Approved: February 21, 1995
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Bill Bryant at 3:30 p.m. on February 14, 1995 in Room 527S of the Capitol.

All members were present except: Representative Tom Sawyer, Excused

Committee staff present: Bill Wolff, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Terry Larson, Kansas Alliance for the Mentally Ill
Jane Rhys, KS Council on Developmental Disabilities
Gene Johnson, KS Alliance on Alcohol
Canda Byrne, KSNA
Julie Wagner, Menninger
Gary M. Christ, Mental Health Assoc. of Kansas
Dr. Jane Adams, Keys for Networking
Tina Heptinstall, Lecompton, citizen
Doug Winkley, Wichita, citizen
Kathleen Sebelius, Insurance Commissioner
Chip Wheelen, Kansas Psychiatric Society
Sharon Huffman, Commission on Disability Concerns
Keith Hawkins, Pyramid Life
Brad Smoot, Blue Cross/Blue Shield
HealthNet (written only)
William W. Sneed, HIAA

Others attending: See attached list

HEARING ON HB 2248--Coverage for mental illness, health insurance
Terry Larson, Kansas Alliance for the Mentally Ill, appeared in support of the bill which would include diseases of the brain in full health insurance coverage (Attachment 1). Neurological brain disorders already included in full coverage are M.S., Parkinson's, and Alzheimers. This bill would add schizophrenia, depression and manic-depression, obsessive compulsive and panic disorders, autism, and ADD for full coverage instead of just the mandated coverage as they are considered treatable diseases. Maryland and Rhode Island currently have this coverage available, Texas has it for public employees, and several states are working on proposals.

Jane Rhys, Kansas Council on Developmental Disabilities, stated her agency supported the addition of coverage for diagnosis and treatment of mental illnesses as a parity issue (Attachment 2).

Gene Johnson, Kansas Alliance on Alcohol and other Drug Services, Inc., Kansas Alcoholism and Drug Addition Counselors Association, and the Community Alcohol Safety Project Coordinators Association, said they supported the bill and would like to see it expanded to cover treatment for alcoholism and drug addiction (Attachment 3). Alcoholism and drug addition are now considered Public Enemy Number One costing the nation $166 billion a year and using 2 1/2 times the medical benefits of non-abusers. Evidence shows that the treatment of alcoholism is cost beneficial with a return of between two dollars and ten dollars for every one dollar spent. A California study states that for every dollar spent on treatment of alcohol and drug abuse, taxpayers reaped $7 in savings. The treatment of alcoholism and drug abuse should be treated by the insurance industry the same as treatment for a cancer or heart condition. The bill does not currently address prevention.

Canda Byrne, Kansas State Nursing Association, reminded the Committee that much of the state budget is due to the Medicaid and State Hospital Budgets (Attachment 4). When insurance companies refuse to provide coverage for mental illness services required, there is no other choice but to get such services through the state. Many persons are not aware that their policies cover only minimal short-term mental illness treatment.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE, Room 527S-Statehouse, at 9:00 a.m. on February 14, 1995.

Julie Wagner, Supervisor for Managed Care at Menninger, related the difficulty for patients who suffer from a mental illness to receive brief acute treatment and return immediately to the community (Attachment 5). Many times insurance companies refuse to participate in residential programs or other aftercare programs. Some insurance companies do provide excellent coverage but they are the minority. Mrs. Wagner reported seeing the discrimination firsthand and asked for support of the bill.

Gary M. Christ, President and CEO of the Mental Health Association in Wyandotte County, stressed the importance of the bill to individuals who have mental illness and their families, private citizens who may become victims of the illness, and the taxpaying citizens of Kansas (Attachment 6). Empirical evidence and practical experience demonstrate that mental illness can be treated as successfully as many prevalent "physical" disorders. General medical care costs can be significantly reduced with appropriate mental health intervention. Mr. Christ advised the Committee that general medical costs could be reduced by as much as $1.2 billion through appropriate mental health treatment. Full mental illness coverage would result in indirect savings through less absenteeism and lost productivity as a result of early treatment for depression.

Jane Adams, Executive Director of Keys for Networking, Inc., told the Committee of the proposed bill's positive impact (Attachment 7):

1. Provide equity for persons with clinically diagnosed mental illnesses without arbitrary limits and tradeoffs.

2. Provide families with access to home and community based services which are more cost effective than the extended hospitalized care options. This is especially important in the treatment of children and would allow them to stay at home with their families.

3. Provides clinical providers to determine the need for mental health care in the same way physicians determine the care for people who have physical illnesses.

She pointed out the discrepancy between the mental health reform philosophy and current insurance providers.

Tina Heptinstall of Lecompton, Kansas, related personal experiences of having a daughter with mental illness and the problems limited coverage have caused in her prescribed treatment regimen. The urgent need for outpatient care in treatment of mental illness was restated.

Doug Winkley, Wichita, Kansas, stated that his family did not qualify for public service programs even though their insurance coverage was inadequate for the services required for their 15 year old son who suffers from Acute Attention Disorder Syndrome. Out of pocket expenses exceed $4000 per year. The lifetime maximum coverage for mental illness on most policies is $7,500 while the lifetime coverage for other illnesses is $2 million. Choices are needed in insurance coverage that are equitable.

Kathleen Sebelius, Insurance Commissioner, spoke in support of the bill and acknowledged the difference with which individuals with mental illness and those with physical disorders are treated (Attachment 8). It is difficult, if not impossible, to obtain insurance coverage for brain diseases with the same levels of coverage that individuals can obtain for any physical condition. Commissioner Sebelius recommended the following changes to the bill:

1. To include language in Section (a) which would grant coverage for mental illness "at the same level they are provided for a medical condition."

2. A detailed listing in Section (c) of specific mental disorders to include language "or any other brain disorders which according to prevailing scientific judgement and neurobiological are defined in the DSM-IV or subsequent issues."

Many families are forced to turn the custody of their children over to the state in order for them to receive the treatment they need for mental illness. The full impact of rate increases should this legislation be passed has not been determined at this time.

Chip Wheelen, Kansas Psychiatric Society, offered a balloon amendment to the bill which would more clearly define "mental illness" (Attachment 9). It was also suggested that dementia be added to the list of mental illnesses to be covered. Mr. Wheelen described the unintended consequences of the mental health mandates in that the same co-payment formula and coverage limits that apply to benefits for substance abuse treatment and personal counseling have been applied to some of the most disabling illnesses known to medical science.

Sharon Huffman, Commission on Disability Concerns, spoke on behalf of the bill which would help to

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE, Room 527S-Statehouse, at 9:00 a.m. on February 14, 1995.

eliminate the inequalities of health insurance benefits (Attachment 10). She cited examples of persons being hospitalized for nervous or mental conditions and the insurance paying for one service a day. This translates that if a doctor visits the patient and orders lab work, the insurance will only pay for the higher of the two services.

Keith Hawkins, Vice President and General Counsel of Pyramid Life, spoke in opposition to the bills because of its effect on affordability of coverage (Attachment 11). The mandates caused a 15% increase in insurance coverage for the average family and this requirement would cause as much as a 30% increase. No other state mandates coverage of mental illness the same as any other sickness as proposed in the bill. Supplemental insurance is available on some policies beyond that mandated by Kansas law.

Brad Smoot, Legislative Counsel for Blue Cross Blue Shield of Kansas, stated that the vagueness of the proposed bill makes it impossible to determine actual increased cost or coverage (Attachment 12). Increased costs and mandates tend to drive up insurance costs and cause people to self insure or give up coverage all together. ERISA plans have not asked for expanded coverage through Blue Cross/Blue Shield. He suggested modifications to the current mandated coverage of 30 day in-patient treatment to allow for greater flexibility of covered services and review of the current mandates. He also stated that a fiscal impact statement is warranted as well as a cost effectiveness study

HealthNet presented written testimony only (Attachment 13).

William Sneed, HIAA, stated that government mandates in an arena that does not provide universal coverage makes such legislation very difficult to rate and price (Attachment 14). It would make it impossible to effectually procure through the regular insurance markets without great hardship on current policyholders. He reminded the Committee of the warning that was given the Legislature when the mandates were first implemented: the minimum coverage required would become the ceiling offered through insurance. These mandates ruined the insurance market for mental illness coverage which had offered complete coverage at that time.

The meeting was adjourned at 5:15 p.m. The next meeting is scheduled for February 15, 1995.

HOUSE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE GUEST LIST

DATE: 2/14

NAME	REPRESENTING
Sharon Huffman	KCDC
Judy Kinard	Ks. Mental Health Coal.
Betty K. Meyers	Mental Health Assn. in KS
Bob Meyers	Visitor
Gene Johnson	Ks Alcohol & Drug Service
Sherry C. Diel	KS Advocacy & Protective Services
Jane Cedar	Keys for Networking
Gina Depteitall	Keys for Networking, Inc.
Rosie Cooper	"
Doug Winkley	"
Gary Christ	Mental Health Assoc.
Ann-Marie Reed	concerned citizen
Kimberly Phillips	State Farm
Bill Sneed	HIAA
Bob Haintzelman	SRS Medical
Keith Hawkins	Pyramid Life
R H Weber MD	BCBS of KS Inc
Julie Wagner	Menninger
Candace Byrne	KSNA

HOUSE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE GUEST LIST

DATE: 2-14

NAME	REPRESENTING
Michelle Vollan	KAMI
Carol McDonald	—
L. M. Cornish	Ks ~~Ass~~ Life Insurance Assoc.

KANSAS MENTAL HEALTH COALITION

P. O. Box 675, Topeka, Kansas 66601-0675
Telephone: (913) 233-0755 Fax: (913) 233-4804

"Joining together in one voice on critical needs of persons with mental illness."

Testimony

To: House Financial Institutions & Insurance Committee

From: Terry Larson, Executive Director,
Kansas Alliance for the Mentally Ill and
Legislative Chair, Kansas Mental Health Coalition

Date: February 14, 1995

RE: House Bill 2248, providing for non-discriminatory private health care coverage for medically treatable mental illnesses.

Thank you for introducing HB 2248 as a committee bill and for scheduling this public hearing.

We are not asking for anything more than what other diseases, including diseases of the brain, already have regarding health insurance coverage. We recognize that Parkinson's, multiple sclerosis and Alzheimer's are neurobiological brain disorders. Health insurance coverage for these diseases is equal to that for diseases of other organs such as diabetes (pancreas), asthma (lungs) and heart disease.

Serious mental illnesses, like M.S. and Parkinson's, are neurobiological brain disorders. They include schizophrenia, depression and manic-depression, obsessive compulsive and panic disorders, childhood onset pervasive developmental disorder (including autism) and childhood attention deficit disorder.

What we are asking for is an end to the existing health insurance discrimination against those brain diseases which are medically treatable mental illnesses.

Prior to the mid-1980s, only 22% of health insurance policyholders in Kansas had any coverage for mental illness. When the mental health mandates became law, mental illness was assured a limited level of coverage. Because good "mental health" services assist in the prevention or reduction of much more costly services later on, enactment of the mandates was an extremely positive step forward and should be maintained. If discussion of the mandates is to be re-opened, we respectfully ask that it not be done in conjunction with this bill because it is a separate issue. We are talking about "mental <u>illness</u>," not "mental health."

House FI&I
Attachment 1
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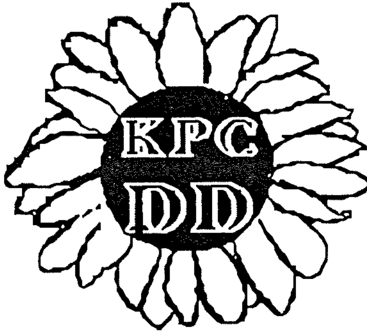
Currently, a patient with a serious mental illness such as schizophrenia is limited to 30 days inpatient hospitalization. Most people do not need 30 days. (New utilization review standards for mental hospitals will prevent provider abuse which had heretofore been a barrier to achieving parity.) However, some people are not stabilized in 30 days. Can you imagine insurance limits resulting in the discharge of a cancer patient after 30 days? Further, when the insurance runs out but as treatment needs continue, people must turn to the public mental health system which increases the taxpayers' burden.

Regarding out-patient services, when a person with asthma visits his/her doctor, the co-pay is generally 80/20 while a person with mental illness who visits the psychiatrist, also a doctor, is subject to a 50/50 co-pay.

Fiscal impact studies indicate that the add-on premium cost would be less than a dollar per month. Studies have also shown that discriminatory limitations on mental illness treatment result in failure to get the appropriate services which in turn result in lower functioning levels. Potential productivity is lost impacting wages earned and taxes paid.

Stigma and misunderstanding have too long guided the resultant discriminatory health care policy for treatment of diseases of the brain called mental illnesses. Diseases such as schizophrenia and depression are disabling. They are not preventable but they are treatable. They are no one's fault. Who would choose to have a mental illness? Please join with us and end the discrimination by passing HB 2248.

Thank you.



Kansas Council on Developmental Disabilities

BILL GRAVES, Governor
WENDELL LEWIS, Chairperson
JANE RHYS, Executive Director

Docking State Off. Bldg., Room 141, 915 Harrison
Topeka, KS 66612-1570
Phone (913) 296-2608, FAX (913) 296-2861

"To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities"

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
FEBRUARY 15, 1995

Testimony in Regard to H.B. 2248, AN ACT ACCIDENT AND SICKNESS INSURANCE; RELATING TO COVERAGE FOR COSTS OF TREATMENT FOR MEDICALLY TREATABLE DISEASES OF THE BRAIN KNOWN AS MENTAL ILLNESSES.

To ensure the opportunity to make choices regarding participation in society and quality of life for individuals with developmental disabilities.

Madame Chairwoman, Members of the Committee, I am appearing today on behalf of the Kansas Council on Developmental Disabilities regarding H.B. 2248.

The Kansas Council is a federally mandated, federally funded council composed of individuals who are appointed by the Governor. At least half of the membership is composed of individuals who are persons with developmental disabilities or their immediate relatives. We also have representatives of the major agencies who provide services for individuals with developmental disabilities. Our mission is to advocate for individuals with developmental disabilities, to see that they have choices in life.

We support the addition of coverage for diagnosis and treatment of mental illnesses as a parity issue. Too often these illnesses are ignored by insurers yet these illnesses are just as disabling, just as medically relevant as physical illnesses. We applaud your introduction of this bill and support your efforts. I would be happy to respond to any questions you may have.

Jane Rhys
Kansas Council on Developmental Disabilities
Docking State Office Building, Room 141
915 SW Harrison
Topeka, KS 66612-1570
913 296-2608

House FI&I
Attachment 2
2-14-95

Testimony
House Bill 2248
February 14, 1995

To: Financial Institutions and Insurance Committee,
Representative Bill Bryant, Chairman

From: Gene Johnson

Good Afternoon, Mr. Chairman and Members of the Committee:

Thank you for this opportunity to offer my support for House Bill 2248. I represent the Kansas Alliance on Alcohol and other Drug Services, Inc., Kansas Alcoholism and Drug Addiction Counselors Association and the Kansas Community Alcohol Safety Project Coordinators Association. Our organizations all offer their support of House Bill 2248, however, we would like to see it expanded to cover treatment for alcoholism and drug addiction.

The 1994 Legislation had a number of Blue Highway assignments. One of those assignments, "Public Enemy Number One-Substance Abuse." The Legislature by that action, now has realized that alcoholism and drug addiction is our Public Enemy Number One.

Federal studies illustrate that the total cost of alcohol and drug abuse is one hundred sixty six billion dollars per year. Persons who abuse alcohol and other drugs, use two and a half times the medical benefits as non-abusers. The children of substance abusers also use more health services.

Alcoholics usually incur health care costs that are at least 100% higher than non-alcoholics. Mostly the difference is due higher utilization of alcohol related illnesses and injuries and not for the treatment of alcoholism itself. Actual treatment for alcoholism apprises of 4% or less of overall health care expenditures. The largest percentages of dollars being spent for addictions, is the cost of health care and expenses incurred by close family members of the addicted person. These people often develop physical and/or emotional illnesses.

Federal studies also reveal that by the eighth grade, 70% of all youths have experimented with the drug alcohol. An additional 10% have tried marijuana and 2% of these youths have used cocaine. Young people who use alcohol before age 15 are twice the risk of having problems with addiction as those who wait to after age 19.

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Evidence shows that the treatment of alcoholism is cost beneficial with a return of between two dollars and ten dollars for every one dollar spent. According to one analysis, we could reduce the national expenditures on health care by 90.4 million dollars, if alcohol and other drug health problems could be prevented.

A recent California State study indicated that for every dollar spent on treatment for alcohol and drug abuse, taxpayers reaped $7 in savings, mostly due to the reduction in crime and health care costs. This cost benefit analysis was the most comprehensive study ever conducted in the United States.

A national study recently reported that for every one dollar spent on treatment, $11.54 of social costs can be reduced. Based on this research, the 18,750 individuals treated in the Alcohol and Drug Abuse Services funded programs in fiscal year 1993, saved Kansas 171 million dollars in social costs, apart from the escalating medical costs.

These studies and results indicate that the treatment of the alcoholic or the drug addicted person is cost saving, both from the insurance standpoint and the total costs to our society.

Consequently we feel that these illness should be treated by the insurance industry as the same as treatment for a cancer or a heart condition.

Respectfully submitted,

Gene Johnson
Legislative Liaison
Kansas Alcoholism and Drug Addiction Counselors Association
Kansas Alliance on Alcohol & Other Drug Services Inc.
Kansas Community Alcohol Safety Action Project Coordinators Association

FOR MORE INFORMATION CONTACT:
Terri Roberts JD, RN
Executive Director
Kansas State Nurses Association
700 SW Jackson, Suite 601
Topeka, KS 6603-3731
913-233-8638
February 14, 1995

H.B. 2248 Mental Health Insurance Coverage

Representative Bryant and members of the Committee on Financial Institutions and Insurance, my name is Canda Byrne, I am a Clinical Nurse Specialist in Psychiatric and Mental Health Nursing, here today representing the Kansas State Nurses Association. I have worked with patients who suffer from mental illness for over 20 years. I now primarily work with patients who suffer from a psychotics disorder and over the last five years this has been my primary focus. Two years ago, I attended a one week fellowship at the National Institute of Health primarily studying the neurological changes that occur with mental illness.

As you might guess, I have seen the changes which have occurred over the years in diagnosis and treatment of persons who suffer from mental illness. One of the things that has not changed as rapidly is the lack of knowledge about mental illness in the general public and the stigma which accompanies this illness.

Often times mental illness occurs in our brightest youngsters at a time in their lives when they are just beginning to enter their most productive years. The illness not only changes their lives but also the lives of their families. Think of having a child who is bright and has a wonderful future stricken with an illness that will not only affect their potential for the future but will also affect the way they think and reason and their judgement. In fact, they may not even be able to care for themselves at some points in their illness.

Now add to all of this heartache your attempt to find treatment for your child, especially when the insurance company who has accepted your payments for the last 25 years now refuses to pay for the proper treatment you child needs. He or she, after a few days, or if you're lucky a few weeks, of treatment will have to be discharged from the hospital you have carefully chosen. Now your options are crucial. Do you take this very ill child home with you to watch them suffer, turn them out in the street where you know they cannot survive or choose the state hospital. These are the

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options your insurance company has left you! If your child suffered from cancer or heart disease these decisions would not have to be made by you.

As legislators, you are responsible for the State Budget. Much of that spending is due the Medicaid and State Hospital Budgets. Yet when your insurance company refuses to provide your child with the services you have paid for over the years, there is not other choice but to get your family member services through state funding. Medicaid and the state hospitals exist to pick up the pieces for those folks who cannot receive compensated care paid for by their respective insurance companies.

I would hope that you have never nor will ever have to live the painful experience of seeing someone you love suffer from a mental illness. Besides the helplessness of not being able to make it better, it is compounded by not being able to find them the treatment they need because the insurance company that you trusted refuses to provide the services you thought you had purchased.

I hope that you will support H.B. 2248. I thank you for allowing me the opportunity to testify today and will stand for questions.

Menninger

H. B. 2248 Mental Health Insurance Coverage

Representative Bryant and members of the Committee on Financial Institutions and Insurance. My name is Julie Wagner and I am the Supervisor for Managed Care at Menninger. I am here representing Menninger. I would like to speak in support of House Bill 2248 because I deal with insurance companies and I see first hand the discrimination against patients who suffer from a mental illness.

Menninger is a private not for profit institution that is known for caring for the difficult to treat patient. Often when we treat patients it is because they have been treated unsuccessfully in other facilities. It is difficult to convince insurance companies of the medical necessity of treatment and they may use this term to deny coverage.

Often Mental Illness is a chronic illness that may become acute and require hospitalization. Insurance companies will deny this, offering benefits only for acute initial treatment. Legitimately, when a patient is re-hospitalized, it is a chronic condition that becomes acute. Stabilization of medications is a reason for hospitalization, this is very difficult to justify to insurance carriers. The longer patients are left without medication the more difficult it is to treat and the longer the treatment can take. When patients are rehospitalized because they are having difficulty with their diabetic medication, no one questions if this is acute.

It is, also, very difficult for patients who suffer from a mental illness to receive brief acute treatment and return immediately to the community. It may be best, to refer patients to a residential program or other aftercare program for a period of time. This is a less acute and less costly level of care that may help the patient to stabilize. However, many insurance companies refuse to provide this service, although they will agree to its necessity and in fact encourage it. These aftercare programs may significantly decrease the need for rehospitalization.

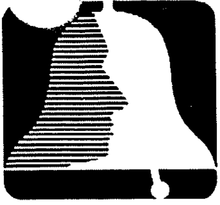
There are many insurance companies who provide excellent coverage. They work with the provider to be sure their clients receive the care they need. Some have even sent case managers to participate in treatment meetings about the patient. We do appreciate those insurers, but know that they are a minority.

As someone who works directly with insurance companies on behalf of persons who suffer from a mental illness, I see the discrimination and ask that you support H. B. 2248.

Thank you for allowing me to provide testimony today and I would be glad to answer any questions.

The Menninger Clinic
Box 829
Topeka, KS 66601 0829
913 273 7500

House FI&I
Attachment 5
2-14-95



Mental Health Association in Wyandotte County TM

Memorandum

GARY M. CHRIST, MSW
President/CEO

TESTIMONY IN SUPPORT OF H.B. 2248

Presented by Gary M. Christ, MSW, for

the Mental Health Associations in Kansas.

I thank the members of the committee for this opportunity to speak to you in support of House Bill 2248. The issue addressed in this proposed legislation is of tremendous importance; it is important to those individuals who have a serious and persistent mental illness; it is important to their families; it is important to those citizens who at some time in their lives may find the need to seek treatment for a mental or emotional illness; indeed, the issue is of importance to all Kansans who simply hope for an end to discrimination toward persons with a mental illness, and that this treatment be available to them on the same basis, according to the same limits and conditions, as that available for physical illness.

The past fifteen years has witnessed dramatic innovation of effective mental health treatments and cost-effective delivery and financing systems. Empirical evidence and practical experience demonstrate that mental illness can be treated as successfully as many prevalent "physical" disorders and that general medical care costs can be significantly reduced with appropriate mental health intervention.

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825 North 7th Street • 5th Floor • Kansas City, KS 66101 • (913) 281-2221 • FAX (913) 281-3977

Treatment Efficacy

For example, there is empirical evidence demonstrating that some treatments for severe forms of schizophrenia, obsessive-compulsive disorder, major depression, manic-depression and panic disorders have a success rate (defined as preventing relapse over a six-month period) higher than those of two common treatments for heart disease.

Health Care Savings

In addition, there is evidence to show that general medical costs could be reduced by as much as $1.2 billion dollars through the use of appropriate mental health treatment. A number of studies demonstrate clearly that individuals with certain chronic medical diseases, such as diabetes and hypertension, who received outpatient mental health care, needed significantly fewer inpatient medical services than those who did not receive mental health care.

There are significant indirect savings as well. An employer's financial statement directly reflects the cost of medical insurance but not the cost of absenteeism and lost productivity as a result of untreated depression, estimated to be in the range of $3000 a year per depressed employee. And in spite of the fact that treatment of depression is 80 to 90% successful, only one-third of depressed people seek proper care and even fewer receive it. A number of factors contribute to this; not the least of which is the lack of adequate health care coverage. In illnesses such as cancer

and coronary disease, a large investment is made for intensive treatment over a brief period, usually at a late stage of life. Depression, on the other hand, usually begins at an early age and exacts costs over a much longer period of time, but in a subtler way than major medical illnesses. But while this health problem is less visible, the costs that accompany it, as measured both in dollars and human suffering, are considerable.

Society as a whole has routinely neglected the problem of mental illness, even in the course of a major debate on national health care reform. As one who encounters daily the consequences of untreated mental illness, I applaud the members of this committee for their willingness to discuss this problem. And on behalf of the members of the Mental Health Associations across the State of Kansas, I urge you to bring parity in terms of health care coverage to all of the citizens of our state.

House Financial Institutions and Insurance Committee

February 14, 1995

Representative Bryant, Members of the Committee:

My name is Jane Adams. I am Executive Director of Keys for Networking, Inc. I am appearing today on behalf of Keys and the parents Keys represents. Keys is a statewide organization, operating since 1988 to support and mobilize families with children with emotional and behavioral disabilities through training, education, advocacy, and systems change. Keys is managed by a Board of Directors, the majority of whom are parents of children who have serious emotional and behavioral problems. Part of the work of Keys is to help parents, to advocate for services.

Today, I represent families from 32 support groups and parent contacts which include the communities of support groups and parent contacts in Wichita, Kansas City, Olathe, Emporia,, McPherson, Parsons, Pittsburg, Garden City

We support HB 2248. This bill requires all individual and group accident and sickness insurance policies to provide coverage for the diagnosis and treatment of mental illness. We ask for insurance coverage for mental illness which is equal to that provided for all other types of illnesses.

Keys for Networking supports H.B. 2248 for the following reasons:

1) H.B. 2248 provides equity for persons (adults and children) with clinically diagnosed mental illnesses. H.B. 2248 would assure that insurance providers offer the same level of coverage for this illness that they provide persons with physical illnesses.

2) H.B. 2248 provides families with access to home and community based services, services families want, services which are more cost effective than the extended hospitalized care options. This bill supports ~~in~~ out patient care, care that is much less expensive than residential placements. We are asking for insurance coverage which insures that mental health services, as well as physical health care are individualized to meet the needs of a particular child and family. We are asking you to remove the arbitrary limits and trade-offs which attach to mental health care.

3) HB 2248 provides clinical providers to determine the need for mental health care in the same way physicians determine the care for people who have physical illnesses. This bill gives clinically trained staff the flexibility to design treatment plans which permit dollars to be used for a comprehensive system of care, one which starts at the least restrictive continuum of care.

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Keys for Networking, Inc.
The State Organization of the Federation of Families for Children's Mental Health

This bill supports the goals of Mental Health Reform which has been working in Kansas for the last five years. Mental Health Reform focuses treatment on the individual's need for treatment, not on arbitrary cut-offs and limits, set by the insurance companies. In Kansas in 1995, we have two conflicting philosophies: Mental Health Reform which promotes community care and insurance providers which are restrictive, limitiing, and essentially support only hospitalization, limited hospitalization.

INSURANCE POLICIES	MENTAL HEALTH REFORM
Limited and restricted supports	Development of community services
Outpatient Services •the first $100, covered in full •the next $100, covered at 80% •the next $1,640, covered at 50% (deductible and co-pay not applicable)	Development of outpatient supports Cost effective services provided in the least expensive setting that can meet the neds of the patient
Lifetime maximum, $7,500 (compared to $1,000,000 lifetime maximum for medical treatments	
30 day limit, hospitalization	As determined by a clinical treatment team

Two families are here today to present their experiences in trying to get adequate mental health services for their children. The problems they had securing appropriate services for their children result from inadequate insurance coverage. Both families paid premiums. Both families were in good standing with the insurance agencies.

Tina Heptinstall, 530 E 7th Lecompton, Kansas
and
Doug Winkley, 2651 Hiram, Wichita, Kansas 67217
Mr. Winkley is a member of the Board of Directors

We thank you for examining this issue. We believe it is an equity issue. We ask the 1995 legislature to ensure that individuals with mental disorders have access to a full array of mental health services that people with physical illnesses have to medical care. We ask that you give people with mental illness the same options you have already given people with head injury or cancer. We ask that you ensure the availability of mental health services on the same terms and conditions as other health services.

We believe HB 2248 will encourage the development and use of alternatives to hospitalization and ensure that services are delivered in the least restrictive environment appropriate to the needs of the individual.

We ask you to help ensure the availability and provision of a comprehensive system of care for individuals with serious and persistent mental disorders and children with severe emotional disturbance.

We believe that insurance coverage should include mental health plans to ensure that consumers receive the appropriate scope, volume, and duration of services commensurate with their needs and the severity of their illness.

We believe benefits should be flexible and determined by a clinical plan of care agreed to by a team that includes families and, if appropriate, the child.

Summary

We support:

1. Comprehensive mental health benefits without arbitrary limits and trade-offs. We support health care benefits which do not discriminate against mental illness. We believe such benefits are appropriate Kansas policy. We know from evaluations of Mental Health Reform that such benefits are cost efficient.

2. We ask you to support insurance coverage which provides access to services so that children can receive the care they need when they need it, where they need it. We encourage early intervention and support for families who want to keep their child at home.

3. We support this committee's willingness to bring this issue to debate. This is a public health issue. It is a children's issue. Children's mental health care must be covered without arbitrary limits or excessive co-payments.

Jane Adams, Ph.D.
Executive Director
Keys for Networking, Inc.
117 SW 6th Street
Topeka, Kansas 66603
(913) 233-8732

Kansas Insurance Department

Kathleen Sebelius, Commissioner
420 S.W. 9th
Topeka, Kansas 66612-1678 (913) 296-3071

Memorandum

To: House Committee on Financial Institutions and Insurance

From: Kathleen Sebelius, Commissioner of Insurance

Date: February 13, 1995

Re: Support for H.B. 2248

The issue of parity for mental disorders has been a long-term discussion in Kansas and other states. There is little question that those individuals with "mental disorders" are treated differently from their neighbors who have "physical disorders." It is difficult, if not impossible to obtain insurance coverage for brain diseases, with the same levels of coverage that individuals can obtain for any physical condition.

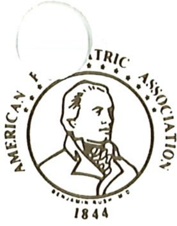
This is an issue of fairness, and I am appearing today to support legislation to bring fairness to the health insurance market for those individuals with mental disorders. Beyond urging support for this legislation, I would urge the committee to consider the following changes:

1. With regard to the new language in Section (a) of H.B. 2248, I suggest the words "under terms and conditions no less extensive than average coverage provided for any other type of health care" be changed to read "at the same level they are provided for a medical condition."

2. As respects new Section (c), I would recommend that in lieu of the proposed language, that the following list of specific "mental disorders" be listed: schizophrenia, bipolar disorder/major depression, schizoaffective disorder, panic disorder, obsessive-compulsive disorder, borderline personality disorder or any other brain disorders which according to prevailing scientific judgement and neurobiological are defined in the DSM-IV or subsequent issues.

   A specific listing would avoid the current controversy that exists regarding the appropriate payment for services rendered for the treatment of "mental illnesses."

House FI&I
Attachment 8
2-14-95



Kansas Psychiatric Society

a district branch of the American Psychiatric Association
623 SW 10th Ave, Topeka, Kansas 66612-1627
(913) 235-2383 • (800) 332-0156 • fax (913) 235-5114

February 14, 1995

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To: House Financial Institutions and Insurance Committee

From: C. Wheelen, Kansas Psychiatric Society Chip

Subject: House Bill 2248; Health Insurance Coverage

Thank you for the opportunity to express our support for HB2248. We believe strongly that health insurance coverage for diagnosis and treatment of mental illnesses should be subject to the same contractual provisions as other covered benefits under any health plan.

For several years there has been an unfortunate and perhaps unintended consequence of K.S.A. 40-2,105. The same copayment formula and coverage limits that apply to benefits for substance abuse treatment and personal counseling have been applied to some of the most disabling illnesses known to medical science. From a medical perspective, it seems absurd to even consider schizophrenia in the same context as counseling, much less apply the same legal requirements for health insurance coverage.

We are, however, concerned that the definition of "mental illnesses" in HB2248 might raise more questions than it answers. Whether a mental illness is affirmed by medical science as a disease of the brain may be debatable. What if the insurers find literature that critiques the findings of the other studies which identify a neurological basis for some of these illnesses? Are we simply inviting a protracted argument as to whether benefits should be paid? We are also somewhat unsure how "environmental trauma of the brain" might be interpreted by utilization review companies which specialize in rejecting insurance claims for coverage of mental health services. For those reasons, we offer a substitute definition that relies on the established standard. A copy is attached for your consideration.

We believe that our definition focuses on the criteria which should be the basis for insurance coverage; pain, disability, and risk of death. These are the measures that should define the difference between mental illnesses and other mental disorders. Such illnesses would include schizophrenia, bipolar disorder (manic depressive illness), major depression, and panic disorder. If you have ever known someone who suffered from one of these illnesses, you know how terribly disabling they are and that they can be life-threatening. You also know that they are treatable and that the patient can oftentimes return to a productive lifestyle. There is absolutely no reason these illnesses should not be insured just like other medical conditions.

Thank you for your consideration. We urge you to adopt the attached amendment and recommend HB2248 for passage.

House FI&I
Attachment 9
2-14-95

Amendment requested by Chip Wheelen
on behalf of Kansas Psychiatric Society

9-2

1 *than specific diseases or accidents only and which provides for reimburse-*
2 *ment or indemnity for services rendered to a person covered by such*
3 *policy, shall provide coverage for diagnosis and treatment of mental ill-*
4 *nesses under terms and conditions no less extensive than coverage pro-*
5 *vided for any other type of health care.*
6 (b) For the purposes of this section "nervous or mental conditions"
7 means disorders specified in the diagnostic and statistical manual of men-
8 tal disorders, ~~third edition, (DSM-III, 1980)~~ *fourth edition, (DSM-IV,*
9 *1994)* of the American psychiatric association but shall not include con-
10 ditions not attributable to a mental disorder that are a focus of attention
11 or treatment (~~DSM-III~~ *DSM-IV*, V Codes).
12 *(c) For the purposes of this section, "mental* ~~*illnesses" means any men-*~~
13 ~~*tal disorder that current medical science affirms is caused by a biological*~~
14 ~~*disorder or environmental trauma of the brain and that, if untreated, may*~~
15 ~~*substantially limit the life activities of the person with the illness.*~~
16 ~~(c)~~ *(d)* The provisions of this section shall be applicable to health
17 maintenance organizations organized under article 32 of chapter 40 of
18 the Kansas Statutes Annotated.
19 ~~(d)~~ *(e)* There shall be no coverage under the provisions of this section
20 for any assessment against any person required by a diversion agreement
21 or by order of a court to attend an alcohol and drug safety action program
22 certified pursuant to K.S.A. 8-1008 and amendments thereto.
23 ~~(e)~~ *(f)* The provisions of this section shall not apply to any medicare
24 supplement policy of insurance, as defined by the commissioner of in-
25 surance by rule and regulation.
26 Sec. 2. K.S.A. 40-2,105 is hereby repealed.
27 Sec. 3. This act shall take effect and be in force from and after its
28 publication in the statute book.

illness" means a clinically significant behavioral or psychological syndrome or pattern that occurs in an individual and that is associated with present distress or disability or with a significantly increased risk of suffering death, pain or disability and is specified in the diagnostic and statistical manual of mental disorders, fourth edition, by the American psychiatric association.

Kansas Department of Human Resources

Bill Graves, Governor
Wayne L. Franklin, Secretary

VOICE
(913) 296-1722
TTY
(913) 296-5044
FAX
(913) 296-1984

COMMISSION ON DISABILITY CONCERNS
1430 S.W. Topeka Boulevard
Topeka, Kansas 66612-1877

TOLL FREE
OUTSIDE TOPEKA
1-800-295-5232 (KCDC)
ADA INFORMATION
CENTER (BBS)
(913) 296-6529

Testimony Presented to
House Financial Institutions and Insurance
House Bill 2248
By
Sharon Huffman
Legislative Liaison

February 14, 1995

Thank you very much for introducing this bill and allowing me the opportunity to speak before you today.

The Kansas Commission on Disability Concerns (KCDC) believes that all people with disabilities are entitled to be equal citizens and equal partners in Kansas society. KCDC would like to encourage this committee to recommend HB 2248 for passage.

Adequate health insurance benefits are something that many of us take for granted. Unless we suffer from some sort of catastrophic accident or illness our benefits usually cover a large percentage of the medical expenses. Unfortunately, there has been a huge gap left in health insurance benefits for people who have a disease of the brain, most commonly referred to as mental illness. Although this disease is medically treatable, for many individuals it is left untreated or undertreated when the health insurance benefits run out.

To give you an example of the inequalities of health insurance benefits, I will use the benefit plan offered to State employees through Blue Cross/Blue Shield of Kansas. Under the current plan if an individual is in the hospital for any reason other than nervous or mental, the benefit plan will pay for almost unlimited doctor's visits and medical services. If an individual is in the hospital for a nervous or mental condition the insurance will only pay for one service a day. This means that if a doctor visits the patient and orders lab work the insurance will only pay for the higher of the two services, most likely the lab work. According to Blue Cross/Blue Shield, most hospitals write off the additional service and don't charge the patient. Ultimately, this shifting of costs will end up back on the table when it comes time to negotiate premium rates.

This is just one small, but significant example of the need for passage of HB 2248. I hope that you will carefully consider this bill as one that may already, or some day soon, affect you or one of your loved ones.

House FI&I
Attachment 10
2-14-95

OPPOSITION TO HOUSE BILL NO. 2248
By The Pyramid Life Insurance Company

Chairman Bryant and Members of the House Financial Institutions and Insurance Committee:

I am Keith Hawkins, Vice President and General Counsel of Pyramid Life. We are a small Kansas Company that sells individual health insurance coverage to those who are self employed and those who are not covered through their employer. We oppose House Bill No. 2248 because of its effect on affordability of coverage. If this bill passes, the additional cost for a Kansas family already paying 15% more for the current mandate, could be as much as 30%.

Our Company testified against this same proposal in the mid 1980's for the same reason - increased cost to the policyholder. That concern is even stronger today. In 1986, when K.S.A. 40-2,105 was enacted, the Legislature chose to limit benefits because of affordability. Coverage is currently mandated for 30 days inpatient treatment per year and $1,000 outpatient treatment per year up to a $7,500 lifetime maximum benefit. Our Company is licensed to do business in thirty-nine other states. Twenty-two states allow mental health coverage to be excluded. Others mandate coverage or an offer of coverage with more limited benefits than K.S.A. 40-2,105. We are not aware of any state that mandates coverage of mental illness the same as any other sickness as proposed in House Bill No. 2248.

We know that the current Kansas mandate has increased premiums for our individual policyholder by 3% and families by as much as 15%. Since the cost for this coverage is per person and not age distinct, families who may least be able to afford the increase, are hit the hardest. Our projection that the cost will increase 30% if House Bill No. 2248 passes may be conservative. Since no other state mandates such broad coverage, we can only project what the increase will be based on our current experience with limited benefits and based on the proven fact that broader benefits for such treatment will increase utilization and consequently, costs.

House FI&I
Attachment 11
2-14-95

We urge you to reject House Bill No. 2248. This is not the time to increase health insurance premiums for Kansas consumers. Thank you for your time and attention.

Respectfully submitted,

Keith Hawkins
Vice President
The Pyramid Life Insurance Company
6201 Johnson Drive
Mission, Kansas 66202
1-800-777-4677

V3. 1.

THE PYRAMID LIFE INSURANCE COMPANY

A Trusted Name For Over 80 Years.
We're the Company You Can Depend Upon for Products and Service.

COMPREHENSIVE MAJOR MEDICAL
POLICY FORM G-91

Date: 02/14/95

Prepared For: decker

Presented By: Pyramid Life Insurance Company
6201 Johnson Drive / P. O. Box 772
Shawnee Mission, KS 66201-077

Deductible: 500 Max Lifetime Benefit 2,000,000 Co-Payment: 5000

Name	Age	Sex	Smoker Class	Health Rating	Life Prem	Annual Premium
decker	35	M	NS	1.00	0	1145.55
spouse	33	F	NS	1.00	0	1517.25
2 Dependent Children						1274.70

ADDITIONAL RIDERS

Mental Illness, Alcoholism, Chemical Dependency & Drug Addiction Rider	456.00
ANNUAL PREMIUM	4393.50
POLICY FEE	20.00
TOTAL INITIAL PREMIUM	4413.50

The Following Premiums Do Not include Policy Fee(s)

Deductible Options	Co-Payment	Annual	Semi-Annual	Quarterly	SurePay
*500	5000	4393.50	2284.62	1164.28	377.84
750	5000	3908.20	2032.26	1035.67	336.11
1000	5000	3538.70	1840.12	937.76	304.33

ILLUSTRATED PREMIUMS INCLUDE RIDERS.

The deductible provision may vary by state of residence. See Outline of Coverage for your state.

Illustrated premiums are based on the rates presently in effect and are subject to change in accordance with the policy provisions.

This illustration provides a brief description of benefits for Policy Form G-91. This is not the insurance contract and only the actual policy provisions will control.

Comm Sebelius – in favor of w/ 2 additions
① "Issue of fairness"
② 11 4 & 5 p. 2 – "under terms the same as any other illness"
③ c – list spec. mental disorders

11-3

BRAD SMOOT
ATTORNEY AT LAW

EIGHTH & JACKSON STREET
MERCANTILE BANK BUILDING
SUITE 808
TOPEKA, KANSAS 66612
(913) 233-0016
(913) 234-3687 FAX

10200 STATE LINE ROAD
SUITE 230
LEAWOOD, KANSAS 66206
(913) 649-6836

STATEMENT OF BRAD SMOOT, LEGISLATIVE COUNSEL
BLUE CROSS BLUE SHIELD OF KANSAS
REGARDING HOUSE BILL 2248
HOUSE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE
FEBRUARY 14, 1994

Mr. Chairman, Members of the Committee:

I am Brad Smoot, Legislative Counsel for Blue Cross Blue Shield of Kansas, a non profit domestic insurance company serving thousands of Kansans. Thank you for this opportunity to comment on H 2248, a bill mandating coverage for "mental illnesses" as defined in the bill. On behalf of our insureds and premium payers, we must respectfully oppose the enactment of this legislation.

To begin with, H 2248 is vague. So vague, that our actuaries were unable to determine just how much this additional insurance coverage might cost our insureds. Subsection (c) of the bill defines "mental illness" to mean "any mental disorder that current medical science affirms is caused by a biological disorder or environmental trauma . . . " This language suggests that what is "mental illness" must be determined by "affirmation" of medical science (whatever that means) and that such a standard may change from time to time since that determination must be "current." It seems to me that "what" medical science is and "how" it "affirms" a given condition is a question of fact for lawyers, experts and juries to litigate indefinitely. This is hardly language which tells either insureds, insurers or providers which conditions will ultimately be covered.

While proponents may admit that this proposal will add costs, they can cite only studies from other states and have not complied with K.S.A. 40-2248 and 40-2249 (copy attached), which requires proponents of insurance mandates to prepare a fiscal impact statement to show the costs of any proposal on premium paying public.

House FI&I
Attachment 12
2-14-95

It may be important to note that Kansas insurance laws affect fewer and fewer people as more and more citizens are covered by Medicare, Medicaid and ERISA group coverage (self-insurance) or not covered at all. Increased costs and mandates tend to drive up insurance costs and drive people to self insure or give up coverage all together. Moreover, unfunded mandates such as this, eliminate choice for employers and insureds by telling them what coverage is good for them.

While we believe some modification could be made to the 30 day in-patient mandate of current law to allow for greater flexibility of covered services, a mandate for unlimited coverage for poorly defined mental illnesses will add only cost, confusion and litigation to the health insurance system. For example, take a patient diagnosed with depression. Does the carrier pay first dollar coverage for out-patient services as provided in K.S.A. 40-2,105(d) (see H 2248 at page 1, lines 34-41), or apply whatever deductible is applicable for all other health conditions as required by the new language of H 2248, page 1, lines 41-43 and page 2, lines 1-5?

Blue Cross Blue Shield of Kansas would urge the Committee to study this issue during the coming year and consider other alternatives to the current mental health mandate contained in K.S.A. 40-2,105. Thank you.

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157, § 7; July 1.

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shall be applied first to the earliest income years possible.

(d) Any amount of expenses paid by an employer under this act shall not be included as income to the employee for purposes of the Kansas income tax act. If such expenses have been included in federal taxable income of the employee, the amount included shall be subtracted in arriving at state taxable income under the Kansas income tax act.

(e) This section shall apply to all taxable years commencing after December 31, 1991.

History: L. 1990, ch. 157, § 8; July 1.

40-2247. Same; exemption from insurance premium tax. No premium tax shall be due or payable on a health benefit plan established under this act.

History: L. 1990, ch. 157, § 9; July 1.

40-2248. Mandated health benefits; impact report to be submitted prior to legislative consideration. Prior to the legislature's consideration of any bill that mandates health insurance coverage for specific health services, specific diseases, or for certain providers of health care services as part of individual, group or blanket health insurance policies, the person or organization which seeks sponsorship of such proposal shall submit to the legislative committees to which the proposal is assigned an impact report that assesses both the social and financial effects of the proposed mandated coverage. For purposes of this act, mandated health insurance coverage shall include mandated optional benefits. It shall be the duty of the commissioner of insurance to cooperate with, assist and provide information to any person or organization required to submit an impact report under the provisions of this act.

History: L. 1990, ch. 162, § 1; July 1.

40-2249. Same; contents. The report required under K.S.A. 40-2248 for assessing the impact of a proposed mandate of health coverage shall include at the minimum and to the extent that information is available, the following:

(a) The social impact, including:

(1) The extent to which the treatment or service is generally utilized by a significant portion of the population;

(2) the extent to which such insurance coverage is already generally available;

(3) if coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatment;

(4) if the coverage is not generally available, the extent to which the lack of coverage results in unreasonable financial hardship on those persons needing treatment;

(5) the level of public demand for the treatment or service;

(6) the level of public demand for individual or group insurance coverage of the treatment or service;

(7) the level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts; and

(8) the impact of indirect costs which are costs other than premiums and administrative costs, on the question of the costs and benefits of coverage.

(b) The financial impact, including:

(1) The extent to which insurance coverage of the kind proposed would increase or decrease the cost of the treatment or service;

(2) the extent to which the proposed coverage might increase the use of the treatment or service;

(3) the extent to which the mandated treatment or service might serve as an alternative for more expensive treatment or service;

(4) the extent to which insurance coverage of the health care service or provider can be reasonably expected to increase or decrease the insurance premium and administrative expenses of policyholders; and

(5) the impact of this coverage on the total cost of health care.

History: L. 1990, ch. 162, § 2; July 1.

40-2250. Insurance coverage to include reimbursement for services performed by advanced registered nurse practitioners. (a) Notwithstanding any provision of an individual or group policy or contract for health and accident insurance delivered within the state, whenever such policy or contract shall provide for reimbursement for any services within the lawful scope of practice of an advanced registered nurse practitioner within the state of Kansas, the insured, or any other person covered by the policy or contract, shall be allowed and entitled to reimbursement for such service irrespective of whether it was provided or performed by a duly licensed physician or an advanced registered nurse practitioner.

(b) Notwithstanding the provisions of subsection (a), reimbursement shall be mandated

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TESTIMONY BEFORE THE KANSAS HOUSE INSURANCE AND FINANCIAL INSTITUTIONS COMMITTEE
FEBRUARY 14, 1995
HB 2248

Thank you, Mr. Chairman for allowing me to present this opinion. My name is Kathy Revell R.N., M.S., NCAC II. I am a psychiatric nurse and certified addiction counselor with twenty years experience in both the clinical and managerial side of mental health care. I am also a Certified Professional in Healthcare Quality. As Mental Health Products Supervisor at HealthNet which is the largest managed care company in Kansas City serving over 400,000 members, I am responsible for mental health product development, mental health utilization management, quality assurance, and provider interface for Missouri and Kansas.

Based on my clinical background and my years in the mental health field, I wish to express my concern to the Committee about the conflict that exist between subsections (b) and (c) on page two (2) of the bill. Subsection (b) directs carriers and health plans to use the *Diagnostic and Statistical Manual of Mental Disorders-Fourth Edition* (DSM-IV) as our guide for defining mental illness. Subsection (c) introduces a new definition for mental illness, one that is unclear, vague, and unscientific. We recommend that the committee consider deleting subsection (c). Here is why:

The DSM Manuals have been the diagnostic standard since 1952. The current DSM-IV was revised with the input of over 1,000 professionals, lead by a Task Force to whom thirteen (13) Work Groups reported. The Work groups conducted a three stage empirical process the included 1.) comprehensive and systematic review of the published literature, 2.) reanalyses of already-collected data sets, and 3.) extensive issue-focused field trails. All mental health diagnoses are included including those where there is agreement of a biological basis. The DSM-IV is by design fully compatible with both most recent editions of the *International Statistical Classification of Diseases and Related Health Problems* (ICD-9-CM and ICD-10) developed by the World Health Organization. In addition special efforts were made in this edition to incorporate an awareness of cultural diversity in populations both in the Untied States and internationally. The opening chapter of the DSM-IV clearly suggests it be used as dimensional model rather then a classification model encouraging the practitioner to gather valuable information beyond a diagnosis.

If paragraph (c) is allowed to stay in the bill there remains a concern of who will define what is "current medical science", "biological disorder' or "environmental trauma of the brain"? Will it be the providers? The insurance companies? The Insurance Commission? Allow the professionals who labored on the development of the DSM-IV the responsibility to define the clinical classifications and diagnoses. Allow the residents of the state of Kansas the opportunity to have equality of definition, thereby avoiding the possibility of multiple interpretations of mental illness which could be arbitrarily applied.

I thank you once again for this opportunity to present this concern and I'd be pleased to answer any questions.

House FI&I
Attachment 13
2-14-95

MEMORANDUM

TO: The Honorable William M. Bryant, Chairman
House Financial Institutions and Insurance Committee

FROM: William W. Sneed
Gehrt & Roberts, Chartered

DATE: February 13, 1995

RE: H.B. 2248

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 300 insurance companies that write over 80% of the health insurance in the United States today. Please accept this memorandum as our testimony in regard to H.B. 2248.

H.B. 2248 is an amendment to K.S.A. 40-2,105. K.S.A. 40-2,105 is commonly referred to as the mandated coverage for alcoholism, drug abuse and nervous or mental conditions. Currently this mandate has been in place and generally limits the treatment to thirty days per year. Further, the statute limits the amount subject to reimbursement to a $7,500.00 lifetime limitation.

The HIAA favors the preservation of a system that allows for prospective purchasers of health insurance free choice of which risks he or she wishes to cover among the various coverages offered by competing insurance carriers. The HIAA also believes that the choice of how the policyholder spends what funds are available for health insurance should be free from government decree. The HIAA supports the concept of preventive health care benefits. However, the HIAA believes that the decision to offer such benefits should be left the individual companies in response

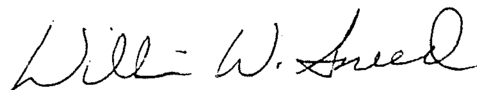
to competitive market forces. It continues to oppose the proliferation of such benefits through government mandates.

This is compounded by the fact that over 1/3 of all health care coverages is provided through some form of self insurance. Thus, this mandate would only be afforded to those insurance companies and not to the self-insureds. Therefore, such a mandate would not be equally spread among the entire population of the state of Kansas.

Further, we believe the language found in page two, lines 12 through 15, to be extremely broad and ambiguous. For example, we are unaware of any definition for the terminology "medical science affirms." We contend that it is easily attainable to determine that such language is ambiguous and would make the rating of our products, if not difficult, most likely impossible.

My client certainly understands the concerns brought by the proponents of this bill. However, government mandates, in an arena that does not provide universal coverage, makes such legislation very difficult to rate and price and would make it impossible to effectually procure through the regular insurance markets without great hardship on our current policyholders. Thus, we respectfully request that you act disfavorably on H.B. 2248.

Respectfully submitted,



William W. Sneed