

Approved: 4-3-98
Date

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Dennis Wilson at 1:30 p.m. on February 23, 1998 in Room 527-S of the State Capitol.

All members were present except:

Committee staff present: Bill Wolff, Legislative Research Department
Robert Nugent, Revisor of Statutes
Beth James, Committee Secretary

Conferees appearing before the committee: Representative Peggy Long
Kathleen Sebelius, Kansas Insurance Department
Terry D Bernatis, State of KS Health Benefits Plan
Emery Hart, Superintendent, USD 280, West Graham-Morland
Bruce Ward, Superintendent, Victoria USD 432
Dave Zumbahlen, USD 283 Elk Valley
Craig Grant, Kansas NEA
Roger Rankin, USD 283 Longton

Others attending: See attached list

The meeting was called to order at 1:30 p.m. by Chairperson Wilson. The Chairperson opened the hearing on **HB2713.**

HB2713: Providing optional separate coverage for public school districts.

The first speaker was proponent Representative Peggy Long. (Attachment #1). Representative Long is a co-author of this bill. She read her written testimony to the committee.

The Chairperson then called Insurance Commissioner Kathleen Sebelius. (Attachment #2). Commissioner Sebelius also serves as a member of the Kansas Health Care Commission. She, too, spoke as a proponent of this bill. She said that adding these employees to the state employees health care plan will make their health insurance reasonably priced. The larger the group, the lower the price of health insurance.

The next speaker was Terry D Bernatis. She said she is neither a proponent or opponent of the bill. She said she would like to give the committee information that would help them in their deliberations. (Attachment #3). She said she agreed with the Commissioner in that this is a small school district issue. Ms Bernatis went through her testimony, and stood for questions.

The Chairperson called Emery Hart to speak as a proponent on this bill. (Attachment #4). Mr. Hart was extremely thankful to the committee to even be given the opportunity to speak. He said that **HB2713** could make a big impact on the financial status of his school district and the employees. Page two of Mr. Hart's testimony shows the cost of health insurance and increase over the last four years.

The next speaker was Bruce Ward, another proponent of this bill. (Attachment #5). He told the committee why this bill needs to be passed. His testimony includes a comparison of health insurance costs in the surrounding areas.

The next speaker was Dave Zumbahlen. He asked for the committee to support this bill. His school has 188 students and covers 688 square miles. The teachers in his district received a 2% raise and it went to pay for their health insurance, because the cost of their health insurance went up more than 2%.

The next speaker was Roger Rankin. (Attachment #6). Mr. Rankin said that there was another House Bill that deals with insurance for public school employees. That is **HB2784.**

HB2784: Extending state employee health care system to include school employees.

**CONTINUATION SHEET
HOUSE COMMITTEE ON INSURANCE, FEBRUARY 23, 1998
ROOM 527 AT 1:30 P.M.**

Mr. Rankin agrees with the Insurance Commissioner that **HB2713** is the preferred of the two bills. He then went through his testimony. As of the previous Friday his district dropped out of the South Central Insurance Group. That group has had a lot of problems and they voted to disband and put that group into dormancy effective October 1, 1998. His district is currently in the process of looking for health insurance. The third page of his testimony is a comparison chart of plans they looked at. Mr. Rankin does not believe an employee should have the option to "Opt Out" and be reimbursed as in the form of an annuity. Mr. Rankin feels that there should be a three year window to join the plan.

The next speaker was Craig Grant. (Attachment #7). Mr. Grant said that for a number of years in the 1960s, all school employees were in the same statewide health plan. Many of the districts received more favorable quotes as individual districts and eventually the statewide group disbanded in the early 1970s. Mr. Grant said that the Kansas NEA was somewhat responsible for this happening. In their negotiations during the early 70s they asked for options. They did not foresee these problems at that time. They do think this bill is a start, in getting affordable health insurance for the public school employees in this state. Representative Tomlinson asked if the commission could do a study to find out what kind of costs they are looking at. Mr. Grant said he thought that was possible and that the Commission was more willing now than they were six or seven years ago.

The Chairperson then pointed out to the committee a petition that was submitted asking for the creation of a bill which would allow all Kansas teachers the option of being included on the KPERS health insurance plan. (Attachment #8).

The meeting was adjourned at 2:55 p.m.

HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: 2-23-98

NAME	REPRESENTING
<i>Greg D. Burt</i>	<i>Health Care Commission</i>
<i>Roger Rankin</i>	<i>USD 283</i>
<i>Archie Rankin</i>	<i>Families</i>
<i>Debra Long</i>	<i>HB 2714</i>
<i>Denise Stanley</i>	<i>Jeff West USD #340</i>
<i>Craig Cordant</i>	<i>HNWA</i>
<i>Shane Sweeney</i>	<i>Intern for Rep Campbell</i>
<i>Grada DeCoursey</i>	<i>Ks Insurance Dept</i>
<i>Nared Duke</i>	<i>Intern Rep. P. Long</i>
<i>Bruce Ward</i>	<i>USD 432</i>
<i>Emery Hart</i>	<i>USD #280</i>
<i>Bill Curtis</i>	<i>Ks Assoc of School Bds</i>
<i>David Zumbahlen</i>	<i>USD #103 Cheylin Bird Cir, KS</i>
<i>Janet Stutts</i>	<i>Ks Bldg Insur Assoc</i>
<i>John Peterson</i>	<i>Ks Generalist Consultants</i>
<i>Jacque Oakes</i>	<i>SQE</i>



TOPEKA

HOUSE OF
REPRESENTATIVESCOMMITTEE ASSIGNMENTS
AGRICULTURE
ECONOMIC DEVELOPMENT
FEDERAL AND STATE AFFAIRS

PEGGY LONG
REPRESENTATIVE, 76TH DISTRICT
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HAMILTON, KANSAS 66853
(316) 678-3826
ROOM 181-W CAPITOL BLDG.
TOPEKA, KANSAS 66612
(785) 296-7667

February 23, 1998

TESTIMONY FOR HB 2713

Mr. Chairman and members of the Committee:

I would like to thank-you for the opportunity of coming before you at this time in regards to an issue that I have been working on for over a year. This issue was presented to me while I was still campaigning for office and is an important one indeed, because school systems across the State are in need of good health care for their employees and families. Currently many school insurance pools are on the verge of insolvency because they are too small to handle a catastrophic illness or because they are poorly managed. Several other schools have poor coverage or perhaps cannot afford to offer any coverage at all.

This bill gives the educators and their families a plan which will be well managed by the State Health Care Commission. It could offer employees equity with other educators across the state and may be transferred to other districts when they move, if that district has opted into the program. The plan would also be there for them when they retire if they so choose. Each district is given the opportunity to opt into the program and each individual is given that choice as well. There is a potential for as many as 40,000 members across the state, and if they take advantage of this program, the rates would be quite reasonable.

This bill has a fiscal note of \$10,000 in 1998 and perhaps around \$468,000 in 1999. Once it is set up, the fiscal note should be quite minimal.

I thank-you for your time and consideration of this bill and urge you to help these hard working individuals across our state to have unified health care coverage.

I stand for questions.

Peggy Long

*House Insurance
Attachment # 1
2-23-98*



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

MEMORANDUM

To: House Insurance Committee

From: Kathleen Sebelius, Commissioner
of Insurance

Re: House Bill 2713 (Health Care Commission/School Districts)

Date: February 23, 1998

I am appearing today in support of the principles behind this legislation which requires the State Employees Health Care Commission to set up a health plan for employees of public school districts. As one of the five members of the State Employees Health Care Commission, I have always been a strong supporter of permitting local units of government to join the state employee health care plan. In fact, the current health care benefits law gives the Commission the authority to allow cities, townships, counties and school districts to participate in the state employees health plan subject to appropriate rules and regulations.

One of the basic concepts of insurance is the ability to spread risk to as large of a group as possible. The state employees health care plan provides coverage for approximately 90,000 state employees and family members. This group offers the ability to bring large purchasing power to the negotiation of health care contracts. Including employees of school districts and other local units of governments will only improve the ability of the state employees plan to provide comprehensive, cost effective health insurance coverage.

Objections have been raised in the past to including school district employees because these groups may not have a sufficient number of employees participating in the plan or because some members may "buy out" of their health coverage. I believe it is possible to establish participation requirements by rule and regulation which will allow

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*House Insurance
Attachment #2*
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1 800 432-2484 (Toll Free)

2-23-98

employees of local units of government to join the state employees plan without harming the fiscal solvency of the existing state employees health care plan.

One of the problems faced by many school districts and other local governments is that the small size of their group often makes it difficult to find reasonably priced health insurance. These groups should be permitted to join the state employees health care plan. For the past three years I have asked the State Employees Health Care Commission to study the feasibility of including local units of government in the state plan and to approve the necessary rules and regulations. Each time, I have been overruled by the Commission.

I have come to the conclusion that the Kansas Legislature should take a more active role in this debate by directing the Health Care Commission to seriously consider allowing employees of cities, counties, townships and school districts to join the state employees health care program. I support the efforts of Representative Long and the other sponsors of House Bill 2713 to bring this issue to the attention of the Health Care Commission.

**Testimony To The
HOUSE INSURANCE COMMITTEE**

**By
Terry D. Bernatis
Health Benefits Administrator**

Monday, February 23, 1998

RE: House Bill 2713 - Providing optional separate coverage for public school districts

Mr. Chairperson and members of the committee. Thank you for the opportunity to appear before you today regarding House Bill 2713. I appear as neither a proponent nor opponent of the bill. Rather, I would like to give you information that I hope will help you in your deliberations. The information is in the form of some background regarding the Health Care Commission's history of working with the school districts and information about risk management principles regarding formation of a group.

The issue of other entities, including school districts, joining the state employee plan has been a topic of discussion for several years. Effective March 1, 1984 with the establishment of the Health Care Commission, K.S.A. 75-6506 provided that the Commission could designate by rules and regulations participation eligibility for employees of counties, townships, cities, special districts or other local governmental entities. That list has been expanded over the years and includes school districts.

With the seating of a new Health Care Commission in January 1995, the issue of inclusion of other public in the state employees plan again was discussed by the Commissioners at almost every regularly scheduled meeting for eighteen months. On December 28, 1995, the Kansas Association of School Boards, the United School Administrators of Kansas, the League of Kansas Municipalities, the Kansas Association of Counties and the Kansas-National Education Association (KNEA) were invited to meet with Sheila Frahm, chair of the Health Care Commission to discuss the statutory provision that allows other public entities to participate in the state's plan. Two representatives from the League of Kansas Municipalities and one

representative from KNEA attended the meeting on January 9, 1996. They provided some history regarding attempts to provide purchasing cooperatives and identified several issues including coverage for retirees for further discussion. They were asked to provide any other information they felt relevant. None was forwarded.

This issue was forwarded to the Employee Advisory Committee (EAC) for review and recommendation. On two separate occasions, the EAC has unanimously recommended that other public entities not be allowed into the plan. Their primary concern is the lack of utilization information to assess the impact on the cost to state employees. The assumption is that inclusion of these groups would increase costs, otherwise these groups would be able to maintain their own plan.

As recently as February 11, 1998 the issue was discussed at the quarterly Health Care Commission meeting. A motion to develop the rules and regulations that would allow outside public groups into the state employees plan was defeated.

To further refine this historical context, it appears the interest of school districts is cyclical. Because of inquiry from several school districts in 1990, the Health Care Commission performed a survey of school districts. Its purpose was to determine the interest among Kansas school districts in being considered for participation in the state's plan and to gather information to determine the extent school districts had been experiencing problems in obtaining health insurance coverage. Briefly, the results were:

- 350 survey forms were distributed and 304 were completed and returned
- The high rate of return was attributable to the Kansas Association of School Administrators and the Kansas Associations of School Boards encouraging members to complete the survey because of the importance of health care to school districts
- Most of the school districts reported that less than 50% of eligible employees participated in school district plans (That is compared with over 95% participation of state employees in the state's plan)
- Low participation was primarily due to the "cash out" option under a cafeteria plan (210 districts offered the "cash out" option) and considering all part time employees as eligible

while few actually participated

- 119 school districts indicated that they had experienced difficulties in obtaining group health coverage
- 24 districts offered no health plan
- Some districts only offered individual policies
- Some districts had group plans that required individual underwriting
- 247 school districts indicated an interest in the state health plan. However, only fourteen districts had participation rates greater than 80%.
- The gender mix was 2/3 female to 1/3 male vs. a 50/50 gender mix in the state plan and the average age was younger than the state's average age

As a result of the survey, several meetings were held with school districts to further discuss plan design and funding options. Several alternative benefit structures which included less expensive options were discussed. Funding discussions centered around employer contributions for both employees and dependents and long term commitment to the state plan. After much discussion, the school districts decided that they did not wish to participate in a state-wide program. However, the group left with the understanding that if the position of district administration changed, the Commission would reopen activity regarding the formation of a state-wide group for school employees.

Most recently, on September 11, 1997 at Dale Dennis' request, I spoke to the Council of Superintendents about the state of Kansas health insurance plan. That presentation generated a number of telephone calls and written correspondence to this office requesting additional information. In general:

- Some school districts have eliminated the cash out option that has resulted in increased participation in their individual plans
- Superintendents felt that they were in a better position today to further reduce or eliminate the "cash out" option, which they recognized had severely negatively affected

their plans

- There was still great diversity in terms of plan design including eligibility and how they paid for the plan
- Superintendents were initially surprised at the high cost of the state plan until we talked about the comprehensive benefit design

I met with the Council of Superintendents again on January 15, 1998. I talked about a program for school districts in Oklahoma. The plan allows community rather than group rating and actually returns premiums in excess of claims and administrative costs. I also left with them a list of items I would need regarding eligibility, utilization, and contract provisions to be able to help them. The only request I have received is from a school district in south central Kansas. I will be going there next week to work with the Assistant Superintendent regarding current market, and "tips of the trade" as he gets ready to negotiate health insurance for a six hundred member group.

Additionally, I have been working with staff at KNEA. They are preparing to release a survey regarding benefit design and funding and asked me what information I would like to see included. Any data that I can get regarding the school districts will help in analyzing the situation and defining the issues.

I'd like to turn now to risk management techniques and strategies. I offer this in terms of a risk manager representing establishing and maintaining a plan regardless of who the employer is. As I reviewed House Bill 2713, I noted the following:

- It establishes a separate pool for the public school district. I think this is important and significant since the public school district demographics seems to indicate a different risk factor than the state group. Absent availability of actual utilization data, this is a good approach.
- It doesn't allow pooling of the two groups. At some point, it might be advantageous to pool the two groups if it is determined that they have similar risk factors. The bill doesn't provide this.
- The bill requires irrevocable election in the public school district health care

benefits program. Any risk manager will tell you that getting a stable group is paramount on the ability to negotiate favorable rates.

- However, the irrevocable election is voluntary. In those states where the school districts and state employees form one group, participation is mandatory. This is important because not all school districts will be interested in joining the plan.
- There is no mention of funding levels in the bill. The state has made a conscious decision regarding plan funding. The bill would allow each district to determine what their funding level will be. This will have a negative impact on election into the plan since all employers will not be making the same financial commitment.
- An ancillary funding issue is “cash out” under a cafeteria benefits plan. A “cash out” option allows an employee to receive cash instead of the benefit. As the benefit cost increases, more employees “cash out.” This is called adverse selection. This is one of the issues facing the Assistant Superintendent I’ll be meeting with next week. Although he has 600 + employees, only 125 participate and the rest “cash out.” You can buy insurance for 600 + employees. It’s tough to buy insurance for 125.
- Eligibility regulations would have restrict flexibility for participation in the plan. Our plan works only because everyone participates in the same plan.

All of these points lead me to the following: If we are going to throw a party, let’s make sure that someone will come. My greatest concern is that an enormous amount of staff and fiscal resources could be spent to develop the plan and there will be limited participation. A similar group in Kansas attempted to voluntarily band together to gain economies of scale and leverage in the marketplace. However, their attempts were met with barriers and reluctance from nearly every corner. Their members would not commit to joining the effort at the beginning for many reasons: loss of local control; being required to change benefit plans; the potential of changing insurance plans and providers; and the uncertainty over current and future cost implications. The insurance community was equally reluctant for numerous reasons: it was not known which members would actually join the program; most interested members were smaller groups that were unable to provide claims experience; and the major carriers already covered many of these

groups and were less than excited about the employers banding together to reduce plan costs. These factors combined to create overly conservative costs which did not appeal to the members, further reducing the enrollment. Finally, the group itself encountered numerous barriers, primarily involving the huge communication effort to its hundreds of members spread throughout the entire state. Other issues were the time and staff commitment for this process and the capital expense to fund this effort. This effort to voluntarily band together ultimately was unsuccessful.

I have encouraged and will continue to encourage school districts to provide me information about utilization, eligibility, plan design and funding arrangements so that a comprehensive solution to this problem can be found.

Based upon what I do know at this point, the issue of health insurance for public school district's employees is a small school district issue compounded by the "cash out" option used by the school districts. I don't consider a 600+ employee school district "small." But when their participation is 125 it's no different for them finding insurance than with any employer with 25 employee's that doesn't have "cash out." Big school districts which have staff resources to design and manage a plan will not be interested in this plan. This too will restrict the type of plan that can be designed.

The issue of other public entities participating in the state's plan is one that has not been taken lightly by the Health Care Commission and has been seriously considered. The interest of school districts is cyclical and can be characterized with high initial interest that wanes to limited interest when specific requirements and alternatives are discussed. However, within the existing budgetary parameters of the Health Care Commission, I am committed to working with those school districts who want help in providing cost effective benefits to their employees. If you are aware of a specific school district that you would like me to work with, please let me know. I welcome the opportunity to provide resources and solutions. I stand for questions.



U.S.D. 280 West Graham-Morland



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Superintendent, K-6 Principal
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February 23, 1998

Dear Mr. Wilson:

This letter is written in favor of House Bill 2713. Passing House Bill 2713 could make a big impact on the financial status of our school district and employees.

We are a small school district in Western Kansas that is trying to survive with increasing costs. One of the biggest increases affecting our school district is health insurance. Since we are a state agency, I do not understand why we as a school district can not be involved in the state health insurance plan. All monies that we operate on comes from the state. I, also, feel that if school districts were involved in the state insurance plan, the rates could be lowered even more because of additional insureds.

Another important issue we have here in Western Kansas is getting teachers and administrators to come to our area for employment. West Graham-Morland U.S.D. 280 pays a full single health insurance plan as an incentive to attract good teachers and administrators to our school system. But once again, we have been hit very hard with increasing insurance costs. During the last four years our insurance costs have increased 69%.

Another important point that I would like to stress is that we are facing declining enrollment. I do not need to tell you that our budget is based on head count. I came to this district in the fall of 1994 and we are operating on less money now than we did then. I have had to cut staff and programs in order to survive.

Our tax payers in this district have so much pride in our school system that they have adopted a 25 percent LOB Budget to guarantee their children a good education. I need not say anymore on this issue but, I hope you understand how important it is for us to receive help in the area of insurance for our people.

Last but not least, we are a state agency and we feel we should have the right to be a part of the state health plan.

I want to thank you for giving me this opportunity to speak on behalf of the school districts in the state of Kansas and U.S.D. #280.

Sincerely,

Emery Hart, Superintendent

HOUSE Insurance
Attachment #4-1
2-23-98



We are in the business of getting better at teaching and learning.

Unified School District #280 does not discriminate on the basis of sex, race, color, national origin, disability, or age in admission or access to, or treatment or employment in, its programs or activities. Any questions regarding the Board's compliance with Title VI, Title IX, or Section 504 may be directed to the Title IX Coordinator, who can be reached at (913)296-2424, 120 Southeast 10th Avenue, Topeka, Kansas 66612-1182, or to the Assistant Secretary for Civil Rights, U.S. Department of Education. If any questions, contact Emery Hart at (913)627-5151.

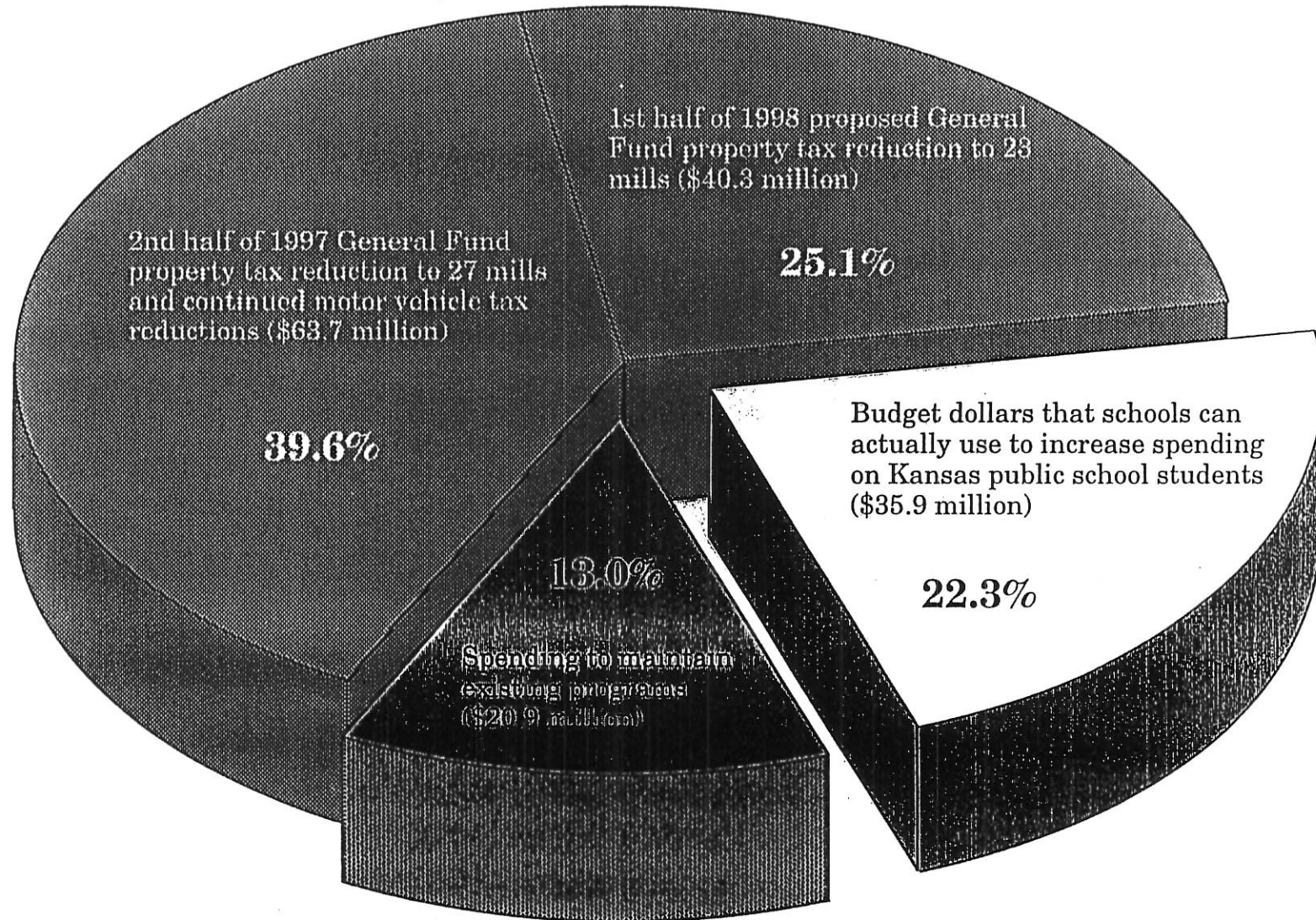
**WEST GRAHAM-MORLAND USD#280
HEALTH INSURANCE**

COVERAGE	94-95	95-96	96-97	97-98	
SINGLE	\$125.29	\$164.74	\$190.39	\$211.79	
FAMILY	\$387.33	\$508.26	\$587.08	\$652.59	
EMPLOYEE/CHILD	\$243.25	\$318.81	\$368.10	\$408.99	
EMPLOYEE/SPOUSE	\$269.39	\$354.13	\$409.35	\$455.36	
INCREASE:		0.3148695028	0.1556998907	0.1124008614	
		0.3122143908	0.1550781096	0.1115861552	
		0.3106269270	0.1546061918	0.1110839446	
		0.3145625302	0.1559314376	0.1123977037	
FOUR YEAR INCREASE:					0.6903982760
					0.6848423825
					0.6813566290
					0.6903374290

*House Insurance
Attachment # 4-2
2-23-98*

Analysis of the \$160.8 Million Increase in General School Aid
\$104 Million for Tax Reduction and Only \$35.9 Million for New Spending!
This Represents Only a 1% to 2% Increase in Spending Power!

4-3
2-23-98



Victoria USD #432

900 Cathedral, PO Box 157

Victoria, KS 67671

785-735-9212

Superintendent
Bruce Ward

Schools
Victoria High
Victoria Elementary

Date: February 23, 1998

To: House Insurance Committee

From: Bruce Ward, Supt of School

RE: House Bill #2713, Providing optional separate coverage for public school districts.

I represent a small 2-A school district in a general area of north central or northwest Kansas. Most school districts in our area of the state fit into one of three categories when you talk about group health insurance plans.

1. Plans that have had a drastic price increase in the past year or two.
2. Plans that took a drastic price increase this year.
3. Plans that will take this drastic price increase in the next year or two.

My definition of a drastic price increase are group plans that take a 40 to 60 percent or even higher increase in one year or consecutive increases over several years. This leaves many people who can not afford the health plan. This is especially true when your plan covers both certified and classified staff, which ours does. We need to include both certified and classified staff to obtain a favorable age distribution and to meet the 75 percent eligibility quota imposed by some insurance providers.

Everyone know that most insurance companies put groups into pools of like size, etc. The second factor is usage both within the pool and by your own group. Most small districts have only twenty or thirty people under their plan and many of these people may be of a younger age. In this scenery you could have one or two pregnancies and two or three hospital stays even fairly minor in nature along with normal happenings and your usage factor can cause the rates to escalate. This happens because of the small numbers and size of the groups in the pool. The State plan would bring a lot more stability into the cost of health plans for most school districts. I would like to see this option available for Kansas school districts.

*House Insurance
Attachment #5-1
2-23-98*

Affordable health insurance is a very important issue in the school work force today. I am not here to complain about our health insurance cost in our district because they are some of the lowest in our area of the state. I am also realistic and know our rates will be just like many of the others in the near future.

Below is a comparison of health insurance cost in our surrounding area:

School Classification	School District	Single	Family	Deductible
4A	Goodland	202.98	623.44	200
2A	Hill City	199.27	492.47	200/400
3A	Norton	208.58	640.57	200/400
3A	Oakley	204.72	617.56	500/1000
3A	Oberlin	177.26	544.80	100/200
3A	Smith Center	No Group Plan (Could not meet quota)		
2A	Stockton	200.02	615.44	200/400
3A	Wakeeney	178.59	548.89	100/200
4A	Russell	261.32	573.35	
2A	Victoria	154.17	475.15	200/400

We need to keep a group plan for our school. It is locked into parts of the negotiated agreement and with our retirement policy. Retired people can stay on our plan until age sixty-five then they can go on the Medicare plan.

Thank you for taking the time to listen and any help in this area would be greatly appreciated.

5-2
2-23-98

House Bill 2713

Hearing 1:30 P.M. Monday Feb. 23, 1998

- A. Current Problems With School District Health Care Plans.
1. School districts must seek formation of group of several schools.
 - Some schools have high usage rate.
 - Geographic differences.
 2. Self-funded plans have had trouble.
 - South Central health Plan.
 - Smoky Hill Plan.
 - Not all schools are considered eligible.
 3. Some Schools have Major Medical only Plan. (You pay first \$5000.00) then 80/20.
 4. Young healthy families can get cheaper insurance elsewhere - (Farm Bureau etc.)
 5. Some schools pay a full single plan premiums.
 - Some pay 1/2 or portion (\$100.00) of plan.
 - Some pay nothing towards health plan.
 - Some schools offer annuity if employee rejects health plan.
 - Some schools differentiate payment between certified (\$100.00) and classified (\$50.00) monthly premium.
 6. Some HMO (Health maintenance organizations) have had difficulty getting doctors, hospital participation. Geographic locations make a difference.
 7. The diversity of many health plans and options are a negotiations problem.
 8. Public school employees sometimes "lose eligibility" when they switch school. Sometimes the anniversary date is different.
 9. Some insurance companies "low ball" a bid to get business then raise the rates.
 10. Insurance and rising insurance costs are a major consideration in hiring school district personnel.

HOUSE Insurance
Attachment # 6-1
2-23-98

B. Public School District Health Care Plan Advantages

1. Eligibility - any school district, Special Education Cooperative employee eligible for the KPERS program. (and others described in bill)
2. Eligibility could include municipality and fire/police department employees for larger base program.
3. Plan should include several options (base \$1000.00 deductible), "green" plan \$750.00 deductible, "blue" \$500.00 deductible.
4. Plan should include 4 tiers - Single, Married, Single and child, and family.
5. Each school district should contribute at least 1/2 of a single premium.
6. Plan should include active and retired employee eligibility.
7. There should be at least a 3 year "window" to join the state plan as several districts are committed to other plans for 1-3 years.
8. Employees should "use or lose" district share of premium. Districts should not grant annuity. (This is probably a School Board option).
9. A "self insured" plan will work as described in bill but program must have frequent internal and external audits. The K.I.D. should monitor this program carefully.
10. A plausible alternative would be to have the Kansas State Health Care Commission develop a program and have it bid (or brokered) to all Health Insurance Companies. The Contract should extend for at least (5) five years.
11. There are at least 100,000 KPERS eligible participants in the State of Kansas.
12. Additional information
Elk Valley USD # 283 participates in South Central Health Program.
 - \$233.00 Single monthly premium
 - \$489.00 Family monthly premium
 - \$ 77.00 Dental rider monthly premium
 - Three (3) optional plan choices
 - December assessment 3 years was \$29,000 + for South Central Insurance deficit.

House Insurance
Attachment #6-2
2-23-98

PLAN DESIGN WORKSHEET

	PLAN 1	PLAN 2	PLAN 3
Individual deductible	\$500	\$750	\$1,000
Family deductible	3 X	3 X	3 X
Same deductible in or out-of-network	yes	yes	yes
Coinsurance percentage in-network	90%	80%	70%
Coinsurance percentage out-of-network	70%	60%	50%
Coinsurance stop-loss	5,000	5,000	5,000
Out-of-pocket (includes deductible) Individual	\$1,000 -in \$2,000-out	\$1,750-in \$2,750-out	\$2,500-in \$3,500-out
Out-of-pocket (includes deductible) Family	\$3,000 -in \$6,000-out	\$5,250-in \$8,250-out	\$ 7,500-in \$10,500-out
Doctor office copayment	\$20-in ded & coin- out	deductible & coinsurance	Deductible & coinsurance
Applies to all charges in Dr. office	yes-in	n/a	n/a
Prescription drug card benefit	\$7/generic \$15/brand then 80%/20% coinsurance	\$10/generic \$20/brand then 80%/20% coinsurance	\$15/generic \$25/brand then 80%/20% coinsurance
Wellness benefit	Yes	yes	yes
Precertification required	yes	yes	yes
M&N benefit – in patient	State mandate	state mandate	State mandate
M&N benefit – out-patient	State mandate	state mandate	State mandate
Lifetime maximum	unlimited	unlimited	Unlimited
Benefit year	10/01	10/01	10/01
Deductible carryover	no	no	no
Dependent daughters covered by maternity	yes	yes	yes
Eligibility waiting period			
Eligibility hours			
Rating structure (e/f, e,es,ec,f)	4 tier	4 tier	4 tier
Employer contribution	50%	50%	50%
Life insurance amount (mandatory)	minimum	minimum	minimum

House Insurance ₆
Attachment #6-3
2-23-98



KANSAS NATIONAL EDUCATION ASSOCIATION / 715 W. 10TH STREET / TOPEKA, KANSAS 66612-1686

Craig Grant Testimony Before
House Insurance Committee
Monday, February 23, 1998

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas NEA. I appreciate this chance to visit with the committee in support of House Bill 2713.

Kansas NEA would like to thank Representative Long and the other sponsors of HB 2713 for their recognition of the problems that school districts are having with health insurance. For a number of years in the 1960s, all school employees were in the same statewide Blue-Cross/Blue Shield plan which our organization sponsored. As districts were able to receive more favorable quotes as an individual district, we slowly, but surely, lost the best experienced groups in the plan ending in the elimination of the statewide group in the early 1970s. Each district has been basically on its own since that time.

Small districts began to have an increasingly difficult time keeping rates low when major experience losses plagued the districts. The situation was compounded with policies and negotiated agreements which allowed employees to take other options instead of the insurance premium paid by the board of education. Individuals who had access to insurance elsewhere dropped out of plans leaving only the high users left in a smaller pool.

The results of these experiences have left some districts without group health insurance at all. I talked to a member at Eastern Heights District in Phillips County just last Friday. They have been without group health insurance for a number of years. Other districts' premiums have risen to such levels (over \$800/month for a high deductible family plan) that many school workers work just to pay the health insurance.

Something must be done. We have had study committees work on solutions to this problem. Kansas NEA even went into the insurance business for a time (8-10 years) to offer competitive rates. The adverse selection process affected us to the point that we were unable to continue the program. Districts have tried to pool insurance in some self-funded operations which are now going under and costing additional revenue from districts and employees to cover previous losses.

*HOUSE Insurance
Attachment # 7-1
2-23-98*

We think that Representative Long and Representative Correll (who supported another bill on this very topic) have been made keenly aware that the problems need help from the legislature. HB 2713 seems to be a good way to try for a solution. We do not know if this will actually do what we hope; but we must try new and different avenues to assist our school districts find affordable health insurance for their employees.

We hope that this committee and the legislature will start helping us with some solutions to this problem. We stand ready to work with you. Thank you for listening to our concerns.

*HOUSE Insurance
Attachment # 7-2
2-23-98*

TO: MEMBERS OF THE KANSAS STATE LEGISLATURE

WE WOULD APPRECIATE YOUR CREATION OF A BILL WHICH WOULD ACCOMPLISH THE FOLLOWING:

" TO ALLOW ALL KANSAS TEACHERS THE OPTION OF BEING INCLUDED ON THE KPERS HEALTH INSURANCE PLAN JUST AS THEY ARE INCLUDED ON THE KPERS RETIREMENT SYSTEM."

NAME	ADDRESS	PH.#
1. Dawn Miller	RR#2 Box 135 AB	316 374 2040
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3. Kevin Weber	Box 811 Howard	316-374-2284
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5. Deborah Zoller	RR 2, Box, Howard	316-374-2570
6. Jim Madison	Box 156, Howard	316-374-2807
7. Pat Simmons	Box 701, Howard	316-374-2856
8. Debbie Simmons	Box 701, Howard	316-374-2856
9. Samantha Jo Swanson	Rt 1 Box 35C Howard, KS	316-374-2887 6734
10. Boyd G. Koehn	P.O. Box 98 Elk Falls, KS	316-329-4383
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13. David Ponal	615 E. Walnut	316-725-3197
14. Tim Adams	Box 1121 Howard	316-374-2674

HOUSE Insurance
AA. #8-1 223-98

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16. Cynthia M. Wainburn P.O. Box 58 Elk Falls, Ks 316-329-4322
17. Ron Seaton 1.0. Box 702 Howard, Ks 316-374-2787
18. Kevin Smith P.O. Box 1227 Howard Ks 316-374-2606
19. Mark A. Helt P.O. Box 216 Howard Ks 316-374-2899
20. John Guld P.O. 1245 Howard, Ks 316 374-2462
21. Stephen N. Fuller P.O. 69 Longton Ks 316 642-6341
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23. June Kramer RR#1 Box 31 Longton Ks 316-642-6491
24. Dale Hilde P.O. Box 355 Longton, Ks 316-642-2132
25. Mark Wenzel P.O. Box 31 Elk City, Ks 316-627-2365
26. Casey L. Callis P.O. Box 147 Longton, Ks (316) 642-2105
27. ~~Donna M. Nelson~~ ^{RR#1 Box 123-1} ~~Box~~ Longton, Ks 316-642-2202
28. Nichi Cody RR#1 Box 87 Longton Ks 642-6123
29. J.A. Ferguson P.O. Box 23 Longton Ks 642-60573
30. Dacia Stahl RR#1 Box 21 Longton Ks 642-2405
31. Mark Miller RR#1 Box 52 Elk Falls 329-4385
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33. Leo Ireland RR#1 Box 22-1 Longton Ks 316-642-2802
34. Roger Rankin RR#1 Box 1 Longton Ks 316-642 3271
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36. Mark A. Lacker Longton, Ks 316-642-2215
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38. Sharon Ferguson Box 23 Longton, Ks 62352

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40. Geneva Hare Rt #1 Box 122A Elk City, Ks. 316-633-525
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