

Approved: _____

Date

1-23-01

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on January 17, 2001 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Laura Howard, Assistant Secretary for Health Care Policy, SRS
Bill Riley, Chairman, Business-Health Policy Committee
Matthew D. All, Assistant Commissioner, Kansas Insurance Department

Others attending: See attached list.

Update on the Kansas Business Health Policy Committee

Laura Howard, Assistant Secretary for Health Care Policy, SRS, provided an update on the activities of the Kansas Business Health Policy Committee which was created by the 2000 Kansas Legislature that enacted the Kansas Business Health Partnership Act in HB 2005. The Act provides a mechanism to combine federal and state subsidies with contributions from employers and employees to purchase health insurance for uninsured low wage employees of small employers. Ms. Howard outlined the duties and responsibilities under the Act for the Kansas Health Partnership and the activities of the Business Health Policy Committee as noted in her written testimony. (Attachment 1)

A member of the Committee requested Ms. Howard provide a list of members on the Kansas Business Health Policy Committee.

Bill Riley, Manhattan, Chairman of the Kansas Business Health Policy Committee, provided information on the progress of the KBHP Committee and issues that needed to be addressed.

Update on HRSA Grant

Matthew D. All, Assistant Commissioner, Kansas Insurance Department, briefed the Committee on the State Planning Grant that was received from the Health Resources and Services Administration, a division of the US Department of Health and Human Services, to study those without health insurance in Kansas as outlined in his written testimony. (Attachment 2)

Introduction of bills

The Chair requested introduction of a bill proposed by Senator Feleciano that would require prior written authorization for any automatic withdrawals from a bank account. Senator Teichman made a motion that the Committee introduce the proposed legislation, seconded by Senator Steineger. The motion carried.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee is scheduled for January 18, 2001.

SENATE FINANCIAL INSTITUTIONS & INSURANCE
COMMITTEE GUEST LIST

DATE: 1-17-01

NAME	REPRESENTING
Anne Spiess	KALFA
Amy Shaw	Kearney Law Office
Rick Mathis	Health Midwest
Conn Brobst	alliance
Jim Schuch	Alliance
Nancy Blangness	Federico Consulting
Jim Liu	Division of the Budget
Bill Sneed	NIAA
Rachel Sindblom	KDITE
Brian Cooper	Governor's Office
Cathy Mc Norton	Kansas Trial Lawyers
Amy Turner	Sen. Feleciano's office
KB	Hein Jweir chrd
John Peterson	Kansas Governmental Consulting
Larrie Ann Lower	KAHP
Tom Bell	KITA
Bill Gross	SCSMHS
David Hanson	K's Life Insur Assoc
Terry Leatherman	KCCI

Kansas Department of Social and
Rehabilitation Services



Janet Schalansky, Secretary

For additional information contact:

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Senate Financial Institutions and Insurance Committee

January 17, 2001

Kansas Business Health Policy Committee

Health Care Policy

Laura Howard, Assistant Director

785.296-3773

Senate Financial Inst. & Insurance

Date: 1-17-01

Attachment No. /

Kansas Department of Social and Rehabilitation Services
Janet Schalansky, Secretary

Senate Financial Institutions and Insurance Committee
January 17, 2001

Madam Chair and members of the Committee, thank you for the opportunity to appear before you today to provide an update on the activities of the Kansas Business Health Policy Committee in implementing the provisions of the Kansas Business Health Partnership Act. My name is Laura Howard, the Assistant Secretary for Health Care Policy for SRS. I have been privileged to serve as Secretary Janet Schalansky's designee on the Policy Committee when she is absent from such meetings. After my brief presentation, William Riley, who is the Chair of the Business Health Policy Committee, will further discuss the Policy Committee's work.

The Kansas Business Health Partnership Act

The 2000 Kansas Legislature enacted the Kansas Business Health Partnership Act as a part of 2000 H.B. 2005. The underlying focus of the Act was to develop a process by which incremental steps could be taken to reduce the uninsured population in the state. Specifically, the Act provides a mechanism to combine federal and state subsidies with contributions from employers and employees to purchase health insurance for uninsured low wage employees of small employers.

The Kansas Business Health Policy Committee

Under the Act, the Governor is directed to convene a cabinet level Kansas Business Health Policy Committee comprised of the Secretary of Commerce and Housing, the Secretary of Social and Rehabilitation Services, and the Insurance Commissioner (or their designees), four legislative members, and three private sector members appointed by the Governor.

The Business Health Policy Committee was given a number of duties and responsibilities under the Act, including to:

- Select an organization to serve as the Kansas business health partnership;
- Develop and approve eligibility and subsidy schedules for low-wage and uninsured firms and workers;
- Develop policies for use of additional funding sources for subsidized coverage, including the State Children's Health Insurance program;
- Review/coordinate with Business Health Partnership's proposed rating policies as they affect firms with subsidized workers; and
- Review and approve the Partnership's low cost benefit plan(s)

The Kansas Business Health Partnership

The Act also established responsibilities and duties for the Kansas Health Partnership, including the following:

- issue requests for proposals and selectively contract with carriers to provide health care benefits to employees of small employers and establish conditions of participation by small employers;
- develop and offer to small employers two or more health benefit plans which may be exempt, except for preventive and health screening services, from the various mandates imposed by law;
- develop and make available one or more supplemental health benefit plans or one or more other benefit options so that the total package of health benefits available to all eligible children who receive health insurance through the partnership meets, at a minimum, standards established by the State Children's Health Insurance Program; and
- develop premium rating policies for small employers in collaboration with the Health Policy Committee.

Business Health Policy Committee Activities

The Kansas Business Health Policy Committee has met four times beginning in August, with additional work completed by a subcommittee appointed by Chairman Riley. At its initial meeting, the Committee heard from Governor Graves and discussed how to structure the Committee's activities. At subsequent meetings the Committee heard presentations from the Kansas Legislative Research Department, from the Kansas Insurance Department, and from certain community representatives. The Medicaid director for SRS also discussed the Medicaid and State Children's Health Insurance Program and how those funds might be appropriately used as envisioned in the Business Health Partnership Act. The Kansas Insurance Department also discussed the federal HRSA State Planning Grant received by the state and ways in which a portion of those funds (\$99,200) might be used to provide technical assistance to the Business Health Policy Committee as envisioned in the HRSA grant application.

A subcommittee of the Business Health Policy Committee met twice to develop more specific next steps for the Committee. At the recommendation of the Subcommittee, the Committee recommended that technical assistance be sought to assist the Committee in completing its responsibilities. With the knowledge that funding was available from the HRSA state planning grant, the Subcommittee recommended that a contract be developed with the Institute for Health Policy Solutions (IHPS) to provide this technical assistance. IHPS is a non-profit organization with significant experience in developing creative and workable solutions to health system problems related to access, cost and quality, including the development of approaches that coordinate public and private sources for coverage of the uninsured. In addition, IHPS was involved in the development of the actual legislation.

Chairman Riley mailed a proposed contract with IHPS to committee members for review on January 9. Under the terms of the Contract, IHPS would assist the committee by completing the following:

- developing a compendium of data on workers, employers and health insurance;
- the development of a request for proposal (RFP) and criteria for evaluating RFPs;
- an options paper and briefings on alternative subsidy structures for premiums for low- and modest-wage employees of qualifying small employers who purchase insurance through the Kansas Business Health Partnership;
- developing a decision memo regarding federal approvals required to permit use of Medicaid or HealthWave funds for coverage of parents through the Business Health Partnership; and
- recommendations regarding rating rules and operational policies for the Business Health Partnership.

The Committee intends to use this critical information to move to the next steps in selecting an organization to serve as the Kansas Business Health Partnership and other duties of the Business Health Policy Committee.

Testimony on the HRSA State Planning Grant
Before the Senate Committee on Financial Institutions and Insurance

MATTHEW D. ALL
Assistant Commissioner
Kansas Insurance Department
Wednesday, January 17, 2001

To the Chairperson and Members of the Committee:

Thank you for having me here today to discuss the State Planning Grant we have received to study those without health insurance in Kansas.

The grant is from the Health Resources and Services Administration, a division of the U.S. Department of Health and Human Services. The State Planning Grant program was intended to give \$13.6 million to up to ten states. Its purpose was to provide resources for states to (a) collect and analyze data on the states' uninsured population, and (b) design approaches to provide access to affordable coverage and adequate benefits to all citizens. The grant program was extremely competitive: over 35 states applied in June 2000, and 11 received funded grants in September 2000. I am happy to report that Kansas received approximately \$1.3 million—every penny we requested.

Senate Financial Inst. & Insurance
Date: 1-17-01
Attachment No. 2

Project Goals

The goals of our project are as follows:

- To gather detailed, nuanced, policy-relevant demographic and socioeconomic data about Kansas' uninsured;
- To identify what alternative structures and conditions would motivate Kansas employers to offer coverage; and
- From these data, develop alternative approaches to health coverage.

The ultimate goal of this project, which we intend to be our final product, is to develop a five-year plan to cover all Kansans.

Project Team

To achieve these goals, the project team is assembled as follows. The Kansas Insurance Department is the lead agency, and represents the State of Kansas in the project with HRSA. The primary staffing comes from the University of Kansas Medical Center. Barbara Langner, a professor at the School of Nursing, is the project director. Cynthia Haddock, the chair of the Department of Health Policy and Management, is the research director.

In addition, Commissioner Sebelius has appointed a diverse steering committee to provide broad direction to the project, and to produce the five-year plan to cover all Kansans. This committee comprises legislators (including the Chair of this committee), policymakers from a variety of state agencies and the Governor's office, and members of the business, health,

civic, and academic communities. A roster of steering committee members is included.

Project Overview

Between now and September 30, 2001, when the grant year ends, the project team will perform the following steps.

First, we will perform an 8000 household survey of the uninsured in Kansas. This survey is the largest of its kind—by a factor of ten—ever conducted in Kansas. It will collect the bulk of the demographic and socio-economic data that is crucial to fulfilling the project's goals. The survey instrument is based on one developed by the University of Florida, but it will be honed for Kansas conditions. The Project Director and Research Director will oversee and direct the field work on the survey, but it will actually be performed by a team at the University of Florida, which has unsurpassed expertise in health coverage surveys. We expect the data from the survey to be available in May 2001.

Second, we will perform approximately fifty in-depth, in-person interviews with uninsured Kansans. Where the survey provides breadth, we hope these interviews will provide depth. From these Kansans' stories, we hope to learn the various complex reasons why many Kansans are uninsured. Researchers from the University of Kansas will perform these interviews.

Third, we will perform ten focus groups of small business owners to learn in greater depth what factors influence them to provide or not provide

health coverage. We have received nine bids for this portion of the project, and we expect to hire a firm to perform these focus groups in the next couple of weeks. The data from these focus groups will also be available in May 2001.

Fourth, we are providing funds to hire experts to provide technical assistance to the committee governing the Business Health Partnership. These experts will provide the committee assistance on criteria for selecting the Business Health Partnership, and on developing rating structures, subsidy structures, and operational policies. It is my understanding that the committee has reached an agreement with a firm to provide these services.

From Now Until September . . .

Obviously we have a lot of work to do. But these research tasks are just the beginning. Once we have the data in, the steering committee will begin to work more intensively with the Project Director to develop the five-year plan to cover all Kansans. The committee will consider the widest-possible array of policy options, utilize the data from the research, and develop a plan that is specific to the current conditions in Kansas.

It will not be easy, but it is important work. Thank you.

**Finding and Filling the Gaps:
Developing a Strategic Plan to Cover All Kansans**

HRSA State Planning Grant
Project Highlights

- ✓ \$1.3 Million to be spent between now and September 30, 2001.

- ✓ Household Survey on Uninsured
 - 8000 households.
 - U. Fla. instrument, honed for Kansas.
 - Guided by Project Director and Research Director at Univ. of Kansas.
 - Will produce detailed demographic information on characteristics of uninsured.
 - Qualitative interviews.

- ✓ Focused Research on Small Employers
 - Will reveal information on small employers' attitudes about health insurance.
 - Performed by market research firm—RFP.

- ✓ Technical Assistance to Business Health Partnership
 - Small amount of grant set aside to aid the Business Health Partnership.
 - Assistance with developing criteria for selecting organization, subsidy structure, rating structure, and operational policies.

- ✓ Steering Committee – Five-Year Plan to Cover All Kansans
 - Steering Committee includes representatives of all relevant state agencies, legislators, health care providers, and consumers.
 - Will oversee research.
 - Once research is complete, will work with project director to develop strategies to cover all Kansans within five years.

Finding and Filling the Gaps: Developing a Strategic Plan to Cover All Kansans
 HRSA State Planning Grant
 Steering Committee
 Members as of December 5, 2000

Carolyn Brooker	Nurse; Professor Emeritus, Pittsburg State University	Pittsburg
Bob Day	Director of Health Policy, SRS	Topeka
Paul Feleciano	State Senator	Wichita
Eliás García	Executive Director, Human Relations Commission, City of Topeka	Topeka
Pat Gaunce	Director, Wyandotte County Library	Kansas City
Jimmie Gleason	Physician	Topeka
Bill Howgill	Office of the Governor	Topeka
Jeff Levin	Owner, Varney's Bookstore	Manhattan
Kim Moore	President, United Methodist Health Ministries	Hutchinson
Michael Moser	Director of Health, KDHE	Topeka
Eber Phelps	State Representative	Hays
Sandy Praeger	State Senator; Chair, Senate Health Committee <i>R I & I</i>	Lawrence
Reggie Robinson	Counselor to the Chancellor, University of Kansas	Lawrence
Kathleen Sebelius	Insurance Commissioner	Topeka
Nancy Spiegel	Small Businessperson	Formoso
Bob St. Peter	President, Kansas Health Institute	Topeka
Joyce Volmut	Director, Kansas Association for the Medically Underserved	Topeka
Donald Wilson	President, Kansas Hospital Association	Topeka

Awaiting nominee from House Republicans.