

Approved: March 17, 1999  
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE .

The meeting was called to order by Chairperson Senator Don Steffes at 9:00 a.m. on March 16, 1999, in Room 529 S of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Research  
Ken Wilke, Office of Revisor  
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Terry Bernatis, Kansas Health Commission

Others attending: See Attached

**Continued Hearing on HB 2005 - Mandated health coverage; state health plan**

Chairman Steffes reminded the Committee that this proposed legislation is a product of the interim committee (five of the current FI&I Committee were members) which met this past summer and fall. The main opposition in the first hearing was the proposed length of time in connection with test tracking of mandates, reporting, legislative action, and proposed implementation. A balloon amendment addressing the time frame, report recommendations, and legislative review of mandates was presented to the Committee (Attachment 1).

The Committee discussed the capability of KDHE to collect and analyze data received from the Insurance Department regarding numbers and costs of insurance coverages now available for purchase in Kansas and the option of using their system vs. the proposed test tracking of mandates in the state health plan. The problem would be that if a particular coverage offered by the state plan was not available in those plans being monitored, the comparative information would not be available regarding cost and coverage. This data base is limited only to benefits currently being offered. Test tracking in the state plan would be the only way to see if there is a cost for mandates and if so, how much is that cost?

Members of the Committee stated the following reasons for concern and/or opposition to the bill:

- Insurance companies initiated the bill as they are against mandates.
- The proposed bill "passes the buck" to the already understaffed Health Care Commission.
- Legislature should have the courage to act on requested mandates. Such "tough" decisions have been made by them in the past.
- Coverage for mandates could be removed if it is found to be too costly thus causing an "in and out" type coverage for state employees.
- Cost and coverage information regarding mandates is readily available from the 30 other states who have mandated coverages, therefore, Kansas is not ploughing new ground..
- The proposed time frame for the test tracking, reporting, analysis of data, passage of legislation, and ultimate implementation is unrealistic. The time frame does not consider natural "turnover" of the Legislature.
- Any raising of costs of health insurance results in persons becoming uninsured due to costs i.e. employees may be forced to drop dependents' coverage.
- Reluctancy to propose legislation based on preliminary information.

Terry Bernatis, Administrator of the State Health Plan, reported that of the 37,000 active state employees covered under the state health plan, the State pays 95% of the costs. Of the 37,000 dependents covered, the State pays 35% of the costs; the 10,000 retirees pay 100% of their coverage, and the 1000 COBRA's also pay 100% of their coverage. The total premiums paid for the state health plan is \$170 million with the state

CONTINUATION SHEET

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

paying \$110 million. They have multiyear contracts (up to three years) with one year renewable rates. There are 10 medical plans, two BlueCross/BlueShield plans (Blue Select and Preferred), one PPO, and all the rest are HMO's. 33% of the state employees participate in HMO's. Mental illness coverage is available through HMO's and during the bidding process, one HMO came in with an 8% increase, one with a 3% increase, and one had no increase for mental illness coverage (the five biologically based brain diseases listed in the bill). Mrs. Bernatis explained the mechanics of implementing the proposed legislation under the prescribed time table.

Chairman Steffes held the Hearing open.

Senator Becker moved that the minutes of March 10 and 11 be approved as presented. Motion was seconded by Senator Brownlee. Motion carried.

The meeting was adjourned at 10:00 a.m. The next meeting will be held on Wednesday, March 17.

# SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE GUEST LIST

DATE: 3.16.99

NAME	REPRESENTING
Pat Morris	K.A.I.A.
Stacey Soldan	Hein + Weir
Debbie Fleming	Hedrick Consulting
Amy Campbell	KMHC
Chip Wheelan	KS Psychiatric Society
John Federman	Humboldt
Ron Sieber	Dept of Admin.
My Bernats	DoA
David Hanson	KS Insur Assns
Maggie Keating	KS Insurance Dept.
Mark Gutierrez	Health of Midwest
David L. Ross	Koch EAC
Carolyn Macintosh	Ks St No Assn
Kevin Davis	One Family Ins.
DND BRANT	KCC
Steve Montgomery	United Healthcare

As Amended by House Committee

Session of 1999

HOUSE BILL No. 2005

By Special Committee on Financial Institutions and Insurance

1-11

10 AN ACT relating to accident and health insurance; concerning mandated  
11 coverages; requirements.

12

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

14 Section 1. (a) After July 1, 1999, in addition to the requirements of  
15 K.S.A. 40-2248 and 40-2249, and amendments thereto, any new man-  
16 dated health insurance coverage for specific health services, specific dis-  
17 eases or for certain providers of health care services approved by the  
18 legislature shall apply only to the state health care benefits program,  
19 K.S.A. 75-6501, *et seq.*, and amendments thereto, for a period of at least  
20 one year **and six months beginning with the first anniversary date**  
21 **of the state health care benefits program subsequent to approval**

[On or before March 1, after  
the one year period for which  
the mandate has been applied,]

22 **of the mandate by the legislature.** At the end of such time period, the  
23 Kansas state employees health care commission shall submit to the pres-  
24 ident of the senate and to the speaker of the house of representatives, on  
25 the day the governor's budget report is submitted to the legislature, a  
26 report indicating the impact such mandated coverage has had on the state  
27 health care benefits program, including data on the utilization and costs  
28 of such mandated coverage. Such report shall also include a recommen-  
29 dation whether such mandated coverage should ~~be authorized by the~~  
30 ~~legislature to apply to the state health care benefits program, and to all~~  
31 ~~individual or group health insurance policies, medical service plans, con-~~  
32 ~~tracts, hospital service corporation contracts, hospital and medical service~~  
33 ~~corporation contracts, fraternal benefit societies or health maintenance~~  
34 ~~organizations which provide coverage for accident and health services.~~

[continue for]  
[or whether additional  
utilization and cost data is  
required]

35 (b) The legislature shall periodically review all ~~current and any future~~  
36 ~~mandated health insurance coverages.~~

[mandated by state law]

37 Sec. 2. This act shall take effect and be in force from and after its  
38 publication in the statute book.

*Senate Adm  
Attachment 1  
3/16/99*

Senate Financial Institutions & Insurance

Date 3/16/99

Attachment # 1