

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Patricia Barbieri-Lightner at 3:30 on February 4, 2003 in Room 527-S of the Capitol.

All members were present except: Excused: Nile Dillmore, Cindy Neighbor. Absent: Nancy Kirk.

Committee staff present: Bill Wolff, Legislative Research
Ken Wilke, Revisor of Statutes
Renaë Hansen, Secretary

Conferees appearing before the committee: **Steve Kearney**
Bob Williams, executive director of Kansas Pharmacists Association
Larry Magill, Kansas Association of Insurance agents
William Kostar, Chairman of Board of Directors of Kansas Health Partners Benefit Association
David Hornick, Insurance consultant, Hornick and Associates

Others attending: 19 others, see attached list for those who signed the register.

Meeting was called to order by Chair Barbieri-Lightner.

Steve Kearney, representing a coalition of writers and businesses, (Attachment #1) asked the committee to introduce a bill that would make a couple of changes in the conversion law for domestic to mutual insurance and stock insurers, in KSA 40-4002, that would keep the situation that has occurred with anthem and Blue Cross from occurring again. Changing the rules a little that would allow the commissioner a little more input than the policy holders, and change the sequencing in the events which they would have their input, and setting valuation of companies as a floor instead of as a ceiling as the current statute stands.

Questions were posed by Representative Stephanie Sharp.

Representative Joe Humerickhouse moved that the committee introduce the bill, seconded by Representative Stanley Dreher, passed unanimously.

Bob Williams, executive director of Kansas Pharmacists Association, (Attachment #2) first bill request regards standardized prescription benefit card information. A number of states have introduced this bill throughout the nation. This is a reintroduction of SB 182.

Questions were posed by Ken Wilke.

Representative Bonnie Sharp moved that the committee introduce the bill, seconded by Representative Scott Schwab, passed unanimously.

Bob Williams, executive director of Kansas Pharmacists Association, (Attachment #3) second bill request for oversight of Pharmacy Benefit Management companies (PBM), that would require the PBM's to be registered with the insurance department, and comply with laws regarding financial liability, misleading advertising, as well as file an annual financial statements.

Question were posed by Ken Wilke.

Representative Bonnie Sharp moved that the committee introduce the bill, seconded by Representative Stephanie Sharp, passed unanimously.

Larry Magill, Kansas Association of Insurance Agents, (Attachment #4), introduction of an informal workers

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE at 3:30 p.m. on February 4, 2003 in Room 527-S of the Capitol.

compensation deductible bill. This deals with the insurance aspect of workers compensation, giving the employer greater flexibility in how they manage their workers compensation costs, and losses.

Representative Stanley Dreher moved that the committee introduce the bill, seconded by Representative Bob Grant, passed unanimously.

Bill Kostar, mayor of Westwood , Kansas, Chairman of Board of Directors of Kansas Health Partners Benefit Association, (Attachments #5 & 6), reported on the mandated report from legislation on trying to determine how to better serve the uninsured population of citizens of the state of Kansas. Legislation required that medical insurance be provided by private insurers, the demographic group were low income or lower income employees of small business, focusing on employed individuals, and it contemplated using waivers through medicaid funds to provide a subsidy of the insurance premium for the lower income individuals. His report focused on creative innovative approaches to trying to meet the medical insurance needs for employees of small businesses to help give them competitive benefits to those offered by the larger companies.

David Hornick, Insurance consultant, Hornick and Associates, offered insurance expertise to the partnership of the Kansas Health Partners Benefit Association. In general, the small businesses of 2-50 employees cost of insurance increases yearly at a rate of 20% and higher in recent years. Some companies are having to walk away from the health plan for their employees. They were looking at ways to provide innovative products that provide minimal benefit level at a fairly reduced premium rate so small business can provide benefit plans.

Questions were asked by Representative Ray Cox, Representative Bonnie Sharp, and Dr. Bill Wolff.

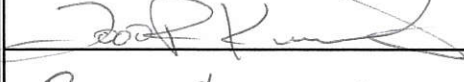
Information for review was passed out for Thursdays meeting of Long term care costs, and medical services report to be presented by Laurel Murdie, legislative post audit.

Meeting adjourned.

Next meeting scheduled for February 6, 2003.

HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: February 4, 2003

NAME	REPRESENTING
Jennifer Telshor	SRS
DAVID HORNICK	HEALTH PARTNERS BENEFIT ASSOCIATION
Rebecca Zepick	Federico Consulting
BILL KOSTAR	HEALTH PARTNER BOARD
Christina Collins	KMS
Nelson Kraeger	KBCK
Rannie Ann Rower	KAUP
Steve Moutgomery	United Healthcare
JoAnn Bursten	Ks. Ins. Agent
Robert Choromanski	KTLA
	Preferred Health Systems
BRAD COTTRILL	Preferred Health Systems
MARCO DAVEN	Preferred Health Systems
Bruce Wolf	Preferred Health Systems
Sandra Braden	Ks Assn of Gen Ins KAIFA
Connie Reeves	KFMC
LARRY MAGUE	KAIX

Chapter 40.--INSURANCE
Article 40.--CONVERSION OF DOMESTIC MUTUAL INSURER INTO DOMESTIC STOCK INSURER

40-4002. Resolution by board of directors; plan of conversion; approval by commissioner and policyholders; withdrawal or amendment of plan. (a) A resolution shall be adopted by a 2/3 majority of the entire board of directors of the insurer which shall state the reasons such conversion would benefit the insurer and be in the best interests of its policyholders. Following adoption of such resolution a detailed plan of conversion shall be developed and shall be approved by a 2/3 majority of the entire board of directors. The plan of conversion shall not be effective unless the plan has been so approved by the board of directors.

(b) A draft of the plan of conversion may be submitted to the commissioner for preliminary examination and comment prior to or after the adoption of the resolution described in subsection (a).

(c) After the completion of the process of preliminary examination and comment, the plan shall be submitted to the commissioner for approval in writing, subject to the provisions of K.S.A. 40-4004 and amendments thereto. The plan of conversion shall not be effective unless the plan has been approved by the commissioner.

(d) *If approved by the commissioner*, the plan shall *then* be *submitted to the policyholders and must be* approved by ~~2/3~~ of the policyholders voting in person or by proxy at a meeting of the policyholders called for that purpose, pursuant to the bylaws of the insurer. ~~except that if a majority of all policyholders vote in person or by proxy, then a majority of those voting shall constitute approval, and~~ The plan of conversion shall not be effective unless the plan has been so approved by *a majority of all* the policyholders *eligible to vote on the plan*. No such proxy vote shall be effective unless the proxy specifically provides the proxyholder with the authority to vote on the plan of conversion, and unless the proxy is dated subsequent to the day on which the plan of conversion is initially approved by the board of directors of the mutual insurer. Proxy statements relating to the plan may be mailed to the policyholders in accordance with the bylaws of the insurer.

(e) The board of directors by a vote of not less than 2/3 of the entire board may, at any time prior to the issuance of the certificate of authority pursuant to K.S.A. 40-4010 and amendments thereto:

(1) Withdraw the plan, if conversion is deemed to be no longer in the best interests of the insurer or its policyholders; or

(2) amend the plan, except that no amendment which materially changes the plan shall take effect unless such amendment is approved by the commissioner. In the event of a material change to the plan, the commissioner:

(A) Shall order a hearing to be conducted in accordance with the provisions of the Kansas administrative procedure act before approving or disapproving such material change; and

(B) may require that such a change be approved by the policyholders pursuant to subsection (d).

(f) The plan shall be filed in the office of the commissioner after having been approved as provided by subsections (a), (c) and (d).

(g) As used in this act: (1) "Policyholder" means a policyholder of the mutual insurer on the day the plan of conversion is initially approved by the board of directors of the mutual insurer; except that, with respect to a mutual insurance company authorized to transact the business of insurance in the state of Kansas under the authority granted in article 10 or article 12 of chapter 40 of the Kansas Statutes Annotated, "policyholder" means a policyholder of the mutual insurer on the day the plan of conversion is initially approved by the board of directors of the mutual insurer, whose policy or policies have been in effect for not less than two out of three years immediately prior to the date the board of directors approved the plan, or whose policy or policies have been in effect for at least 90 days during the 365 days immediately preceding the date the board of directors approved the plan if the insured is a crop hail insurance policyholder.

(2) "Commissioner" means the commissioner of insurance.

40-4004. Consideration and approval or disapproval of plan by commissioner; hearings. (a) The commissioner shall examine the plan submitted pursuant to subsection (b) or (c) of K.S.A. 40-4002, and amendments thereto. As a part of such examination, the commissioner shall order a hearing on the plan to be conducted in accordance with the provisions of the Kansas administrative procedure act and shall give not less than 20 days' written notice of the date of hearing to the insurer and give not less than 20 days' written notice to policyholders by publication or otherwise. The commissioner shall approve the plan if the commissioner finds that:

(1) The plan of conversion is fair and equitable to policyholders;

(2) the plan of conversion complies with the provisions of this act;

(3) the plan of conversion does not unjustly enrich any director, officer, agent or employee of the insurer; and

(4) the new stock insurer would meet minimum requirements to be issued a certificate of authority by the commissioner to transact business in this state and the continued operations of the new stock insurer would not be hazardous to existing or future policyholders or the public.

(b) *The commissioner may rely on an independent evaluation by one or more qualified experts retained by the commissioner pursuant to KSA 40-4013 to determine whether* the amount of consideration provided by the converting insurer to policyholders shall be deemed to be *is* fair and equitable pursuant to subsection (a). *In no event shall the* if the consideration is at least *be less than* the amount of statutory surplus attributable to contributions of policyholders.

(c) Upon submission of a plan of conversion, the commissioner may request any additional documents or information in the possession of the insurer or its affiliates as are reasonably necessary to enable the commissioner to make the findings required by this section for the approval of the plan.



House Insurance
Date: 2/4/03
Attachment # 2

b

ROBERT R. (BOB) WILLIAMS, M.S., C.A.E.
EXECUTIVE DIRECTOR

1020 SW FAIRLAWN RD. PHONE 785-228-2327
TOPEKA, KANSAS 66604 FAX 785-228-9147
WEBSITE: www.kansaspharmacy.org E-MAIL: bob@kansaspharmacy.org

Standardized Prescription Benefit Card

BACKGROUND

In the United States today, upwards of 85% of prescriptions are paid for by one of many insurance programs... each with its own unique drug benefits card. Dealing with the administrative burdens created by inconsistent and confusing prescription drug cards creates unnecessary barriers to pharmacists providing care to their patients.

Surveys of pharmacists by the Pharmaceutical Society of the State of New York, The American Pharmaceutical Association and a study funded by the National Association of Chain Drug Stores indicate that lack of a single card format is a primary impediment to productivity of pharmacists. The problem will only become more acute over the next five years with an expected 47% increase in prescriptions and a mere 6% projected increase in pharmacists.

Requiring the use of a single standardized prescription benefit card will benefit both pharmacists and patients by decreasing stress and frustration, increasing job satisfaction and enhancing opportunities for patient interaction. Better use of medications, improved health outcomes, reduced health care costs, and convenience for the consumer will result.

STATUS

A coalition of pharmacy organizations has drafted model legislation requiring the use of the card while allowing the card to evolve as advances in technology and feasibility occur. The legislation simply asks insurers to provide pharmacists with the information that the insurer requires to process a claim.

The National Council for Prescription Drug Programs (NCPDP)... the standards setting organization for pharmacy claims transmission... has developed a standard card containing both mandatory and conditional fields. They have also developed an implementation guide to specify where on the card information should be placed and displayed and other specifications to insure state-to-state uniformity.

Twenty-four states have passed legislation mandating a standard prescription benefit card since 1999 (VA passed legislation twice... first in 2000, then again in 2001.)

- In 1999: NC, TX
- In 2000: AL, GA, IL, TN, VA
- In 2001: AR, CA, IA, IN, MD, MN, ND, NJ, NV, OR, SD, VA, WA
- In 2002: CO, FL, MI (waiting Gov's signature, 12/02), MS, OK

House Insurance
Date: 2/4/03
Attachment # 2



Kansas Pharmacists Association
Kansas Society of Health-System Pharmacists
Kansas Employee Pharmacists Council
1020 SW Fairlawn Rd.
Topeka KS 66604
Phone 785-228-2327 + Fax 785-228-9147 + www.kansaspharmacists.org
Robert (Bob) R. Williams, MS, CAE, Executive Director

House Insurance
Date: 2/4/03
Attachment # 3

C

Testimony
House Insurance Committee
February 4, 2003

Pharmacy Benefit Management Companies (PBMs)

My name is Bob Williams, Executive Director of the Kansas Pharmacists Association.

Thank you for this opportunity to address the committee regarding Pharmacy Benefit Management companies (PBMs).

A Pharmacy Benefit Management company is an entity that engages in services such as negotiating, managing, and disbursing rebates and other incentives and arrangements such as developing formularies and designing prescription benefit programs or pharmacy services.

Currently PBMs are unregulated in Kansas. There is a regulation requiring PBMs to register with the Insurance Department; however, with no penalty provisions, very few do in fact register.

If a consumer, employer, or provider has been harmed by the PBM, there is little if any, recourse.

At the very least, PBMs should be required to register with the Insurance Department and comply with laws regarding financial liability, misleading advertising, and file an annual financial statement with the Insurance Department.

Thank you.

House Insurance
Date: 2/4/03
Attachment # 3

House Insurance
Date: 2/4/03
Attachment # 4

(d)

Workers Compensation—Informal Deductible

44-559a. (g) An insurer shall allow an informal workers compensation deductible to an employer for medical expenses only up to \$500 per claim. The employer shall pay the medical costs and report the claim to the insurer and the director of the division of workers compensation under K.S.A. 44-557. If the claim results in any lost time or if the medical expenses exceed \$500, the employer shall report the status of the claim to the insurer and the insurer shall take over the claim and reimburse the employer for amounts expended up to \$500. Amounts paid by an employer under an informal deductible shall be reported annually and the employer shall be subject to assessments under K.S.A. 44-566a and 74-713 and amendments thereto.

House Insurance
Date: 2-4-03
Attachment # 4

44-559a. Workers compensation insurance; deductibles option; payment of deductible amount by insurer, reimbursement; premium credits; Kansas workers compensation insurance plan not to require deductibles option; group-fund pools may offer deductibles option. (a) Each insurer issuing a policy to assure the payment of compensation under the workers compensation act may offer, as a part of the policy or as an optional endorsement to the policy, deductibles optional to the policyholder for benefits, which may include allocated loss adjustment expenses, payable under the workers compensation act.

(b) The insurer shall pay all or part of the deductible amount, whichever is applicable to a compensable claim, to the person or medical provider entitled to the benefits conferred by the workers compensation act and seek reimbursement from the insured employer for the applicable deductible amount. The payment or nonpayment of deductible amounts by the insured employer to the insurer shall be treated under the policy insuring the liability for workers compensation in the same manner as payment or nonpayment of premiums. The insurer may require adequate security to provide for reimbursement of the paid deductible from the insured. An employer's failure to reimburse deductible amounts to the insurer shall not cause the deductible amount to be paid from the workers compensation fund under K.S.A. 44-532a and amendments thereto or any other statute. The insurer shall have the right to offset unpaid deductible amounts against unearned premium, if any, in the event of cancellation.

(c) Such deductible shall provide premium credits as approved by the commissioner of insurance, and losses paid by the employer under the deductible shall not apply in calculating the employer's experience modification.

(d) The commissioner of insurance shall not approve any policy form that permits, directly or indirectly, any part of the deductible to be charged to or be passed on to the worker.

(e) The deductible amounts paid by an employer shall be subject to reimbursement as provided for under K.S.A. 44-567 and amendments thereto when applicable. All compensation benefits paid by the insurer including the deductible amounts shall be subject to assessments under K.S.A. 44-566a and 74-713 and amendments thereto. The Kansas workers compensation plan

under K.S.A. 40-2109 and amendments thereto shall not require deductibles under policies issued by the plan.

(f) Group-funded worker compensation pools as defined in K.S.A. 44-581, and amendments thereto, and municipal group-funded pools as defined in K.S.A. 12-2616, and amendments thereto, may offer deductibles as defined herein using deductible rules and premium credits as promulgated by the national council on compensation insurance and approved by the commissioner.

History: L. 1991, ch. 144, § 1; L. 1995, ch. 49, § 2; L. 1998, ch. 114, § 5; July 1.

44-560.

History: L. 1927, ch. 232, § 57; L. 1933, ch. 75, § 1 (Special Session); Repealed, L. 1945, ch. 215, § 14; Jan. 1, 1946.

44-561. Reserves. No insurance carrier shall write any insurance against liability hereunder unless it maintains such reserves as are required by law, or in the absence thereof such reserves as may be required by the commissioner of insurance the power to require and regulate which is hereby vested in said commissioner of insurance.

History: L. 1927, ch. 232, § 58; June 30.

CASE ANNOTATIONS

1. Claim of emotional distress in retaliatory discharge case was not preempted by workers compensation law. *Marten v. Yellow Freight System, Inc.*, 993 F.Supp. 822, 830 (1998).

44-562. Reports to insurance commissioner; inspection. Every insurance carrier writing insurance for liability hereunder, or the liability of employers rejecting this act, shall report to the commissioner of insurance, in accordance with such rules as he may adopt, such information as he may at any time require for the purpose of determining the solvency of the carrier or the fairness, reasonableness and adequacy of its rates, and for such purposes the commissioner of insurance may inspect the books and records of such carriers and examine its officers, agents and servants under oath.

History: L. 1927, ch. 232, § 59; June 30.

44-563. Violation of act. For any violation of the provisions of this act the commissioner of insurance may suspend or revoke the authority of any insurance carrier to do business in this state. If any insurance carrier fails or delays to pay any compensation finally determined to be due, the commissioner of insurance shall hear the com-

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excuse he may r
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History: L.

**44-564. L.
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44-565. In
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History: L.]

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C.J.S. Statutes § 96

WORKERS

Cross References to
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2301.

**44-566. Wo
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(b) "Handicap
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become unemploy
any of the followin

1. Epilepsy;
2. Diabetes;
3. Cardiac dise
4. Arthritis;
5. Amputated

4-2

Kansas Health Partners Benefit Association
Presentation to the House Insurance Committee
Tuesday, February 4, 2003 3:30 p.m.

Charter of the Partnership:

- A. Reduce the uninsured population in the State by focusing on the lower-income employees of small business.
 - 1) Medical Group Insurance provided by private carriers.
 - 2) Small Business focus due to importance to the economy and as competitive assistance.
 - 3) Focus on employed individuals.
 - 4) Legislation contemplates public subsidies for premiums through Medicaid waivers or other sources.
- B Health Policy Committee shaped transition from Legislation into working organization.
- C HPBA Board formed early last year.
- D Grants from Robert Wood Johnson and Sunflower Foundations allowed Board to contract for insurance and communications expertise.
- E HPBA able to act as interface between legislative initiative and actual insurance and labor market.

- F When it became apparent that due to budget constraints subsidies would most likely not be possible, Board directed insurance consultants to work with carriers to be able to offer creative, innovative insurance plans with reduced premiums and tailored coverage.

- G David Hornick will describe the insurance market and our latest efforts.

SANDY PRAEGER
 SENATOR, 2ND DISTRICT
 3601 QUAIL CREEK COURT
 LAWRENCE, KANSAS 66047
 (785) 841-3554
 FAX: (785) 841-3240
 STATE CAPITOL—128-S
 TOPEKA, KS 66612-1804
 (785) 296-7364
 E-MAIL: praeger@senate.state.ks.us



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
 CHAIR: PUBLIC HEALTH AND WELFARE
 HEALTH CARE REFORM LEGISLATIVE
 OVERSIGHT COMMITTEE
 JOINT COMMITTEE ON CHILDREN AND FAMILIES
 VICE CHAIR: FINANCIAL INSTITUTIONS AND INSURANCE
 MEMBER: ASSESSMENT AND TAXATION
 ELECTIONS AND LOCAL GOVERNMENT
 SRS TRANSITION OVERSIGHT COMMITTEE

KEY ELEMENTS OF SENATE BILL 668

"KANSAS BUSINESS HEALTH PARTNERSHIP"

CHOICE:

This legislation creates the Kansas Business Health Partnership. The Partnership provides the opportunity for small businesses to pool their employees with other small businesses to offer - not just health insurance - but a choice of health plans to their employees. It will also allow for risk-sharing among the larger group of employees from all of the companies participating in the Partnership. This doesn't just "level the playing field" for these companies; it lets them on the "playing field".

The Partnership will perform the following organizational functions:

1. Contract with two or more health plans to provide choice
2. Establish several benefit options
3. Receive subsidies from the state and link those funds with eligible families
4. Receive premiums from employer and employee, making this administratively simple for the participating employers

AFFORDABILITY

The Partnership provides a mechanism for subsidies to assist families in purchasing health insurance through their employer. The subsidy comes from the Children's Health Insurance Program. The subsidy, along with the pooling of employees, creates the opportunity for small companies with low-wage workers to offer insurance. At some point in the future money from the tobacco settlement could also be used to subsidize the employees' share of the premium. This would, of course, need to be recommended by the Children's Cabinet and approved by the Governor and the Legislature.

House Insurance
 Date: 2-4/2003
 Attachment # 6

KEY ELEMENTS OF SB 668

This legislation creates the Kansas Business Health Partnership which will allow for pooling of employees in small companies for risk-sharing and offering choice to the individual employee.

The Partnership will perform the following organizational functions:

- (a) Contract with two or more health plans
- (b) Establish several benefit options
- (c) Receive subsidy from state government and link those funds with eligible employees
- (d) Receive premiums from employer and employee

Provides for subsidies to families in low-wage jobs, working for small group employers

Subsidies would be provided through the Children's Health Insurance Program (CHIP) to families that have eligible children equal to the amount to cover those children in the state's "HealthWave" program.

In addition, funds from the tobacco settlement may be used to subsidize the parents if recommended by the Children's Cabinet and approved by the Governor and Legislature.

Encourage job-based insurance coverage for low-wage workers

This provision is especially important with welfare reform. One of the barriers to persons getting off welfare and staying off is access to health insurance. Most low-wage companies, where many of our former welfare recipients work, do not offer health benefits. If they do, the premium contribution is frequently more than can be afforded by the employee. And dependent coverage is rarely an option.

Strengthen the practice of job-based insurance coverage

Eighty-five percent (85%) of Americans receive their insurance coverage through the workplace. This approach builds on that concept. We could expand Medicaid (especially when we consider that our current Medicaid eligibility level for non-pregnant adults is 43%). This approach is a private sector approach that enhances the small employer's opportunity to attract and retain workers.

EMPLOYER, EMPLOYEE AND FAMILY FRIENDLY

Instead of using the government-run program for the children, where they are insured separate from their parents, the family that qualifies can be covered by the same health plan offered through their place of employment. The employer that has not been able to afford to provide coverage for his/her employees may be motivated to do so with the availability of the subsidy. In this tight labor market, employers are increasingly looking for ways to attract and retain workers. This program can provide that incentive.

This approach builds on the concept of employer-based insurance coverage that, along with the government programs of Medicaid and Medicare, provides insurance for 85% of Americans. We could expand Medicaid (especially when one considers that our current eligibility level for non-pregnant adults is 43% of the federal poverty level); but instead, this is a private sector program that is both employee and employer friendly.

This Partnership also addresses the concern that the state is not enrolling enough children in the CHIP program (HealthWave). It creates another opportunity for outreach to get children enrolled while at the same time expanding coverage for their parents.

Comments on Senate Bill No. 668

Affordable health insurance for low wage workers is a major concern in creating healthcare policy. This problem is further aggravated when one considers that many of these workers are employed in small businesses which, because of their size, lack the purchasing power necessary to obtain affordable health coverage. SRS is supportive of efforts to assist small businesses through a pooling of resources to increase the purchasing power of the business. Senate Bill 668 goes a long way toward assisting the small business community to provide affordable health insurance for its workers. SRS in general supports the basic concepts of this bill and pledges to work with the Kansas business health partnership, should it be created, to bring its Title XIX and XXI programs into the partnership.

This having been said SRS has several concerns about Senate Bill No. 668 as introduced by the Committee on Ways and Means. This bill establishes the Kansas Business Health Partnership and outlines its operations, powers and duties. The Department is generally supportive of any efforts to increase the number of Kansas covered by health insurance. To the extent that this bill attempts to accomplish this through a purchasing cooperative for small business, we are supportive of the bill. The Department's specific concerns with the bill are outlined briefly below but in general the concerns center around the interweaving of the Department's programs and contractors with the new entity. Additionally, there are several references and provisions in S.B. 668 which need additional clarification.

Section 2(h) on page 3 of the printed bill gives the Health Partnership the authority to require both the submission of a good faith bid by and the participation of all health plans that contract with SRS. The Department believes this provision could seriously impair its ability to attract and maintain adequate health plans to insure persons eligible for coverage in Title XIX and Title XXI. We are at a point in our managed care programs (both Title XXI and Title XIX) where we are trying to make Kansas a viable market in which health plans are willing to participate. We have made significant progress in streamlining administrative functions and requirements to make Kansas more attractive to potential health plans. The Department is concerned that placing additional potential burdens on participating health plans would pose a threat to our current efforts.

Section 5 of the printed bill requires SRS to develop and seek federal approval for a "family waiver" for the Title XXI and Title XIX programs. There are a couple of technical items and one policy concern the Department has with this section. The first technical item is the reference to a "waiver" which should be referred to as a "variance" for purposes of Title XXI. Second, no new waiver is needed for the HIPPS program in Title XIX as we already purchase policies that include coverage of an adult. This variance would be required in order for any adults to be covered under a policy purchased with Title XXI funds. A policy concern the agency has is that the receipt of a family variance from HCFA is only one of a myriad of regulatory issues to be dealt with in implementing this bill but it is the only one singled out in the bill. For instance, a much more critical issue with the participation of Title XXI in the purchase of coverage through this process is the approval of a state plan amendment to purchase employer-sponsored coverage by HCFA. We would be more comfortable with language which directs SRS to explore how it

might bring Healthwave and Title XIX eligible families employed by a small business into this partnership.

The Department believes it would be more appropriate for this bill to establish the construct for the new entity to implement the concept behind the bill without the addition of regulatory/administrative requirements which need to be accomplished. The Department is willing to work on overcoming potential challenges to the participation of our public health insurance programs in the Health Partnership without specific statutory requirements. In conclusion, the Department is very supportive of the concept of increasing the ability of small business to purchase health insurance for their employees' families and will work to investigate how Title XXI and Title XIX can be a part of the solution for eligible families.



2015 - 16th Street
P. O. Box 1090
Great Bend, Kansas 67530
620-792-5307
620-792-7053 Fax

BOARD OF DIRECTORS
HEALTH PARTNERS BENEFIT ASSOCIATION, INC.

1. Mayor, Westwood, Kansas
William Kostar, Chairman of the Board
Email: westwoodcityhall@aol.com
2. Therese Horvat, Vice Chairman, Corporate Secretary
President, WTTG Consulting
Email: tmhorvat@aol.com
3. Gail Urban
CFO, Meadowlark Hills Retirement Community
Email: gail.urban@meadowlark.org
4. Gary Gore
Executive Director, Great Bend Chamber of Commerce
Email: ggore@greatbend.org
5. Ed Fonner
Director of Outreach, KU School of Medicine
Email: edfonner@aol.com
6. Al Tikwart, Jr.
American Litho, Inc.
Email: al_tikwart@yahoo.com
7. Karen Latta
Email: washcoed@washingtonks.net
8. Harriet Hayward
Executive Director, Medical Society of Johnson and Wyandotte Co's

FOR MORE INFORMATION: WWW.HPBAKS.ORG

HPBA's Insurance Experts

1. Dennis Call
Owner, President, Benefit Management, Inc.
Email: dcall@benefitmanagementks.com
2. David Hornick
Hornick and Associates
Email: hornickandassoc@aol.com



2015 - 16th Street
P. O. Box 1090
Great Bend, Kansas 67530
620-792-5307
620-792-7053 Fax

Kansas Business Health Policy Committee

1. Bill Riley, Chairman
2. Martha Leonard
3. Cliff Sones
4. Kathleen Sebelius, Kansas Insurance Commissioner, Governor-elect
5. Sandy Praeger, State Senator, Insurance Commissioner-elect
6. Janet Schalansky, Secretary of Social and Rehabilitation Services
7. Paul Feleciano, State Senator
8. Sue Storm, State Representative



2015 - 16th Street
P. O. Box 1090
Great Bend, Kansas 67530
620-792-5307
620-792-7053 Fax

**MESSAGE FROM THE HONORABLE WILLIAM KOSTAR
CHAIRMAN, HEALTH PARTNERS BENEFIT ASSOCIATION, INC.
MAYOR OF WESTWOOD, KANSAS and SMALL BUSINESS OWNER**

The cost of health insurance is having a serious negative impact on Kansas' small business owners and their employees. Kansas' Legislature, Governor and Insurance Commissioner have placed a high priority on finding solutions to this challenge, and our not-for-profit organization has joined in a public/private partnership to address Kansas' needs for affordable health coverage.

There is no question that economic growth in Kansas depends, in large measure, on the economic health of the thousands of small businesses that call Kansas home. We can be competitive in the global economy only if our small businesses can hire and keep high quality, well-trained individuals. But the cost of health insurance is forcing many small businesses to stop offering health insurance benefits to their employees, and many employees who have access to health insurance must decide whether to pay their premiums or their grocery bills. Additionally, many employees of small businesses are forced to look elsewhere for jobs when employers' health insurance becomes too expensive or is unavailable.

As a result, HPBA will actively seek to engage private health insurance carriers, and find ways to make low-cost health insurance for small businesses both affordable and widely available throughout the state of Kansas. We have chosen Benefit Management, Inc. of Great Bend, Kansas to actively work with insurance companies to develop insurance plans that fulfill Kansas small business owners' needs. Benefit Management will then work with insurance brokers throughout the state to market those plans at the grass roots level, and educate small business owners and their employees about the availability of these insurance plans as they come on the market.

We will continue to focus on the original intent of the Kansas Business Health Partnership Act, which created this initiative, to provide state and federal subsidies of insurance premiums to small business owners in need. Budget shortfalls in Kansas, common throughout the entire U.S. since September 11, 2001, most likely will prevent that from happening for the foreseeable future. But we will strive to bring those financial resources to bear as the state economy recovers and additional funds become available. During the interim, Health Partners Benefit Association will work to serve the people of Kansas whose livelihoods depend on the success of our many small businesses and their employees.



2015 - 16th Street
 P. O. Box 1090
 Great Bend, Kansas 67530
 620-792-5307
 620-792-7053 Fax

Executive Summary/Chronology

<u>Year</u>		
2000	*	<p>Senator Sandy Praeger creates legislation (Senate Bill 668) to provide Kansas' small businesses and their employees with options to lower the cost of their health insurance.</p> <p>* Kansas Legislature enacts bill authorizing:</p> <ul style="list-style-type: none"> a. State subsidies providing direct financial assistance to small businesses and their employees, (low wage or low salaried employees), to offset the cost of health insurance. b. A public-private initiative to establish a health insurance purchasing cooperative (HIPC) to achieve the goal. c. Establishment of a 10-member oversight committee - the Kansas Business Health Policy Committee. d. The Policy Committee to choose a private non-profit association as the "Kansas business health partnership" to represent the best interests of Kansas' small businesses and serve as liaison with the private sector to facilitate the development, and procurement, of affordable health insurance plans.
2001	*	<p>Kansas Legislature revises act to approve continuance of the authorizing legislation for an additional 12 months.</p> <p>Kansas Social and Rehabilitation Services (SRS) secures planning grant from the Robert Wood Johnson Foundation "State Coverage Initiatives" program. Amount: \$149,600.</p>
2002	*	<p>The Kansas Business Health Policy Committee chooses Health Partners Benefit Association, Inc. as the Kansas business health partnership.</p> <p>SRS's planning grant given to HPBA</p> <p>HPBA given grant from Sunflower Foundation to market the partnership and its first product/plan. Amount: \$74,000</p> <p>Legislation revised and formally renamed the "Kansas Business Health Partnership Act," (House Bill 2247); sunset provision removed from legislation</p> <p>Health Partners Benefit Association, Inc. announces kick-off, (November); first product/plan for small businesses introduced.</p>



2015 - 16th Street
P. O. Box 1090
Great Bend, Kansas 67530
620-792-5307
620-792-7053 Fax

For immediate release:
Contact: Steven Jacques
(913) 262-3250
Jacques@hpbaks.org

November 13, 2002
Contact: David Hornick
(913) 351-3721
hornick@hpbaks.org

**NEW INITIATIVE TO OFFER
LOW-COST HEALTH INSURANCE FOR KANSAS SMALL BUSINESSES**

TOPEKA, Kan. (Nov. 13, 2002) – A new Kansas non-profit association, Health Partners Benefit Association, Inc. (HPBA), today launched its state-wide initiative to develop and make available low-cost health insurance plans for Kansas' small businesses.

The HPBA was created as part of the Kansas Business Health Partnership Act of 2000, which called for a public/private partnership to support small businesses in Kansas that have 2 to 50 employees by providing low-cost health insurance options.

HPBA-endorsed carriers will offer plans that significantly reduce monthly premiums with up to 50 percent savings over traditional plans. The first small business health plan provided under this initiative will offer three options with a maximum annual benefit of up to \$10,000. According to HPBA, this benefit amount will cover the majority of normal yearly medical costs incurred by an individual.

“The Act originally envisioned state subsidies to provide financial support for small business health insurance, but the current state budget crises has put those hoped-for subsidies on hold indefinitely,” according William Kostar, volunteer chairman of HPBA’s Board of Directors and mayor of Westwood, Kansas. “Faced with this challenge, HPBA has decided to move ahead and create incentives to encourage insurance carriers to provide unsubsidized low cost plans.”

The Act established the Kansas Business Health Policy Committee, which chose HPBA to (1) bridge the gap between the public and private sectors, (2) find private insurance carriers that are willing to create low cost plans, and (3) work with those private carriers to develop plans, then inform and educate small business owners throughout the state about the plans as they become available.

- more -

“This effort is about economic growth in the state of Kansas as well as about bringing affordable insurance to the tens of thousands of workers who currently have none,” said Bill Riley, chairman of the Kansas Business Health Policy Committee. “It’s about retaining valued employees who would otherwise go without health insurance or who would move on to larger companies that provide such benefits.”

According to State Senator, and Insurance Commissioner-elect, Sandy Praeger, who sponsored the legislation, “the Kansas Business Health Policy Committee and the HPBA are moving forward, despite Kansas’ budget crisis, to ensure the economic health of this state’s small businesses and the physical health of their employees. Economic growth in Kansas depends on maintaining a qualified workforce and assuring wage earners that their families’ health concerns will be met through insurance programs they can afford.”

Governor Bill Graves issued the following statement, which was read at the news conference by William Kostar: “This is a great example of many different groups working together to provide a much needed service. I especially want to thank the members of the Kansas Business Health Policy Committee for their work over the past couple of years to get us to this point. While there’s still more to do, this is a welcome development for small businesses and their employees, which are the life’s blood of the Kansas economy.”

Lt. Governor-elect John Moore also participated in the announcement news conference representing Governor-elect Kathleen Sebelius, who, as Insurance Commission, is a member of the Kansas Business Health Policy Committee.

The Robert Wood Johnson Foundation’s State Coverage Initiatives Program and the Sunflower Foundation have funded HPBA’s initial organizational efforts.

For more information about HPBA and the Kansas Business Health Policy Committee, log on to www.hpbaks.org.

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STEVEN L. JACQUES

HPBA Media Report 12/02 – Over 1 million positive media exposures in Kansas

The following media placements generated by Health Partners Benefit Association's news conference/announcement (11/13) and subsequent media activity have been documented as of 12/16/02. Articles arising from interviews placed by Jacques & Colby, and conducted with local media by representatives of HPBA during the weeks of Dec. 2 and Dec. 9, will be added when clips/documentation are received.

<u>Publication</u>	<u>Date</u>	<u>Readership</u>
The Kansas City Star (KS editions)	11/14	234,000
Leavenworth Times	11/14	21,042
The Lawrence Journal-World	11/14	57,498
Great Bend Tribune	11/24	23,277
Wichita Eagle	11/13	326,865
Hays Daily News	11/15	36,989
Pratt Tribune	11/14	6,666
Parsons Sun	11/14	19,266
Clay Center Dispatch	11/14	9,855
Garden City Telegram	11/14	34,224
Dodge City Daily Globe	11/14	23,268
Atchison Daily Globe	11/14	10,110
Tiller & Toiler (Larned, KS)	11/14	7,605
Arkansas City Traveler	11/14	14,781
Ft. Scott Tribune	11/14	12,048
Daily Union (Junction City)	11/14	18,573
Colby Free Press	11/14	6,573
Wilson County Citizen (Fredonia)	11/25	11,910
Phillips County Review	11/21	10,050
Topeka Capitol-Journal	11/14	176,772
Kansas City Business Journal	11/14	
Wichita Business Journal	11/14	
Wyandotte County Legal (Bonner Springs)	11/25	undisclosed
Total print media exposures:		1,061,372+

<u>Broadcast Outlet</u>	<u>Date</u>	<u>Listeners/Viewers</u>
KSNT-TV		
(NBC Topeka)	11/13	32,000
WIBW-TV		
(CBS Topeka)	11/13	20,000
KCUR-FM (Kansas City NPR)	11/13	11,000
KANU-FM (Lawrence NPR)	11/13	3,200
WIBW Radio (KS Info Net)	11/13	
KVOE-AM (Emporia)	11/13	
KSAL-AM (Salina)	11/13	
KMUW-FM (Wichita NPR)	12/12	4,000

Group offers Kansas health plan

Goal is to lower costs for workers, small businesses

By JIM SULLINGER
The Kansas City Star

Kansas insurance officials said Wednesday that help is on the way for thousands of workers without health insurance and small employers that could not afford the high cost of offering it.

The nonprofit Health Partners Benefit Association has teamed with Allied National Cos., headquartered in Kansas City, to offer a health insurance plan that officials said would lower the cost for small businesses and their employees by 40 percent to 50 percent.

The plan is called Horizons Cost Saver and is offered by Allied National, Bill Kostar, Westwood's mayor and the chairman of the Health Partners Benefit Association, said his goal is to persuade more health insurance companies to offer something similar. Currently, he said, Allied National has few clients in Kansas.

Insurance consultant David Hornick of Hornick and Associates said, "We've had discussions with just about every insurance company in the state."

Hornick pointed out that the plan could lower costs because medical claims for each insured employee are limited to \$10,000 a year. Kostar said that amount would take care of the medical needs of about 90 percent of the employees who currently are uninsured.

Two years ago, the Kansas Legis-

On the Web

Health Partners Benefit Association: www.hpbaks.org

lature passed the Kansas Business Health Partnership Act, which established a policy committee that included Insurance Commissioner Kathleen Sebelius, now the governor-elect, state Sen. Sandy Praeger, a Lawrence Republican who now is the insurance commissioner-elect, and Rep. Sue Storm, an Overland Park Democrat.

Kostar said the goal was to set up a program that used federal and state Medicaid money to subsidize health insurance costs for businesses with two to 50 employees.

The policy committee established the Health Partners Benefit

Association.

But the state's growing budget deficit of more than \$1 billion has made that goal unattainable for now. "We've got wonderful programs unfunded," Kostar said.

He said the plan announced Wednesday requires employers to pick up a minimum of 25 percent of the cost.

"Rising costs are forcing many small employers out of the health care market," he said, adding that the new plan might be an attractive alternative.

He said committee members still hope eventually to subsidize the program with state and federal dollars when the state's revenue picture brightens.

To reach Jim Sullinger, call (816) 234-7701 or send e-mail to jsullinger@kcstar.com.

135-8

Officials unveil health plan for small business

By staff and wire reports

State officials and a non-profit group formed under a 2-year-old law are marketing a new health insurance plan for small businesses to offer their employees.

The plan, offered by a Kansas City, Mo., insurer, offers coverage similar to comprehensive medical plans, except that it caps the total expenses covered at \$5,000, \$7,500 or \$10,000 a year.

Supporters of the new effort say it will help workers who don't have health coverage through their employers, or employees of companies that are considering dropping coverage because of its cost.

Ultimately, they said during a Statehouse news conference Wednesday, they'd like the state to pay subsidies to low-wage workers, so that more of them can join a

health plan, or offer a plan with broader coverage.

The new plan is available through the Health Partners Benefit Association, the non-profit group set up under the 2000 law. Actually providing the coverage is Allied National Companies. The plan is for companies employing from two to 50 workers.

A Leavenworth County businessman, David Hornick, whose company is involved in the partnership, said the plan puts special emphasis on businesses with employees who earn low wages. They often are uninsured, and the aim is to help them get some health insurance coverage.

Because the state likely won't be able to help subsidize the plan until the economy turns, Hornick said they approached all health insurance carriers in the state to come up with suggestions.

Instead of the traditional means of bumping up deductibles to get premiums down, Hornick said the suggestion was to offer less in benefits.

"It's such an important opportunity for small businesses in Kansas to find health insurance coverage for their employees," said Insurance Commissioner-elect Sandy Praeger, who helped write the 2000 law as a state senator.

The goal behind the law was reducing the number of Kansans who don't have health insurance, estimated at 250,000. Legislators believed many of them don't have insurance because they can't afford the coverage offered by their employers, or their employers couldn't afford to provide health benefits.

The law set up a 10-member

See Subsidies on page A3

Subsidies pushed aside due to budget

Continued from page A1

ber committee to create a partnership to provide such insurance coverage. That led to formation of the nonprofit group, which has obtained nearly \$224,000 in private grants.

The nonprofit in turn hired a Great Bend company, Benefit Management Inc., to work with insur-

ance companies and market new plans for small businesses. That led to the plan offered by Allied, which has been endorsed by the partnership and state officials.

"The benefit they're getting is a market presence," said Bill Riley, chairman of the Kansas Business Health Policy Committee.

Praeger, Riley and oth-

ers acknowledged that legislators originally envisioned subsidies for low-wage workers as the cornerstone of the effort. However, with the state facing budget problems, they didn't think it was realistic to push for subsidies and concentrated on getting a plan to market to small businesses.

Leavenworth
Times
Leavenworth, KS

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Lawrence
Journal-World
Lawrence, KS

From Page: 1D
14/11/2002
32426



135 Group unveils health plan for small Kansas businesses

TOPEKA (AP) — State officials and a nonprofit group formed under a 2-year-old law are marketing a new health insurance plan for small businesses to offer their employees.

The plan, offered by a Kansas City, Mo., insurer, offers coverage similar to comprehensive medical plans, except that it caps the total expenses covered at \$5,000, \$7,500 or \$10,000 a year.

Supporters of the new effort say it will help workers who don't have health coverage through their employers, or employees of companies that are considering dropping coverage because of its cost.

Ultimately, they said during a Statehouse news conference Wednesday, they'd like the state to pay subsidies to low-wage workers, so that more of them can join a health plan, or offer a plan with broader coverage.

The new plan is available through the Health Partners Benefit Assn., the nonprofit group set up under the 2000 law. Actually providing the coverage is

Allied National Companies. The plan is for companies employing from two to 50 workers.

"It's such an important opportunity for small businesses in Kansas to find health insurance coverage for their employees," said Insurance Commissioner-elect Sandy Praeger, R-Lawrence, who helped write the law.

The goal behind the law was reducing the number of Kansans who don't have health insurance, estimated at 250,000.

The law set up a 10-member committee to create a partnership to provide such insurance coverage. That led to formation of the nonprofit group, which has obtained nearly \$224,000 in private grants.

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Great Bend
Tribune
Great Bend, KS

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8-135 Project without targets coverage Kansans

Statewide initiative provides low-cost

health insurance

By DALE HOGG
Managing Editor Great Bend (Kan.) Tribune

TOPEKA - Health Partners Benefit Association, Inc., a new Kansas non-profit association, launched this month a statewide initiative to develop and offer low-cost health insurance plans for the over 250,000 Kansans who



can't afford coverage.

The HPBA was created as part of the Kansas Business Health Partnership Act of 2000.

Call
In Kansas, about 11 percent of the population

which called for a public/private partnership to support small businesses in Kansas that have 2 to 50 employees

population is unemployed."
-Dennis Call

by providing low-cost health insurance options. In Kansas, about 11 percent of the population is uninsured," said

Dennis Call of the Great Bend-based Call Insurance Services. Call and his agency signed a contract with HPBA to head up the marketing efforts for the program. "Of that 11 percent, about 80 percent are employable," Call said. However, most

**COVERAGE
continued on A7**

Coverage

Continued from Page A1
work for small employers who either don't offer insurance or that offer plans that workers can't afford. "That's the dilemma we face."

HPBA-endorsed carriers will offer plans that significantly reduce monthly premiums with up to 50 percent savings over traditional plans. The first small business health plan provided under this initiative will offer three options with a maximum annual benefit of up to \$10,000. According to HPBA, this benefit amount will cover the majority of normal yearly medical costs incurred by an individual.

According to Call, the policies are underwritten by Allied National in Kansas City. Call and HPBA worked with Allied to devise the policies offered through the plan.

For now, the partnership will only offer the low-cost plans. But, "We want to offer multiple products. We hope to have three or four different offerings some time down the road," Call said. For now, though, "we just want to get our name out."

"The Act originally envisioned state subsidies to provide financial support for small business health insurance, but the current state budget crises has put those hoped-for subsidies on hold indefinitely," according to William Kostar, volunteer

chairman of HPBA's Board of Directors and mayor of Westwood, Kansas. "Faced with this challenge, HPBA has decided to move ahead and create incentives to encourage insurance carriers to provide unsubsidized low cost plans."

Call remains optimistic about the program's future. "I believe there will be money (available for subsidies) some day."

The Act established the Kansas Business Health Policy Committee, which chose HPBA to (1) bridge the gap between the public and private sectors, (2) find private insurance carriers that are willing to create low cost plans, and (3) work with those private carriers to develop plans, then inform and educate small business owners throughout the state about the plans as they become available.

"This effort is about economic growth in the state of Kansas as well as about bringing affordable insurance to the tens of thousands of workers who currently have none," said Bill Riley, chairman of the Kansas Business Health Policy Committee. "It's about retaining valued employees who would otherwise go without health insurance or who would move on to larger companies that provide such benefits."

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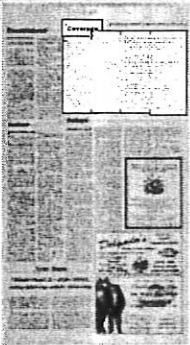
elect, Sandy Praeger, who sponsored the legislation, "the Kansas Business Health Policy Committee and the HPBA are moving forward, despite Kansas' budget crisis, to ensure the economic health of this state's small businesses and the physical health of their employees. Economic growth in Kansas depends on maintaining a qualified workforce and assuring wage earners that their families' health concerns will be met through insurance programs they can afford."

"This is a great example of many different groups working together to provide a much needed service. I especially want to thank the members of the Kansas Business Health Policy Committee for their work over the past couple of years to get us to this point. While there's still more to do, this is a welcome development for small businesses and their employees, which are the life's blood of the Kansas economy," said Governor Bill Graves in a prepared statement.

The Robert Wood Johnson Foundation's State Coverage Initiatives Program and the Sunflower Foundation have funded HPBA's initial organizational and marketing efforts. Call believes more grant money will become available as well.

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Tribune
Great Bend,KS

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TO LEARN MORE

Find out about the Health Partners Benefit Association plan to provide inexpensive health insurance at www.hpbaks.org. Or call (620) 792-5307.

BY CARRIE RENGERS
The Wichita Eagle

Almost 11 percent of Kansans have no health insurance, but the new nonprofit Health Partners Benefit Association Inc. is hoping to change that starting today.

"We're very optimistic we can make a difference here," said Westwood Mayor William Kostar, chairman of the association's board of directors.

The association, which today is officially introducing itself and its first product, grew out of the Kansas Business Health Partnership Act of 2000. The act established the Kansas Business Health Policy Committee, which then created the association.

"Their intent was to address working people, mainly people working for small business and people with no insurance," Kostar said.

The intent isn't to replace exist-

ing major medical plans.

The association hired a third-party administrator, Benefit Management Inc., to work with insurance companies on getting affordable plans for small businesses. Companies with up to 99 employees are eligible, but the association will concentrate on those with between two and 50 employees. Individuals aren't eligible for coverage.

The first product, which is through Allied National Cos., will offer employees three plans with annual benefits of up to \$10,000, no deductibles and \$20 co-payments. That compares with \$1 million annual benefit caps for typical insurance plans.

Benefit Management representative David Hornick said it's important to note that "90 percent of the population will have

Please see **INSURANCE**, Page **7B**

Group to offer cheaper insurance

INSURANCE

From Page 4B

less than \$10,000 of medical expenses in any given year."

There's no option for catastrophic coverage, but Hornick hopes it eventually will be available.

"We would like to provide as much coverage as is reasonably affordable," he said.

The Allied plan offers a 40 percent to 50 percent reduction in average premiums for workers. The average composite rate — which could be high or low depending on an employee's age and sex — is \$105-\$110 monthly for singles and \$300-\$325 for families.

Some major medical plans now cost as much as \$450 for

singles and \$1,000 for families.

"It's just incredible the types of increases we're seen in the cost of health care services," Hornick said. "We've got small employers out there who are walking away from their health plan."

Allied also is offering a prescription card benefit with a \$1,000 cap, \$75 deductible and \$20 co-payment.

The Health Partnership Act originally called for a public-private arrangement, but it became clear that public money wouldn't be available anytime soon. So Kostar said the association then tried to get the premiums low enough that subsidies weren't necessary.

"It's a very unique approach," he said. "We can start whittling away the 11 percent of uninsured Kansans."

Wichita Eagle
Wichita, KS

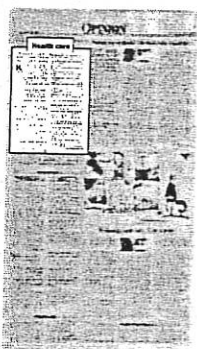
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Hays Daily News
Hays, KS

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Health care

New program should help small businesses offer some health insurance to workers

Kansas seems to be on the right track to more comprehensive health insurance coverage with a new low-cost plan for small businesses.

This plan is especially timely as small employers are beginning to drop health insurance coverage from their benefits packages, worsening an already inadequate coverage of Americans. Spiraling premiums are forcing employers to scale back and sometimes even eliminate health insurance for their employees.

Forty-five percent of employers with three to nine workers now offer no health care benefits, which is a 3 percent rise from the year before, the Kaiser Family Foundation earlier this fall reported from a survey of public and private employers.

This is an alarming trend and appears not likely to reverse course, with no end in sight to medical cost inflation.

Along comes, however, the newly formed Health Partners Benefit Association, Inc., a Kansas non-profit association spawned from legislation passed in 2000 calling for a public-private partnership for small-business health insurance.

HPBA, through Kansas City, Mo.-based Allied National insurance company, will offer health insurance plans to companies with 2 to 50 employees at a savings of 40 to 50 percent from a traditional plan.

Grouping small businesses together to achieve savings on health insurance has long been talked about as a possible solution for small employers. Together, theoretically they could qualify for rates that the big employers get.

This new approach, however, achieves savings primarily by capping annual benefits at \$10,000 for each insured.

This seems to be a different approach, too, because many employers have instead raised deductibles and moved closer to "catastrophic" plans intended more to cover surgeries and other expensive health needs.

And that might be a weakness of the HPBA plan. It seemingly would leave those covered vulnerable to emergency and unexpected high-dollar illness.

High-deductible plans, however, can appear to offer little benefit to low-wage employees. This plan at least covers basic needs and preventative care, which is important to avoidance of a costly hospitalization later.

HPBA Chairman Bill Kostar said the plan would cover the medical costs of 90 percent of employees currently uninsured.

Participation in the program would require employers to cover at least 25 percent of the cost of premiums, which is a good prerequisite.

It also is designed for the state to subsidize with federal and state Medicaid money, and that was the original intent. The state budget deficit, however, realistically will make that unlikely in the near future.

This is a good start at strengthening the old model of private, employer-sponsored health insurance coverage. It leaves room for more plan design, with other options, maybe even catastrophic coverage, and for government subsidization.

In a less-than-ideal system, some coverage is better than none, and this new program should plug one of the holes in the dike, preventing more small businesses from dropping health insurance coverage altogether.

*editorial by John D. Montgomery
jmont@dailynews.net*

Pratt Tribune
Pratt, KS

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135 - 8

Group, officials unveil health plan for small businesses

TOPEKA, Kan. (AP) — State officials and a nonprofit group formed under a 2-year-old law are marketing a new health insurance plan for small businesses to offer their employees.

The plan, offered by a Kansas City, Mo., insurer, offers coverage similar to comprehensive medical plans, except that it caps the total expenses covered at \$5,000, \$7,500 or \$10,000 a year.

Supporters of the new effort say it will help workers who don't have health coverage through their employers, or employees of companies that are considering dropping coverage because of its cost.

Ultimately, they said during a Statehouse news conference Wednesday, they'd like the state to pay subsidies to low-wage workers, so that more of them can join a health plan, or offer a plan with

broader coverage.

The new plan is available through the Health Partners Benefit Association, the nonprofit group set up under the 2000 law. Actually providing the coverage is Allied National Companies. The plan is for companies employing from two to 50 workers.

"It's such an important opportunity for small businesses in Kansas to find health insurance coverage for their employees," said Insurance Commissioner-elect Sandy Praeger, who helped write the 2000 law as a state senator.

The goal behind the law was reducing the number of Kansans who don't have health insurance, estimated at 250,000. Legislators believed many of them don't have insurance because they can't afford the coverage offered by their employers, or their employers couldn't afford to provide health benefits.

The law set up a 10-member committee to create a partnership to provide such insurance coverage. That led to formation of the nonprofit group.

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**Health plan
covers small
businesses**

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See HEALTH, Page 12.

Parsons Sun
Parsons, KS

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Health

Continued from Page 1.

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FROM PAGE 1

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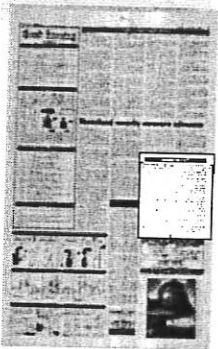
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The law set up a 10-member committee to create a partnership to provide such insurance coverage. That led to formation of the nonprofit group, which has obtained nearly \$224,000 in private grants.

The nonprofit in turn hired a Great Bend company, Benefit Management Inc., to work with insurance companies and market new plans for small businesses. That led to the plan offered by Allied, which has been endorsed by the partnership and state officials.

"The benefit they're getting is a market presence," said Bill Riley, chairman of the Kansas Business Health Policy Committee.

Praeger, Riley and others acknowledged that legislators originally envisioned subsidies for low-wage workers as the cornerstone of the effort. However, with the state facing budget problems, they didn't think it was realistic to push for subsidies and concentrated on getting a plan to market to small businesses.



AROUND THE STATE

(Cont. from pg. 1)

8-135

Health plan unveiled

TOPEKA (AP) — State officials and a nonprofit group formed under a 2-year-old law are marketing a new health insurance plan for small businesses to offer their employees.

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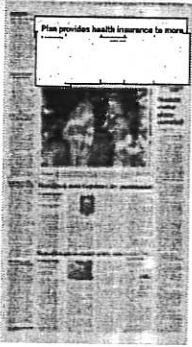
The new plan is available through the Health Partners

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135- 8

Plan provides health insurance to more

■ Health benefits: State officials, nonprofit group marketing plan for small businesses.

TOPEKA (AP) — State officials and a nonprofit group formed under a 2-year-old law are marketing a new health insurance plan for small businesses to offer their employees.

The plan, offered by a Kansas City, Mo., insurer, offers coverage similar to comprehensive medical plans, except that it caps the total expenses covered at \$5,000, \$7,500 or \$10,000 a year.

Supporters of the new effort say it will help workers who don't have health coverage through their employers, or employees of companies that are considering dropping coverage because of its cost.

Ultimately, they said during a Statehouse news conference Wednesday, they'd like the state to pay subsidies to low-wage workers, so that more of them can join a health plan, or

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KANSAS NEWS

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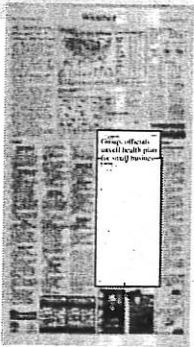
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"The benefit they're getting is a market presence," said Bill Riley, chairman of the Kansas Business Health Policy Committee.

Praeger, Riley and others acknowledged that legislators originally envisioned subsidies for low-wage workers as the cornerstone of the effort. However, with the state facing budget problems, they didn't think it was realistic to push for subsidies and concentrated on getting a plan to market to small businesses.

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135-8

Group, officials unveil health plan for small business

By John Hanna
Associated Press Writer

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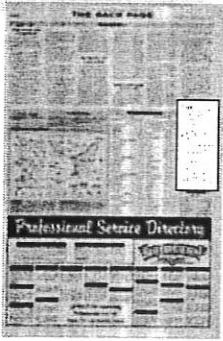
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Atchison Daily
Globe
Atchison, KS

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14/11/2002
32027



135
Officials unveil health
plan for small business

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Tiller & Toiler
Larned, KS

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14/11/2002
31423



135-8

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8-135
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(See Insurance, Page 5)

Insurance

from page three

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On the Net:

Health Partners Benefit Association:
<http://www.hpbaks.org>

Allied National Companies:
<http://www.alliednational.com>

Arkansas City
Traveler
Arkansas
City,KS

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34024



135-2

State, group unveil new health plan

Program targets small Kansas businesses

By John Hanna
Associated Press Writer

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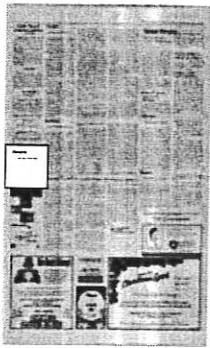
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Praeger, Riley and others

(See HEALTH on Page 2)

Ft. Scott Tribune
Fort Scott, KS

From Page: 1
14/11/2002
32234



Health

(Continued from Page 1)

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Daily Union
Junction City, KS

From Page: 2
14/11/2002
31369



State finds health plan for small businesses

By JOHN HANNA
The Associated Press

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The plan, offered by a Kansas City, Mo., insurer, offers coverage similar to comprehensive medical plans, except that it caps the total expenses covered at \$5,000, \$7,500 or \$10,000 a year.

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Colby Free
Press
Colby,KS

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31117



¹³⁵⁻⁸ Group, officials unveil health plan for small businesses

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135-8-91

Health insurance initiative launched in Kansas

TOPEKA — A new Kansas nonprofit association, Health Partners Benefit Association, Inc., has launched its statewide initiative to develop and make available low-cost health insurance plans for Kansas's small businesses.

HPBA-endorsed carriers will offer plans that significantly reduce monthly premiums with up to 50 percent savings over traditional plans. The first small business health plan provided under this initiative will offer three options with a maximum annual benefit of up to \$10,000. According to HPBA, this benefit amount will cover the majority of normal yearly medical costs incurred by an individual.

The HPBA was created as part of the Kansas Business Health Partnership Act of 2000, which called for a public/private partnership to support small businesses in Kansas that have 2 to 50 employees by providing low-cost health insurance options.

"The act originally envisioned state subsidies to provide financial support for small business health insurance, but the current state budget crises has put those hoped-for subsidies on hold indefinitely," said William Kostar, volunteer chairman of HPBA's board of directors and mayor of Westwood. "Faced with this challenge, HPBA has decided to move ahead and create incentives to encourage insurance carriers to provide unsubsidized low cost plans."

The act established the Kansas Business Health Policy Committee, which chose HPBA to (1) bridge the gap between the public and private sectors, (2) find private insurance carriers that are willing to create low cost plans, and (3) work with those private carriers to develop plans, then inform and educate small business owners throughout the state about the plans as they become available.

"This effort is about economic growth in the state of Kansas as

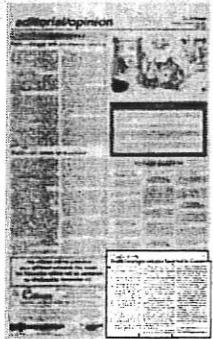
well as about bringing affordable insurance to the tens of thousands of workers who currently have none," said Bill Riley, chairman of the Kansas Business Health Policy Committee. "It's about retaining valued employees who would otherwise go without health insurance or who would move on to larger companies that provide such benefits."

According to state senator, and Insurance Commissioner-elect, Sandy Praeger, who sponsored the legislation, "the Kansas Business Health Policy Committee and the HPBA are moving forward, despite Kansas's budget crisis, to ensure the economic health of this state's small businesses and the physical health of their employees. Economic growth in Kansas depends on maintaining a qualified workforce and assuring wage earners that their families' health concerns will be met through insurance programs they can afford."

(See **INITIATIVE on Page 4**)

Wilson Co.
Citizen
Fredonia, KS

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32795



• INITIATIVE

(Continued from Page 2)

Gov. Bill Graves issued the following statement, which was read at the news conference: "This is a great example of many different groups working together to provide a much needed service. I especially want to thank the members of the Kansas Business Health Policy Committee for their work over the past couple of years to get us to this point. While there's still more to do, this is a welcome development for small businesses and their employees, which are the life's blood of the

Kansas economy."

Vickie Gates, director of the Robert Wood Johnson Foundation's State Coverage Initiatives Program, headquartered in Washington, D.C., also participated in the news conference.

The Robert Wood Johnson Foundation's State Coverage Initiatives Program and the Sunflower Foundation have funded HPBA's initial organizational efforts.

For more information about HPBA and the Kansas Business Health Policy Committee, log on to www.hpbaks.org.

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Wilson Co.
Citizen
Fredonia, KS

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32795



government can always force the people to wait for the next election.

135-91 Health care system set to collapse

A report from the National Academy of Sciences this week indicated something that many Americans already know: the nation's health care system is in crisis. According to the report, the system can't handle the demands on it now, and certainly will not be able to do so in the future as demands increase.

No question about that. Americans have dramatically increased their demands on the health care system over the past few years, and the cost of all that care is now catching up with them — particularly when it comes to the cost of health care insurance.

That should have been expected. Too many Americans have come to view "health care insurance" as some kind of mystical process through which they will get health care as cheaply as possible or — even better — free. They refuse to understand there is no free medical care; someone is paying for it. And that "someone" is American workers.

They pay for health care insurance for everyone is government (the largest-growing employer in the country). They pay for health care insurance for retired people. They pay for health care insurance for poor people. And uninsured people. Workers pay for health care insurance for so many people they often can't afford it for themselves. When workers who are forced — they have no choice about paying taxes — to provide health care insurance for government-funded recipients cannot afford the same services for themselves, it's more than unfair. It's unconscionable.

And with the cost of health care insurance once again skyrocketing, it becomes more unfair every day.

Of course, government's "solution" to the problem is implementing a system of "universal" health care insurance, such as was advocated by the Clinton administration a few years ago. What "universal" means is anyone's guess, but the odds are such a "solution" would feature benefits for government bureaucracies that would not be affordable for the workers and other citizens. And if "universal" actually means "the same for everyone" — as it ought, but never does — why should Americans bother with health care insurance at all? Why not focus on the true need of Americans for equitable access to health care?

That can't happen, for members of Congress don't have what it takes to buck the



Wilson Co.
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Fredonia, KS

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well-funded lobbies that want profits, not cost-controlled national health care. Members of Congress don't have what it takes to announce to the American public that there will be serious restrictions on which procedures, services and products will be "allowed" under the public program and which will be available only to people who have the money to pay for them.

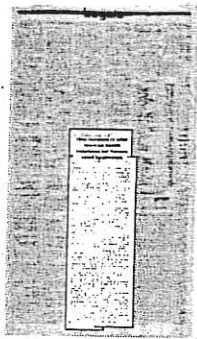
It's no alternative to let the system continue the way it is — continuing to grow unchecked because people don't want to see how expensive, how grossly unfair, it has become. The cost of health care insurance very soon will become too high for everyone, and the whole system will collapse of its own weight.

Americans can reform the system now — or they can reform it later. There is no choice. But they will also have to reform their own notions and prejudices about what they are "entitled" to (and who is entitled to pay for it) in terms of health care.

New initiative to offer low-cost health insurance for Kansas small businesses

Phillips Co. Review Phillipsburg, KS

From Page: 22 21/11/2002 31594



TOPEKA, Kan. - A new Kansas nonprofit association, Health Partners Benefit Association, Inc. (HPBA), on Nov. 13, 2002, launched its state-wide initiative to develop and make available low-cost health insurance plans for Kansas' small businesses.

HPBA-endorsed carriers will offer plans that significantly reduce monthly premiums with up to 50% savings over traditional plans. The first small business health plan provided under this initiative will offer three options with a maximum annual benefit of up to \$10,000. According to HPBA, this benefit amount will cover the majority of normal yearly medical costs incurred by an individual.

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create incentives to encourage insurance carriers to provide unsubsidized low cost plans."

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For more information about HPBA and the Kansas Business Health Policy Committee, log on to www.hpbaks.org.

Topeka Capitol-Journal

Health plan for small business unveiled

11/14/2002

By John Hanna
The Associated Press

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On the Net:

Health Partners Benefit Association: <http://www.hpbaks.org> Allied National Companies: <http://www.alliednational.com>

Kansas City Business Journal – Nov. 13, 2002

Nonprofit offers low-cost insurance to small biz

A new Kansas nonprofit association launched a statewide initiative Wednesday to provide low-cost health insurance plans to the state's small businesses.

Health Partners Benefit Association Inc. (HPBA), based in Great Bend, Kan., grew out of the Kansas Business Health Partnership Act of 2000. The law calls for a public-private partnership to support the state's small businesses, those with two to 50 employees, by providing low-cost health insurance.

"The Act originally envisioned state subsidies to provide financial support for small business health insurance, but the current state budget crisis has put those hoped-for subsidies on hold indefinitely," Westwood Mayor William Kostar, the group's chairman, said in a written statement. "Faced with this challenge, HPBA has decided to move ahead and create incentives to encourage insurance carriers to provide unsubsidized low-cost plans."

Kansas City-based Allied National Inc. is the first insurance carrier to take part in the initiative, said David Hornick, an independent marketing consultant working for Benefit Management Inc. of Great Bend, which provides technical and marketing expertise for HPBA. The program places no limit on the number of carriers that may take part, he said.

HPBA-endorsed carriers offer insurance plans with premiums reduced as much as 50 percent compared with traditional plans. The incentive for carriers to participate is a captive group of potential customers, Hornick said.

"Our mission is to reduce the uninsured population of Kansas," he said.

Small businesses constitute the largest group of the state's uninsured, Hornick said. He cited the Kansas Insurance Department's Kansas Health Insurance Study, released in August 2001, which estimated that the uninsured population was 10.5 percent of the state's total population of roughly 2.5 million, or about 250,000 people.

The study stated that most Kansans get health insurance from their employers and that the biggest group of employers that doesn't offer it is small businesses.

Missouri has no similar program to provide low-cost health insurance to small businesses, Hornick said.

The Kansas program also is available for businesses with as many as 99 employees, he said. Benefit options per calendar year are \$5,000, \$7,500 and \$10,000. In any given year, 90 percent of the population will have health insurance claims of less than \$10,000, he said.

HPBA is governed by the Kansas Business Health Policy Committee, which the 2000 law created.

Health plan ^{135 8 91} unveiled for Kansas small businesses

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CONTINUED ON PAGE 2

Health plan unveiled for Kansas small businesses

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can join a health plan, or offer a plan with broader coverage.

The new plan is available through the Health Partners Benefit Association, the nonprofit group set up under the 2000 law. Actually providing the coverage is Allied National Companies. The plan is for companies employing from two to 50 workers.

"It's such an important opportunity for small businesses in Kansas to find health insurance coverage for their employees," said Insurance Commissioner-elect Sandy Praeger, who helped write the 2000 law as a state senator.

The goal behind the law was reducing the number of Kansans who don't have health insurance, estimated at 250,000. Legislators believed many of them don't have insurance because they can't afford the coverage offered by their employers, or their employers couldn't afford to provide health benefits.

The law set up a 10-member committee to create a partnership to provide such insurance coverage. That led to formation of the nonprofit group, which has obtained nearly \$224,000 in private grants.

The nonprofit in turn hired a Great Bend company, Benefit Management Inc., to work with insurance companies and market new plans for small businesses. That led to the plan offered by Allied, which has been endorsed by the partnership and state officials.

"The benefit they're getting is a market presence," said Bill Riley, chairman of the Kansas Business Health Policy Committee.

Wyandotte County Legal Bonner Springs, KS

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