pj