

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 February 14, 1996 in Room 529-S of the Capitol.

Members present were: Senator Clark, Senator Corbin, Senator Emert, Senator Hensley, Senator Lee, 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: Ann Koci, Social and Rehabilitation Services  
Bill Sneed, Health Insurance Association of America

Others attending: See attached list

Senator Lee made a motion to approve the minutes of the meeting of February 13 as submitted. Senator Clark seconded the motion. The motion carried.

The hearing was opened on **SB 593**, concerning social welfare, coordination of benefits. Ann Koci, SRS, explained that this bill was developed to address a specific concern that interferes with SRS' ability to administer the Medicaid program. Ms. Koci also provided examples of the difficulties encountered by SRS. (Attachment #1)

Senator Bond inquired whether additional employees would be needed if the bill becomes law, and Ms. Koci replied that their current staff is adequate and no additional employees would be required.

Senator Bond also asked for an explanation of Section 2 and whether this section is necessary. Mr. Carman advised that the bill was drafted from California statutes and they have experienced no difficulty with this part of the statute.

Bill Sneed, HIAA, testified that he does not understand Section 2 and does not see the need for it. Mr. Sneed also stated that the three year provision seems a long time and he would like to see it shortened to one year. There were no further questions and no other conferees; the hearing on **SB 593** was closed. The chairman requested Ms. Koci to confer with SRS legal staff to reconsider the issues raised above and report to the committee with their recommendations. The hearing on **SB 593** was closed.

The chair called for a report from the subcommittee on **SB 444**, relating to coverage for domestic abuse victims. Senator Praeger, who chaired the subcommittee, announced that subcommittee member Senator Hensley had not had an opportunity to review the amendments that had been drafted. Senator Hensley requested and was granted time to study the balloon.

The committee adjourned at 9:25 a.m. The next meeting is scheduled for Thursday, February 15.

# SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: 2/14/96

NAME	REPRESENTING
Bill Speed	KZAA
Dorise Johnson	Amesters
Ann Kovi	SRS
Tom Wilder	Kansas Ins. Dept
TAD KRAMAR	SECURIM BENEFIT
Kelly Kuitala	KTLA
Melissa Wangemann	skin, Elect & weir
Ryok Maus	Ks. Health Institute
Roger Franze	FTC
Karl Peterson	Prudential
Jim Guthrie	Kans. Coalition Against Sexual & Dom. Violence
N. Erica	Ks. N.O.W.
David A. Hanson	Ks Insur. Assoc
Rogers Brazier	ST. Treasurer

**Kansas Department of Social and Rehabilitation Services  
Rochelle Chronister, Secretary**

**Senate Committee on Financial Institutions and Insurance  
Testimony on SB No. 593  
Pertaining to the Right to Coordinate Benefits with a Private Carrier**

February 14, 1996

Mr. Chairman and members of the committee, I am Ann Koci, Commissioner of Adult and Medical Services. Thank you for this opportunity to testify on behalf of Secretary Chronister today concerning Senate Bill 593. This bill was drafted at the request of the Department and introduced on our behalf by this committee. It was developed to address a specific concern that hampers our Agency's ability to administer the Medicaid program.

Medicaid is, by State statute, federal regulation and Congressional intent, the payor of last resort and thereby secondary to all other third party resources. The Kansas Medicaid program has an aggressive and successful third party recovery program. However, its effectiveness has been diminished by private carrier's ability to limit our filling of coordination of benefit claims by time constraints.

By the nature of the clients that we strive to serve, it is often a difficult and time-consuming process to identify and/or verify a liable third party resource. Some examples of how a lengthy delay could occur are:

- A divorced mother with small children covered by father's group insurance however father's whereabouts is unknown and policy information is unknown to the mother. The father is not located for over a year.
- A recently widowed spouse is unaware that her husband had insurance that would cover a recent illness that was the cause of her seeking assistance. Only after discovering the policy much later is the Agency advised.
- A Medicaid consumer is injured in an accident where a third party insurer is liable but does not give that information to their provider. Much later, after a post payment review, the third party is identified.

In each of these examples, a limited filing period often prevents the program from exercising the right to be payor of last resort. In such cases, taxpayer dollars are spent to provide medical services that are the legal responsibility of a commercial insurance carrier.

*Senate 7141  
2/14/96  
Attachment #1*

Recent analysis of post payment recovery denials has indicated that approximately 1400 claims per month are denied by insurance companies because our claim to coordinate benefits was received after their self-imposed deadline to file claims. While these claims are for a small percentage of our eligible population, about one to 3%, it represents about 12% of Medicaid's monthly filings and accounts for more than \$490,000 in lost recoveries annually for the Medicaid program. This loss is split 60% federal and 40% State general funds.

Undoubtedly some will feel this is yet another government attempt to cost-shift the expense of the Medicaid program to the private sector but that is not the case. We are only asking that expenses be shifted to a commercial entity that has been prepaid to provide the services received.

In closing, I would ask that the committee support the provisions of Senate Bill 593 and report it favorably for passage. I would be happy to answer any questions that you might have.

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