

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Dick Bond at 9:10 a.m. on March 8, 1995 in Room 529-S of the Capitol.

Members present were: Senator Clark, Senator Emert, Senator Lee, Senator Petty, Senator Praeger, Senator Steffes

Committee staff present: Dr. William Wolff, Legislative Research Department
Fred Carman, Revisor of Statutes
June Kossover, Committee Secretary

Conferees appearing before the committee: Representative Gwen Welshimer
Representative Phyllis Gilmore
Tom Wilder, Kansas Insurance Department
Brad Smoot, Blue Cross Blue Shield of Kansas
Don Lind, Vice President, Blue Cross Blue Shield

Others attending: See attached list

The hearing was opened on HCR 5017. Representative Gwen Welshimer, who sponsored this resolution, offered testimony to explain that it requests a study to standardize insurance remittance advice forms statewide. Representative Welshimer also explained the need for standardized remittance forms and presented documentation of the problems experienced by health care providers as the situation now exists. (Attachment #1)

In order to accommodate both Representatives Welshimer and Gilmore, the chairman opened the hearing on HB 2343, which would require HMO contracts to cover adopted children. Representative Phyllis Gilmore, sponsor of this bill, appeared before the committee to explain that it is basically a clean-up bill. The original legislation omitted HMO's from mandated payment for adopted children. (Attachment #2) Senator Emert questioned whether or not the provision calling for the petition for adoption to be filed within 31 days of birth created problems and Representative Gilmore replied that this is felt to be a fair parameter.

Tom Wilder, Kansas Insurance Department, testified that the Insurance Department is in favor of conducting the study requested in HCR 5017. William Sneed, American Insurance Association, also voiced the industry's support for this study. Senator Lee made a motion, seconded by Senator Petty, to pass HCR 5017 favorably and to place it on the Consent Calendar. The motion carried.

The committee returned to consideration of HB 2343. Tom Wilder, Kansas Insurance Department, testified as a proponent of this bill and presented an amendment to require that services to be paid by HMO for adopted children must be performed by an HMO provider. (Attachment #3) Dr. Woolf, Legislative Research, explained that the language in the bill as originally drafted is not different from the current amendments, which only clarify the language. Mr. Carman, Revisor, presented an amendment to correct the title of the bill to reflect its content. (Attachment #4)

Senator Bond advised the committee that he and Senator Praeger have discussed with the insurance industry their concerns about the impact on small groups of the compression of rates which is scheduled to take effect on December 31, 1996, and noted that HB 2343 could be considered an appropriate vehicle to begin to address the anticipated problems. Senator Praeger clarified for Senator Lee that policies written since 1993 would not be affected since they already comply with the 25% deviation requirement.

Brad Smoot, Blue Cross Blue Shield, briefly provided the committee with background information and introduced Don Lind, Vice President for Finance of Blue Cross Blue Shield. Mr. Lind explained the mechanism for placing small groups within the compression range. In response to Senator Emert's question regarding why some counties have low rates and some have high rates, Mr. Lind replied that the rating of groups is based on loss experience prior to 1993 and that groups above the range would receive rate reductions.

Senator Praeger made a motion to adopt the amendments requested by Mr. Wilder and Mr. Carman. Senator Lee seconded the motion. The motion carried.

Senator Emert moved to approve the minutes of the meeting of March 7; Senator Clark seconded the motion. The motion carried.

Due to time constraints, the hearing on further amendments to HB 2343 will be continued in the meeting of Thursday, March 16. The committee adjourned at 10:00 a.m.

SENATE FINANCIAL INSTITUTIONS & INSURANCE
COMMITTEE GUEST LIST

DATE: 3/8/95

NAME	REPRESENTING
Tom Wilder	Kansas Dept of Insurance
Stacy Simpson	Hein, Ebert & Weir, Ltd
Joe Krona	Intern
Dudley Harvass	SPS
Bill Sneed	HIAA
Janya Jurey	Baker University School of MSG.
Jeanne Vopata	"
Bill Pitsenberger	Blue Cross
Ron Lynn	Blue Cross
David Franzke	KS Dental Assn
David Hanson	Ks Life Ins. Assoc
STEVE KEARNEY	CIANA
John Federico	Pete McGill + Assoc
Brod Smoot	SCBS

GWEN WELSHIMER
REPRESENTATIVE, EIGHTY-EIGHTH DISTRICT
SEDGWICK COUNTY
6103 CASTLE
WICHITA, KANSAS 67218
316-685-1930
DURING SESSION
LEGISLATIVE HOTLINE
1-800-432-3924



TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: TAXATION
LOCAL GOVERNMENT
ADMINISTRATIVE RULES & REGULATIONS

Gwen Welshimer

DATE: MARCH 8, 1995
TO: SEN. DICK BOND AND MEMBERS OF THE
SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
FROM: REP. GWEN WELSHIMER
SUBJECT: HOUSE CONCURRENT RESOLUTION 5017

THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY. HCR 5017 IS THE RESULT OF A HOUSE BILL INTRODUCED AS A HOUSE FINANCIAL INSTITUTIONS AND INSURANCE BILL WHICH WOULD STANDARDIZE THE REMITTANCE ADVISE FORM STATEWIDE. AT THE PRESENT TIME, THE FORMS THAT PROVIDERS USE TO FILE FOR PATIENT BENEFITS IS A STANDARD FORM. THIS SAVES TIME AND MONEY IN PROVIDER OFFICES; HOWEVER, MORE THAN 400 INSURANCE COMPANIES REPLY WITH THE INFORMATION ON INDIVIDUAL FORMS THAT ARE CONFUSING AND TIME CONSUMING FOR THE PROVIDERS.

INCLUDED IN MY HANDOUT IS A LETTER FROM MY PHYSICIAN'S OFFICE NURSE WHO EXPRESSED THIS CONCERN TO ME. ALSO INCLUDED ARE HER SAMPLES OF SOME OF THE FORMS WHICH REFLECT THE PROBLEM.

*Senate 7141
3/8/95
Attachment #1*

To: House Committee on Financial Institutions and Insurance

From: Elaine K. Hoch, RMA

Date: January 23, 1995

Subject: HB #2072

This is my written testimony regarding HB 2072.

I would like to see one format for a universal remittance advice or explanation of benefits form. In my small one doctor office I have over 200 different insurance companies which I must deal with. I receive remittance advices (RA's) from all of these companies and some companies have more than one format of RA's depending on which policy the claimant has. My mind has to "shift gears" every time I open a new envelope. This takes significant time and effort especially on busy, confusing days. This also increases the chance of making a mistake.

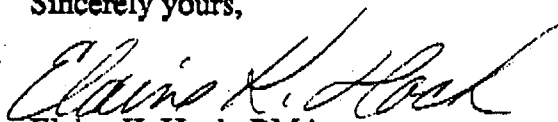
The insurance companies place the information in different locations on different size forms which makes the different RA's difficult to read and post. Some companies do not include pertinent information, (ie: office patient ID number, what specific service was performed or if there is a "contractual writeoff") necessary for the office to correctly post to a patient's account.

What is needed is a Universal Remittance Advice. Insurance companies have demonstrated that they can utilize a single claim form (HCFA 1500). A universal response to that submission should not be difficult. Such a form would speed the posting of accounts and decrease errors. A universal remittance advice would benefit insurance companies by decreasing contacts from confused medical office personnel and policyholders.

This problem exists in all medical offices/clinics across the state. In my 18 years as a Registered Medical Assistant I have worked in all sizes of practices from one doctor offices to large multiple physician clinics. The problems caused by many different remittance forms existed in all. One form would solve problems everywhere.

Thank you for your time and consideration for assisting to make my job a little easier and more precise.

Sincerely yours,


Elaine K. Hoch, RMA

PLEASE DO NOT STAPLE IN THIS AREA

APPROVED OMB-L

HEALTH INSURANCE CLAIM FORM

1. MEDICARE <input type="checkbox"/> MEDICAID <input type="checkbox"/> CHAMPUS <input type="checkbox"/> CHAMPVA <input type="checkbox"/> GROUP HEALTH PLAN <input type="checkbox"/> FECA BLK LUNG <input type="checkbox"/> OTHER <input type="checkbox"/> <small>(Medicare #) (Medicaid #) (Sponsor's SSN) (VA File #) (SSN or ID) (SSN) (ID)</small>										1a. INSURED'S I.D. NUMBER (FOR PROGRAM IN ITEM 1)		
2. PATIENT'S NAME (Last Name, First Name, Middle Initial)				3. PATIENT'S BIRTH DATE MM DD YY M <input type="checkbox"/> F <input type="checkbox"/>		4. INSURED'S NAME (Last Name, First Name, Middle Initial)						
5. PATIENT'S ADDRESS (No., Street) CITY STATE ZIP CODE TELEPHONE (Include Area Code)				6. PATIENT RELATIONSHIP TO INSURED Self <input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Other <input type="checkbox"/>		7. INSURED'S ADDRESS (No., Street) CITY STATE ZIP CODE TELEPHONE (INCLUDE AREA CODE)						
9. OTHER INSURED'S NAME (Last Name, First Name, Middle Initial)				10. IS PATIENT'S CONDITION RELATED TO: a. EMPLOYMENT? (CURRENT OR PREVIOUS) <input type="checkbox"/> YES <input type="checkbox"/> NO b. AUTO ACCIDENT? PLACE (State) <input type="checkbox"/> YES <input type="checkbox"/> NO c. OTHER ACCIDENT? <input type="checkbox"/> YES <input type="checkbox"/> NO		11. INSURED'S POLICY GROUP OR FECA NUMBER a. INSURED'S DATE OF BIRTH MM DD YY M <input type="checkbox"/> F <input type="checkbox"/> SEX b. EMPLOYER'S NAME OR SCHOOL NAME c. INSURANCE PLAN NAME OR PROGRAM NAME d. IS THERE ANOTHER HEALTH BENEFIT PLAN? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>If yes, return to and complete item 9 a-d</i>						
READ BACK OF FORM BEFORE COMPLETING & SIGNING THIS FORM. 12. PATIENT'S OR AUTHORIZED PERSON'S SIGNATURE I authorize the release of any medical or other information necessary to process this claim. I also request payment of government benefits either to myself or to the party who accepts assignment below. SIGNED _____ DATE _____										13. INSURED'S OR AUTHORIZED PERSON'S SIGNATURE I authorize payment of medical benefits to the undersigned physician or supplier for services described below. SIGNED _____		
14. DATE OF CURRENT: <input type="checkbox"/> ILLNESS (First symptom) OR INJURY (Accident) OR PREGNANCY(LMP) MM DD YY			15. IF PATIENT HAS HAD SAME OR SIMILAR ILLNESS. GIVE FIRST DATE MM DD YY			16. DATES PATIENT UNABLE TO WORK IN CURRENT OCCUPATION FROM MM DD YY TO MM DD YY						
17. NAME OF REFERRING PHYSICIAN OR OTHER SOURCE				17a. I.D. NUMBER OF REFERRING PHYSICIAN		18. HOSPITALIZATION DATES RELATED TO CURRENT SERVICES FROM MM DD YY TO MM DD YY						
19. RESERVED FOR LOCAL USE						20. OUTSIDE LAB? \$ CHARGES <input type="checkbox"/> YES <input type="checkbox"/> NO						
21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY. (RELATE ITEMS 1,2,3 OR 4 TO ITEM 24E BY LINE) 1. _____ 3. _____ 2. _____ 4. _____						22. MEDICAID RESUBMISSION CODE ORIGINAL REF. NO. 23. PRIOR AUTHORIZATION NUMBER						
24. A DATE(S) OF SERVICE From To MM DD YY MM DD YY		B Place of Service	C Type of Service	D PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) CPT/HCPCS MODIFIER		E DIAGNOSIS CODE	F \$ CHARGES	G DAYS OR UNITS	H EPSDT Family Plan	I EMG	J COB	K RESERVED FOR LOCAL USE
25. FEDERAL TAX I.D. NUMBER SSN EIN <input type="checkbox"/> <input type="checkbox"/>		26. PATIENT'S ACCOUNT NO.		27. ACCEPT ASSIGNMENT? (For govt. claims, see back) <input type="checkbox"/> YES <input type="checkbox"/> NO		28. TOTAL CHARGE \$		29. AMOUNT PAID \$		30. BALANCE DUE \$		
31. SIGNATURE OF PHYSICIAN OR SUPPLIER INCLUDING DEGREES OR CREDENTIALS (I certify that the statements on the reverse apply to this bill and are made a part thereof.) SIGNED _____ DATE _____				32. NAME AND ADDRESS OF FACILITY WHERE SERVICES WERE RENDERED (If other than home or office)				33. PHYSICIAN'S, SUPPLIER'S BILLING NAME, ADDRESS, ZIP CODE & PHONE # PIN# _____ GRP# _____				

1-3



*7-21-94
12/23/94*

REMITTANCE ADVICE AARP Group Health Insurance

AARP CLAIM UNIT PO BOX 13999
PHILADELPHIA PA 19187 0216

DECEMBER 19, 1994 A
CHECK # 9706046866
TOLL FREE 1 800 523-5880

PROVIDER: JOHN H WENINGER MD*

PATIENT NAME/ NUMBER	PROVIDER	SERVICE DATES FROM TO	PROVIDER CHARGED AMOUNT	MEDICARE ALLOWED AMOUNT	MEDICARE PAID AMOUNT	DEDUCTIBLE	NOTES	ANSI CODE	AARP PAID
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			MEMBERSHIP#		AARP CLAIM# 43431-082412-1				
			WENINGE	110394	40.00	28.43	22.74		5.
			WENINGE	110394	15.00	9.45	9.45	203*	.
								TOTAL AARP PAID	5.

REFER TO MESSAGE 015 ON BACK OF FORM.

HEINRICHS VIDA N			MEMBERSHIP# 13633730-12		AARP CLAIM# 43431-082413-1				
1011 0	WENINGE	110794	100.00	56.41	47.63				8.

REFER TO MESSAGE 015 ON BACK OF FORM.

* REFER TO BACK OF FORM FOR EXPLANATION OF NOTES.

CHECK TOTAL \$*****14

PLEASE DETACH CHECK BELOW AND CASH PROMPTLY

1-4



AETNA LIFE INS CO-AETNA HEALTH PLANS
 P.O. BOX 6610
 8700 STATE LINE
 LEAWOOD, KS 66206

5507-01

*202 Paid
 12-21-11*

EXPLANATION OF PROVIDER PAYMENT

PAGE 1
 12/16/94

E-48-0684334



JH WENINGER
 1148 S HILLSIDE ST
 WICHITA KS

67211-4005

AETNA HAS IMPLEMENTED ADMINISTRATIVE CHANGES WHEREBY ALL CHECKS AND DRAFTS ARE ISSUED THE NAME OF THE PARTY WHOSE TAXPAYER IDENTIFICATION NUMBER (TIN) IS SUBMITTED AS PART AN ASSIGNED CLAIM. PAYMENTS ARE NOT MADE IN THE NAME OF THE INDIVIDUAL PRACTITIONER WHO PERFORMED THE SERVICES IN QUESTION UNLESS SUCH PERSON'S TIN APPEARS ON THE SUBMIT CLAIM.

ADDITIONALLY, ALL PAYMENTS AND CLAIM EXPLANATIONS RELATING TO INDIVIDUAL PRACTITIONER SHARING A COMMON TIN AND BILLING ADDRESS ARE BULK MAILED TO SUCH ADDRESS.

A DRAFT WAS ISSUED TO JH WENINGER (5507-20591977) IN THE AMOUNT OF \$177.00. THE BENEFITS LISTED BELOW REFLECT YOUR PORTION OF THIS PAYMENT. IF YOU HAVE ANY QUESTIONS ABOUT THE INDIVIDUAL PAYMENTS LISTED BELOW, PLEASE CONTACT THE APPROPRIATE ISSUING SERVICE CENTER.

NOTE: ALL INQUIRIES AND CLAIMS SHOULD REFERENCE THE INSURED ID NUMBER FOR PROMPT RES

SERVICE DATES	SERVICE PL	SERVICE CODE NO.	SUBMITTED EXPENSES	NEGOTIATED ADJUSTMENT	COPAY AMOUNT	PENDING OR NOT PAYABLE	SEE RMXS	DEDUCTIBLE	COINSURANCE	PATIENT RESP	PAY/AMT
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NETWORK00208 WICHITA AHP (RN)

ISSUING SERVICE CENTER P.O. BOX 6610 8700 STATE LINE, LEAWOOD, KS 66206 - TEL. (913) 383-5200
 PAYOR ID 60054 SUB-ID 030 GRP NO - 653934 GRP NAME - THE COLEMAN COMPANY, INC.

INSURED: [REDACTED]	INSURED ID: [REDACTED]	DIAG: 7248	DRG:	TCN: [REDACTED]
PATIENT: [REDACTED]	RELATION: SELF	PATIENT NO: [REDACTED]		
111094	OF 99213 1	40.00	5.00	5.00
CLAIM TOTALS:		40.00	5.00	ISSUED AMOUNT \$

INSURED: [REDACTED]	INSURED ID: [REDACTED]	DIAG: 8409	DRG:	TCN: [REDACTED]
PATIENT: [REDACTED]	RELATION: SON	PATIENT NO: [REDACTED]		
111094	OF 99213 1	40.00	5.00	5.00
CLAIM TOTALS:		40.00	5.00	ISSUED AMOUNT \$

INSURED: [REDACTED]	INSURED ID: [REDACTED]	DIAG: 462	DRG:	TCN: [REDACTED]
PATIENT: [REDACTED]	RELATION: SPOUSE	PATIENT NO: [REDACTED]		
111694	OF 99213 1	40.00	5.00	5.00
CLAIM TOTALS:		40.00	5.00	ISSUED AMOUNT \$

NETWORK00208 WICHITA AHP (RN)

ISSUING SERVICE CENTER 4013 NW EXPRESS WAY SUITE 300 OKLAHOMA CITY, OK 73116, - TEL. (405) 879-6400
 PAYOR ID 60054 SUB-ID 063 GRP NO - 608650 GRP NAME - THE CESSNA AIRCRAFT COMPANY

INSURED: [REDACTED] INSURED ID: [REDACTED]

**AMERICAN
MEDICAL SECURITY**

R for Good Health®

PO Box 19032
Green Bay, WI 54307-9032

EXPLANATION OF BENEFITS

(This is not a bill)

DATE	EMPLOYEE/ INSURED	PATIENT	GROUP NO.	CLAIM NO.
11/24/94	[REDACTED]	[REDACTED]	1800-001023	454347-0-78



004036-002868-003597
JOHN WENINGER MD
1148 S HILLSIDE ST STE 12
WICHITA KS 67211-4005

PROVIDER JOHN WENINGER MD
PROVIDER ID 48-0684334
PATIENT ACCOUNT NUMBER [REDACTED]
DATES OF SERVICE 10/17/94 TO 10/17/94

SERVICE	SERVICE DATE	TOTAL CHARGE	PROVIDER DISCOUNT	NOT COVERED	REMARK	COPAY OR DEDUCTIBLE	ELIGIBLE EXPENSE	PAID AT%	BENEFIT
CPT:99213	1 UNIT 10/17/94	40.00							40.00
	PAYMENT SUMMARY	40.00							40.00

SMART MOVE! You saved yourself money and received the best insurance benefit by using a PPO cost conscious provider of WICHITA PREF PROVIDER ASSOC

*posted
12-1-94*

Questions? Call 800-232-5432 Mon-Fri 7AM-9PM, Sat 8AM-4:30PM (CST)

CHECK NUMBER	AMOUNT	CHECK ISSUED TO:	YOU OWE DOCTOR/HOSPITAL	DEDUCTIBLE SATI
4830793	40.00	JOHN WENINGER MD		500.00

SAVE THIS COPY FOR YOUR RECORDS.

*** ACTION REQUESTED - PLEASE VERIFY YOUR TAX ID NUMBER 51-0367374 IF TAX ID IS INCORRECT, NOTIFY US BY MAILING A COPY OF THIS CHECK STUB WITH YOUR CORRECT TAX IDENTIFICATION NUMBER INDICATED. ***

PATIENT NAME	PAT. NO.	BILLED	APPRVD	DEDUCT	CO-INS	PAID
[REDACTED] 930209663-547071	[REDACTED] SERV. DT. - 09-22-94	40.00	28.43	.00	5.69	5.69 ✓
[REDACTED] 920109566-545272	[REDACTED] SERV. DT. - 09-21 TO 09-22-94	80.00	56.86	.00	11.37	11.37 ✓
[REDACTED] 920109566-545272	[REDACTED] SERV. DT. - 10-04-94	40.00	28.43	.00	5.69	5.69 ✓

DATE: 11/19/94
CHECK NO. 2365740

CONTROL NO. 00026157

TOTAL PAID 22.75

*posted
11-30-94*

Bankers Life



**BlueCross
BlueShield
of Kansas***

REMITTANCE ADVICE

I.D. CARD NO. ----- PATIENT NAME	PROVIDER PATIENT ACCOUNT NO.	SERVICE DATE	PS TS	DRG CODE PROCEDURE CODE	O T L R	D A Y S	PROVIDER TOTAL CHARGE	AMOUNT ALLOWED	PROVIDER WRITE-OFF	TOTAL AMOUNT NOT COVERED	AMOUNT PATIENT OWES	TOTAL AMOUNT PAID	EXP CODE	REMARKS
[REDACTED]	002793	11294	3											
[REDACTED]			1	99213			4000	3860	140	00	00	3860	S	BOEING
[REDACTED]	SUBTOTAL						4000	3860	140	00	00	3860		
[REDACTED]	002793	12024	3											
[REDACTED]			1	99213			4000	4000	00	00	800	3200	S	CHOICE
[REDACTED]	SUBTOTAL						4000	4000	00	00	800	3200		
[REDACTED]	002793	12054	3											
[REDACTED]			1	99213			4000	4000	00	00	800	3200	S	SELECT
[REDACTED]	SUBTOTAL						4000	4000	00	00	800	3200		
[REDACTED]	002793	12014	3											
[REDACTED]			1	99213			4000	3860	140	00	00	3860	S	BOEING
[REDACTED]	002793	12014	3											
[REDACTED]			5	81000			1500	1047	453	00	00	1047	S	BOEING
[REDACTED]	002793	12054	3											
[REDACTED]			5	80050			9000	6394	2606	00	00	6394	S	BOEING
[REDACTED]	002793	12054	3											
[REDACTED]			5	83036			2000	2000	00	00	00	2000	S	BOEING
[REDACTED]	002793	12054	3											
[REDACTED]			2	36415			500	500	00	00	00	500	S	BOEING
[REDACTED]	SUBTOTAL						17000	13801	3199	00	00	13801		SELECT
[REDACTED]	002793	11284	2											
[REDACTED]			2	45330			12500	12500	00	00	00	12500	S	SELECT
[REDACTED]	SUBTOTAL						12500	12500	00	00	00	12500		
[REDACTED]	002793	11144	3											
[REDACTED]			5	82150			1200	1200	00	00	00	1200	S	SELECT
[REDACTED]	SUBTOTAL						1200	1200	00	00	00	1200		
[REDACTED]	002793	12064	3											
[REDACTED]			1	99214			6000	6000	00	00	00	6000	S	BOEING
[REDACTED]	002793	12064	3											
[REDACTED]			5	82270			1000	1000	00	00	00	1000	S	BOEING
[REDACTED]	SUBTOTAL						7000	7000	00	00	00	7000		SELECT
[REDACTED]	002793	12134	3											
[REDACTED]			1	99213			4000	4000	00	00	800	3200	S	SELECT
[REDACTED]	SUBTOTAL						4000	4000	00	00	800	3200		
[REDACTED]	002793	12124	3											
[REDACTED]			1	99213			4000	4000	00	00	2660	1340	S	CHOICE
[REDACTED]	SUBTOTAL						4000	4000	00	00	2660	1340		
[REDACTED]	002793	12024	3											
[REDACTED]			R	J3420			800	770	30	00	154	616	S	CHOICE
[REDACTED]	SUBTOTAL						800	770	30	00	154	616		

TOTALS -----

DAYS	TOTAL CHARGES	AMT ALLOWED	WRITE-OFF	AMT NOT CVRD	PATIENT OWES	AMOUNT PAID
				CHECK NO.	PAY DAY	PROVIDER NO.
					12/19/94	002793

1-8
WENINGER JOHN H
1148 S HILLSIDE #12
WICHITA KS 67211

February 13, 1995

Mr. Chairman and Fellow Representatives

Thank you for the opportunity to testify before you today regarding House Bill 2343.

This is simply a clean-up bill. When the Legislature passed the original bill back in 1990, it is my understanding that it was thought that health maintenance organizations were included. However, that has not been the case. Because of the use of the phrase, "insurance companies", HMO's were able to exclude themselves from payment of medical costs in an adoption situation. It is my belief, and this has been verified by some of the "old-timers", that this was not the intention of the original legislation.

I have talked with the insurance commissioner who supports this effort as do a number of representatives who were here back in 1990. Additionally, I have spoken with a couple of health care lobbyists who have not indicated any major opposition by their clients.

Whenever we talk about adoptions, we are speaking of small

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Attachment #2

numbers. The attachment shows you the total number of adoptions in Kansas in 1994. Further breakdown of the numbers for the state are not available. However, in Johnson county about 1/4 of the total number of adoptions are private infant adoptions. Many of these are covered under other insurance, so the total number adoptions affected by this bill would probably be significantly less than 1/4 of all of the adoptions that occur.

While this bill does not, in my opinion, have significant impact on any single HMO, certainly it is of great significance to any one adoptive couple who may be facing large out-of-pocket medical expenses. Of course, it goes without saying, the adoptive couple would have medical coverage if they were giving birth.

Thank you for your time and I will respectfully stand for questions.

Phyllis Gilmore

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

**300 S.W. 10th Avenue
Room 545-N -- Statehouse**

Phone 296-3181

January 27, 1995

TO: Representative Phyllis Gilmore

Office No. 303-N

RE: Reported Adoptions

The Office of the Clerk of the Supreme Court reports that the court system collects data only on the number of adoptions that are filed with the courts in a fiscal year. While the total can be broken down by county or judicial district, there is no data provided as to whether the adoption is a private or agency adoption, a stepparent adoption, etc.

The total number of adoptions filed with the Kansas court system in fiscal year 1994, the latest year for which information is currently available, was 1,715.

Judge Bruner told the Joint Committee on Children and Families that in Johnson County there have been an average of 250 adoption cases a year over the last several years, indicating a fairly stable pool of children available for adoption. About one-half are stepparent adoptions; about 100 to 110 involve infants; about one-half are adoptions arranged through child placing agencies, including the Social and Rehabilitation Services, and the remainder are private adoptions. Costs are averaging between \$300 to \$500 for adult adoptions in Johnson County. For children being adopted by stepparents, the costs are about \$400 to \$500. Agency adoptions for infants under one year normally run from \$7,000 to \$11,000, and independent adoptions are running between \$8,000 and \$12,000. Medical expenses can account for costs up to \$20,000 and be approved. (Source: *Minutes of the Joint Committee on Children and Families for August 10-11, 1994.*)

If you are aware of other sources of information you would like for me to try, please contact me.

Emalene Correll
Research Associate



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

MEMORANDUM

To: Senate Financial Institutions and Insurance Committee

From: Tom Wilder, Director of Governmental Relations
Kansas Department of Insurance

Date: March 6, 1995

Re: H.B. 2343 (Insurance Coverage for Newly Born or Adopted Children)

The Kansas Department of Insurance supports House Bill 2343 which adds Health Maintenance Organizations to the list of health insurers who must provide insurance coverage for newly born children and children who are adopted by an insured. Currently, K.S.A. 40-2,102 requires individual and group health insurance policies to provide insurance coverage for a newly born child of the insured or a child who is adopted by the insured. This proposal would require Health Maintenance Organizations to offer the same coverage.

One concern which has been expressed by some HMOs is the possibility that they will have to provide coverage for the birth expenses. The current law allows insurers to provide optional coverage for the cost of delivery and HMOs would be required to offer this option which could be conditioned on the birth mother agreeing to use a HMO medical facility and doctor to handle the birth of the child to be adopted.

The Department of Insurance asks this committee to recommend H.B. 2343 favorable for passage.

*Senate 4/4/1
3/8/95
Attachment 3*

HOUSE BILL No. 2343

By Representatives Gilmore, Carmody, Cornfield, Freeborn, Goodwin, Horst, Landwehr, Merritt, Myers, O'Connor, Powell, Wilson and Yoh

2-3

10 AN ACT concerning insurance; relating to coverage for newly born and
11 adopted children; amending K.S.A. 40-2,102 and repealing the existing
12 section.

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 40-2,102 is hereby amended to read as follows: 40-
16 2,102. (a) All individual and group health insurance policies providing
17 coverage on an expense incurred basis and individual and group service
18 or indemnity type contracts issued by a profit or nonprofit corporation
19 which provides coverage for a family member of the insured or subscriber
20 *and all contracts issued by health maintenance organizations* shall, as to
21 such family members' coverage, also provide that the health insurance
22 benefits applicable for children shall be payable with respect to a: (1)
23 newly born child of the insured or subscriber from the moment of birth;
24 (2) newly born child adopted by the insured or subscriber from the mo-
25 ment of birth if a petition for adoption as provided in ~~section 19~~ K.S.A.
26 *59-2128, and amendments thereto*, was filed within 31 days of the birth
27 of the child; or (3) child adopted by the insured or subscriber from the
28 date the petition for adoption as provided in ~~section 19~~ K.S.A. *59-2128,*
29 *and amendments thereto*, was filed.

30 The coverage for newly born children shall consist of coverage of injury
31 or sickness including the necessary care and treatment of medically di-
32 agnosed congenital defects and birth abnormalities.

33 If payment of a specific premium or subscription fee is required to
34 provide coverage for a child, the policy or contract may require that no-
35 tification of birth of a newly born child or the filing of the petition for
36 adoption and payment of the required premium or fees must be furnished
37 to the insurer or nonprofit service or indemnity corporation within 31
38 days after the date of birth or the filing of the petition for adoption in
39 order to have the coverage continue beyond such 31-day period.

40 (b) All individual and group health insurance policies providing cov-
41 erage on an expense incurred basis and individual and group service or
42 indemnity type contracts issued by a profit or nonprofit corporation which
43 provides coverage for a family member of the insured or subscriber, as

organized or authorized to transact business in this state

The contract issued by a health maintenance organization may provide that the benefits required pursuant to this subsection shall be covered benefits only if the services are rendered by a provider who is designated by and affiliated with the health maintenance organization.

and all contracts issued by health maintenance organizations organized or authorized to transact business in this state

3-2

1 to such family members' coverage, shall also offer an option whereby the
 2 health insurance benefits shall include delivery expenses at birth of the
 3 birth mother of a child adopted within 90 days of birth of such child by
 4 the insured or subscriber/subject to the same limitations contained in
 5 such policy or contract applicable to the insured or subscriber. Such offer
 6 of an option regarding such delivery expense shall be made to the insured
 7 and, to the individual subscribers in the case of a group health insurance
 8 policy.

The contract issued by a health maintenance organization may
 provide that the benefits required pursuant to this subsection shall be
 covered benefits only if the services are rendered by a provider who is
 designated by and affiliated with the health maintenance organization.

9 ~~(c) The provisions of this section shall be applicable to health main-~~
 10 ~~tenance organizations organized or authorized to transact business in this~~
 11 ~~state under article 32 of chapter 40 of the Kansas Statutes Annotated.~~

12 Sec. 2. K.S.A. 40-2,102 is hereby repealed.

13 Sec. 3. This act shall take effect and be in force from and after its
 14 publication in the statute book.

HOUSE BILL No. 2343

By Representatives Gilmore, Carmody, Cornfield, Freeborn, Goodwin, Horst, Landwehr, Merritt, Myers, O'Connor, Powell, Wilson and Yoh

2-3

10 AN ACT concerning insurance; relating to coverage for newly born and
11 adopted children; amending K.S.A. 40-2,102 and repealing the existing
12 section.
13

provisions in health maintenance organization contracts;

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

15 Section 1. K.S.A. 40-2,102 is hereby amended to read as follows: 40-
16 2,102. (a) All individual and group health insurance policies providing
17 coverage on an expense incurred basis and individual and group service
18 or indemnity type contracts issued by a profit or nonprofit corporation
19 which provides coverage for a family member of the insured or subscriber
20 and all contracts issued by health maintenance organizations shall, as to
21 such family members' coverage, also provide that the health insurance
22 benefits applicable for children shall be payable with respect to a: (1)
23 newly born child of the insured or subscriber from the moment of birth;
24 (2) newly born child adopted by the insured or subscriber from the mo-
25 ment of birth if a petition for adoption as provided in ~~section 19~~ K.S.A.
26 59-2128, and amendments thereto, was filed within 31 days of the birth
27 of the child; or (3) child adopted by the insured or subscriber from the
28 date the petition for adoption as provided in ~~section 19~~ K.S.A. 59-2128,
29 and amendments thereto, was filed.

30 The coverage for newly born children shall consist of coverage of injury
31 or sickness including the necessary care and treatment of medically di-
32 agnosed congenital defects and birth abnormalities.

33 If payment of a specific premium or subscription fee is required to
34 provide coverage for a child, the policy or contract may require that no-
35 tification of birth of a newly born child or the filing of the petition for
36 adoption and payment of the required premium or fees must be furnished
37 to the insurer or nonprofit service or indemnity corporation within 31
38 days after the date of birth or the filing of the petition for adoption in
39 order to have the coverage continue beyond such 31-day period.

40 (b) All individual and group health insurance policies providing cov-
41 erage on an expense incurred basis and individual and group service or
42 indemnity type contracts issued by a profit or nonprofit corporation which
43 provides coverage for a family member of the insured or subscriber, as

Senate 7/1/97
3/8/95
Attachment #4