

Approved March 30, 1992  
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Representative Weiland at  
Chairperson

3:30 ~~XXXX~~ a.m./p.m. on March 26, 1992 in room 531 N of the Capitol.

All members were present except:

Representative Sebelius - Excused  
Representative Ensminger - Excused  
Representative Helgerson - Excused  
Committee staff present:

Mr. Chris Courtwright, Research  
Mr. Fred Carman, Revisor  
Mrs. Nikki Feuerborn, Secretary  
Mr. Mark Hunter, Intern

Conferees appearing before the committee:

Mr. Bill Sneed, HIAA  
Mr. Tom Bell, Kansas Hospital Association

**Hearing on SB 722 - Commissioner of Insurance reports concerning development of uniform electronic data interchange formats and standards**

Mr. Bill Sneed, legal counsel for Health Insurance Association of America, appeared as a proponent of the bill. This bill requires the Commissioner of Insurance to monitor the work that is being done relative to the creation of a uniform format for filing claims electronically. This should reduce paperwork for hospitals, physicians and other providers, and should speed up claims payment to patients and providers. Development of these uniform electronic data interchange formats and standards are being coordinated by the American National Standards Institute (ANSI). The payment and remittance segment of this effort is being pilot tested and Medicare is currently testing this project in four states. (See Attachment 1).

Mr. Tom Bell of the Kansas Hospital Association spoke in support of the bill. The bill would create a totally computerized process involving paperless claims. Cost savings would be accomplished by a reduction in personnel, reduction in postage, and standardizing hardware and software. (See Attachment 2).

Representative Welshimer moved to pass the bill out favorably and that it be placed on the consent calendar. Representative Cozine seconded the motion. Motion carried.

Representative Cornfield moved that the minutes of March 24 and 25 be adopted. Representative Campbell seconded the motion. Motion carried.

Meeting adjourned at 3:57 p.m.



## MEMORANDUM

TO: Representative Larry Turnquist  
Chairman, House Insurance Committee

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

DATE: March 26, 1992

RE: Senate Bill 722

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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 American ("HIAA"). 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 support of S.B. 722.

As this Committee is aware, we have testified in front of this Committee regarding various health bills. As we have stated earlier, the HIAA has aggressively supported reforms within the health insurance system. We believe the work done on the creation of a uniform claims procedure throughout the United States is another important step that the state may take in addressing health care in the State of Kansas.

S.B. 722, quite simply, requires the Commissioner of Insurance to monitor the work that is being done relative to the creation of a uniform format for filing claims electronically.

Insurers work continually to find ways to operate more efficiently. Perhaps the most important activity now under way to directly reduce operating costs -- of

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*Attachment 1*

providers as well as insurers -- is the development of a uniform format for filing claims electronically. The result of this project should include dramatically reduced paperwork for hospitals, physicians and other providers, and more rapid claims payment to patients and providers. No longer will hospitals have to worry about different claims formats for different insurers.

Development of these uniform electronic data interchange formats and standards is being coordinated by the American National Standards Institute (ANSI), a private, non-profit organization serving both the private and public sectors. When fully effective, these standards will address not only claims filing and processing, but enrollment/eligibility information as well. ANSI has coordinated a committee of interested parties who are now working in coordination with the federal government in attempting to prepare such a program.

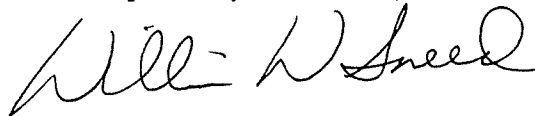
The payment and remittance segment of this effort is now being pilot tested, and Medicare is currently testing this project in four states. By the end of 1992, ANSI hopes to have the claims segment of the project in operation. The HIAA is an active participant in this effort, and is confident that it will result in a more efficient, less costly claims system.

Additionally, during this process the group is reviewing what, if any, federal laws would need to be changed to implement such a program. Generally, laws dealing with anti-trust and privacy are being reviewed in order to ascertain what, if any, federal laws, and potentially, state laws, would need to be changed in order to implement this

project throughout the country. Thus, we believe that this project can become an integral part of addressing the needs of Kansans so that the development of such a structure will meet our society's demand for efficiently delivered, quality health care.

Again, on behalf of my client, let me thank you for allowing us the opportunity to appear before this Committee. As stated at the beginning of my testimony, HIAA supports the successful passage of S.B. 722 and would be happy to work with this Committee or any other member of the legislature in regard to the successful passage of this bill.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William W. Sneed". The signature is written in a cursive style with a large, stylized initial "W".

William W. Sneed



## Memorandum

**Donald A. Wilson**  
President

March 26, 1992

**TO:** House Insurance Committee  
**FROM:** Kansas Hospital Association  
**RE:** **SENATE BILL 722**

The Kansas Hospital Association appreciates the opportunity to provide comments on Senate Bill 722. This bill would require the Commissioner of Insurance to report to the Governor and to the Legislature regarding the development of uniform electronic data interchange formats and standards. The Commissioner would also be required to present a proposed plan for implementing this technology, including an analysis of the cost impact. In other words, the Commissioner of Insurance would be required to study and develop a plan that would use the concept of "paperless claims" to the greatest extent feasible. We support this proposal.

Last year the Legislature passed House Bill 2216, which required the development of a uniform billing statement. The Insurance Commissioner is currently implementing this legislative initiative. The next logical step would be to create a totally computerized process involving paperless claims.

This could potentially result in cost savings in the following areas:

- Reduction in the number of personnel devoted to billing because electronic submission of information is likely to take less time than paper submission;
- Savings in the difference between the cost of postage and the cost of submitting claims electronically directly to health insurers;
- Savings in streamlining and standardizing hardware and software requirements for such a system; and
- Savings by insurers in payroll and data processing. Insurers who use electronic billing will presumably require fewer personnel to check bills for completeness

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*Attachment 2*

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and accuracy and manually re-key information from the bill into the computer system. The ability to provide accurate and timely information should improve the overall quality of our health care information, leading to an improved, more efficient system.

Thank you for your consideration of our comments.

TLB:cdc

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