Approved: April 1, 2005
Date

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 1:30 P.M. on February 16, 2005 in Room 231-N of the Capitol.

Committee members absent:

Committee staff present: Ms. Emalene Correll, Kansas Legislative Research Department
Ms. Terri Weber, Kansas Legislative Research Department
Mr. Jim Wilson, Revisor of Statutes Office
Ms. Margaret Cianciarulo, Committee Secretary

Conferees appearing before the committee: Mrs. Sandy Praeger, Insurance Commissioner
Mr. Allen Patek, Government Relations Director, Humana
Mr. Roderick Bremby, Secretary, Kansas Department of Health & Environment
Mr. Lou Ebert, President and CEO Chamber of Commerce
Mr. Chad Austin, Senior Director of Health Policy And Data, Kansas Hospital Association Kansas Hospital Association
Mr. Jerry Slaughter, Executive Director, Kansas Medical Society

Hearing on SB 212 - an act concerning the health care data governing board

Upon calling the meeting to order, Chairperson Wagle announced there would be a hearing on **SB212**, an act concerning the health care data governing board; relating to health care data collection prescribing certain duties for the board; procedures and guidelines for data collection, submission and availability. She then called on Mr. Jim Wilson, Revisor of Statutes Office, to explain the bill. Highlights included:

- The amendments of the bill were requested by the Chamber of Commerce.
- The first amendments appear on the second page, lines 13 through 18, making additional duties of the board to develop a plan to distribute and publish health care data by July 1, 2006, publish the data by January 1, 2007, and develop data collection elements consistent with federal government data gathering initiatives.
- The second section also deals with the same general subject, rules and regulation to be adopted by the Secretary of Health and Environment are approved by the board (the lead in language starting on page 2, lines 33 through 36), the new duty (page 3) states, at a minimum, procedures to assure that the removal of patient names and other patient identifiers does not prevent analysis of an episode of patient care;
- Further amending the language on page 3, beginning with Sec.2 (d) line 11, to data and other information collected pursuant to this act shall not be disclosed or made public in any manner which would identify individuals and striking "shall be confidential, shall be disseminated only for statistical purposes pursuant to rules and regulations adopted by the Secretary of Health and Environment and approved by the board"; and,
- The important change appears in Sec. 3, in line 41, the duty there is to file the health care data with the Secretary of Health and Environment as prescribed by the board beginning January 1, 2007. This is a duty imposed on each medical care facility.

The Chair thanked Mr. Wilson then asked the Committee if they had questions on the bill. Questions came from Senators Palmer and Wagle including: who presented the bill, who wrote the bill, and referring to line two (will be consistent with federal government data gathering initiatives), are there federal policies regarding what kind of information can and cannot be published for public view, and are there are some federal guidelines on that?

The Chair then called on the first of six proponent conferees, Mrs. Sandy Praeger, Insurance Commissioner, who stated that one key issue in the overall effort is to have a detailed description of the data and explore the ability of that data to support any future Kansas Insurance Department analyses of the

structure, cost and impact of the private insurance market in Kansas and to assure that confidentiality is maintained and respected, protecting the privacy of Kansans. A copy of her testimony is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

The Chair thanked Commissioner Praeger and asked for questions of the Committee. Senators Journey, Barnett, Wagle, and Ms. Correll asked questions including: is part of the data that is being collected related to cost of services at KDHE, are there any federal guidelines on what types of information can be made available to the public, can cost information be made available to the public, are there federal restrictions on individuals, who do you see as the beneficiaries of the dissemination of this information, is the insurance department's job that of a conduit for the claims information at KDHE, are there any states that are able to collect the data and assimilate it to where it is useful, by law claims data comes to the insurance department for the top 20 companies and does the law authorize you set out a format for data, and, if we have been collecting for two decades what do we need to do next, and what are we actually analyzing?

The second conferee, Mr. Allen Patek, Government Relations Director for Humana, shared why Humana believes it is essential for consumers to make the health care decisions that are right for them, including:

- Lack of information creates market inefficiency,
- Comparative information can be available, citing three important changes:
    - provides public access to information,
    - allows the release of comparative information, and
    - assures the information creates a more complete picture,
- Why disclosure is so important.

He also attached a chart (The Affordability Gap) showing the expected growth of health care costs vs. employer funding. A copy of his testimony is (Attachment 2) attached hereto and incorporated into the Minutes as referenced.

The third conferee was Mr. Roderick Bremby, Secretary of the Kansas Department of Health and Environment (KDHE), who stated that currently the Board is the "commission" responsible for advising the Secretary of Health and environment as to what data is to be reported to the Kansas health care database, recommend standards for data collection, and approves data usage proposals. With regard to the federal initiatives the bill mentions, he offered the example of quality care and pay for performance initiatives that are underway within the Center for Medicare and Medicaid Services and surveillance activities that have been recommended by CDC for hospital-acquired infections. A copy of his testimony is (Attachment 3) attached hereto and incorporated into the Minutes as referenced. He also offered a copy of the Health Care Data Governing Board Annual Report (1-1-04 thru 12-1-04), which has been filed in Chairperson Wagle's office.

The next conferee was Mr. Lew Ebert, President and CEO of the Kansas Chamber, who stated that the changes to the bill, which he listed, have been agreed to by their Health Care Task Force Committee which consists of small and large businesses, hospitals and insurance companies that were brought together to look at the rising costs of health care in Kansas. A copy of his testimony is (Attachment 4) attached hereto and incorporated into the Minutes as referenced.

The fifth proponent was Mr. Chad Austin, Senior Director of Health Policy and Data, Kansas Hospital Association (KHA), who stated that they support public access to accurate, timely and comparable health care data for all types of health care providers. However, he stated, KHA would not be supportive of any additional data requirements until the Board is successful in obtaining the current data requirements from other providers. A copy of his testimony is (Attachment 5) attached hereto and incorporated into the Minutes as referenced.

Mr. Austin also offered written testimony from Mr. William Sneed, Legislative Counsel, The University of Kansas Hospital Authority, who stated that the bill recognizes that reporting efforts at the state level needs to be coordinated in conjunction with regional and federal-level efforts to reduce the possibility of

administrative redundancies. Also, the federal Centers for Medicare (CMS) soon will publish on Medicare.gov the first nationwide hospital-by-hospital report to quality performance measures. A copy of his testimony is (Attachment 6) attached hereto and incorporated into the Minutes as referenced.

The final proponent was Mr. Jerry Slaughter, Executive Director, Kansas Medical Society (KMS), and a member since its inception. He stated that as far as he could tell the bill has not been discussed at the Board level. He stated, KMS supports the original legislation but is not sure and can't tell from the testimony, precisely what is going to be asked of the Board to provide. He also stated, that KMS is not aware of what the federal government's data gathering initiatives are, will they be intrusive in physician practices, is KMS going to require a great deal more of reporting, and what exactly is going to be reported? And lastly, he stated, KMS is troubled with the process and they did not sign as a conferee in support of this even though they are very supportive of the data governing board and its goals. He did not offer written testimony.

As there was no opponent or neutral testimony, the Chair thanked the conferees then asked for comments or questions from the Committee. A range of questions came from Senators Wagle, Schmidt, and Barnett and Ms. Correll including: currently most of these activities are supplied by fees collected from the publication of the data purchased by users, do we have some idea of how we are going to fund this expanding activity, in the Governor's ERO she did not advocate moving the health care data governing board but then we were told there was going to be a follow-up request from the Governor to move it to administration, is this correct (so is it her vision that you would continue to collect data to make it available to administration?) is the Kansas Foundation for Medicare care currently involved in our health care data governing board at all, is there a sharing of information, are you accessing their information, define "cost basis information," regarding pharmacy costs - concerned that we are not even going to capture anything from pharmacies other than hospital data that includes drugs, how would a physician get the information to you, comments on evidenced-based medicine and outcome of long term not studied, are they collecting pharmacy data in Pennsylvania, and have their costs gone down relative to the rest of the country with their efforts?

Chairperson Wagle then announced to the Committee that she was going to ask to have this bill blessed along with the moratorium bill, as they will not have the time to work before the turnaround.

Adjournment

As there was no further business, the meeting was adjourned. The time was 2:30 p.m.

The next meeting is scheduled for March 2, 205.

Senate
HEALTH CARE STRATEGIES

[redacted] COMMITTEE GUEST LIST

DATE: Wens 2-16-05

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NAME	REPRESENTING
Allan Patek	Humana
M Hungerford	KHA
Chad Austin	KHA
Carolyn Middendorf	Ks St Ns Assn
Kelly [illegible]	KID
Commissioner Sandy Praeger	KID
Larrie Ann Lower	KAHP
Cheryl Dillard	Coventry Health Care
Jerry Slaughter	KMS
Rebecca Bailey	KMS
Megan McHenry	K.U Social Work Student
Connie Hubbell	KFMC
Ron Liebman	KHI
Dick Morrissey	KDHE
LEW Ebert	KS Chamber
Lou Saadi	KDHE
Susan Kang	KDHE
Bill Sneed	UKHA

Kansas
Insurance
Department

Sandy Praeger COMMISSIONER OF INSURANCE

Testimony before the
Senate Health Strategies Committee
Regarding Senate Bill 212
Wednesday, February 16, 2005
BY: Sandy Praeger, Insurance Commissioner

Madam Chairperson and members of the Committee,

Thank you for the opportunity to appear before you to offer testimony in support of SB 212. This bill deals with the collection of consistent health care data information

Over the past two years, I have made it a priority to work with the Kansas Health Institute and the Kansas Department of Health and Environment to improve the ways our state catalogs information about health insurance. I have also made a commitment for the Kansas Insurance Department to work with members of the business community on this issue.

In an effort to continually improve health care affordability, there is no substitute for reliable, timely data. This bill implements a timeline for ensuring that this will happen.

We are currently working on a process to better understand and describe the Kansas Health Insurance Information System (KHIIS) maintained by KDHE. I believe it is important to have a detailed description of the data and explore the ability of that data to support any future Kansas Insurance Department analyses of the structure, cost and impact of the private insurance market in Kansas. At the same time, protecting the privacy of Kansans will always be of paramount importance. One key issue in this overall effort is to assure that confidentiality is maintained and respected.

We welcome the opportunity to work with the legislature on this important issue and appreciate the need to set a timeline in this effort.

Thank you again for the opportunity to speak here today. I would be happy to stand for any questions.

Senate Health Care Strategies Committee
Date: February 16, 2005
Attachment 1

Humana Insurance Compar
1100 Employers Boulevard
Green Bay, WI 54344
800 558 4444 Toll-Free

HUMANA.

Kansas
Senate Hearing of the
Health Care Strategies Committee
February 16, 2005

Thank you Chairperson Wagle and members of the committee for the opportunity to speak in support of Senate Bill 212. My name is Allan Patek, Government Relations Director for Humana. Humana provides health benefits to approximately 6.8 million commercial, military, and Medicare beneficiaries, including over 38,000 members in Kansas.

Like many of you, friends and family ask me where they should seek care for things like their bad knee? What's the best hospital? Do I know anyone who can help them selected the best one? If you're fortunate you know physicians or nurses who can provide guidance from their experience. Comparative information on hospitals and surgical centers is either difficult to find, out-dated or simply does not exist. Consumers are forced to blindly choose their hospitals and facilities with little or no quality or charge information, even though these choices could result in substantially different outcomes.

States like Kansas have an important role to play in furnishing consumers with information to support their health care choices. That's why Humana is pleased to support SB 212 as an initial step toward giving consumers more information. This legislation underscores the need for disclosing comparative health care price and performance or quality data. This afternoon I would also like to share with you why

Senate Health Care Strategies Committee
Date: February 16, 2005
Attachment 2

Humana believes making this information publicly available is essential for consumers to make the health care decisions that are right for them.

Lack of information creates market inefficiency.

Rising health care costs and the growing number of uninsured have revived discussions about "reforming health care." We have two paths open to us. One is the path of big government. The other is the path of markets and consumer engagement. In this country, no matter which side of the aisle you sit on, we look for ways to let the market work first before we regulate. One essential component of an efficient market is the free flow of information, so buyers and sellers know the value of what's being exchanged. In health care, consumers make their decisions in the dark. Their only access to information is from the sellers. Is there any other market in this country where consumers would tolerate this or think it's fair?

Comparative information can be available.

The health care market does not function efficiently because information does not flow freely. The state currently collects information that could provide valuable insight to consumers if it were made public. We believe this legislation makes three important changes.

Provides public access to information - It requires the health care data board develop a plan make public the data they collect so that consumers can compare hospitals and health care facilities is a critical component.

Allows the release of comparative information - The bill changes some of the current law's confidentiality provisions to make clear that while patient information is keep strictly confidential, that the board can release information that identifies the price and performance of specific hospitals and health care facilities.

Assures the information creates a more complete picture - It also provides that the board should remove patient identifiable information in a manner that allows users and researchers to connect related patient encounters. Medical treatment is seldom

completed in one stay or visit. Assembling the information so that we can see the complete treatment picture provides more accurate comparative information.

Consumers are now becoming empowered to take back financial control over their health care decisions. The federal government recently made a bold tax change to help consumers with enactment of the health savings account (HSA) legislation. Now, on one hand, consumers can control the financing of their health care. But, on the other hand, information about their hospital choices remains a missing link.

This is where the states must lead the way. And completing this link is the legislation before you today that begins to move information into the public's hands so they can be informed about their choices.

Why is disclosure so important?

We know that there is enormous variation in health care cost and quality that nobody can explain or justify. Study after study has demonstrated significant regional differences in how health care is provided – differences in the appropriate use, overuse and under-use of every conceivable type of service, whether preventive, acute, and chronic or care at the end of life. These differences are not related to underlying patterns of disease or to longer lives or better quality of life. For example, researchers at the Dartmouth Atlas for Health Care found significant variations in specific surgical procedures. For example, "Rates of coronary artery bypass grafting surgery (CABG) per 1,000 Medicare enrollees in Kansas and Missouri hospital referral regions varied from 4.3 to 8.5 in 1999."."[1]

In recent years, reports from the Institute of Medicine show that health care can even be dangerous – as many as 98,000 Americans may die as a result of medical errors each

[1] *The Dartmouth Atlas of Health Care 1998.*

year. An article in *Consumer Reports* last year sums up this research poignantly: "The quality of care you receive during a hospital stay can determine how quickly and how well you recover -- or if you recover at all."[2]

And the disparities don't end with quality. Hospital charges vary enormously. All of this variation is a signal of waste and inefficiency. The Institute of Medicine has estimated that between 15-40 percent of health care costs are for services that are of no benefit and may even be harmful to patients.

In any other sector of today's wired economy, Americans would not have to make decisions in the dark. You can go on-line and obtain the U. S. Department of Transportation's automobile safety ratings, Consumer Reports' wonderfully simple product comparisons or, in minutes, have dozens of quotes on a mortgage with interest rates and terms clearly laid out and compared.

"But health care is different," you are told. Right. Here's how it's different: it's more important than most other things. And you have to make your decisions about where to get your care with little or no information. Why do Americans tolerate making the most important decisions of their lives with blindfolds on? Is that a difference you really want to perpetuate?

In a world where health care costs continue to rise, where every American will be paying more for health services, where aggressive direct-to-consumer marketing by drug companies and hospitals artificially drives up demand for new products and services, where science and technology will continue to give us more options for diagnosis and treatment, we must change the rules of the game for consumers and make clear information available that can help them make sense of their health care choices.

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[2] "How safe is your hospital?", *Consumer Reports;* January, 2003.

We need to put consumers in charge of their health decisions.

The health care system needs fundamental transformation – from a paternalistic system of limited choice and incomplete information into a contemporary, consumer-focused and consumer-responsive service. We believe that the system needs to be transformed around these three core concepts: transparency, choice and independence. But without "transparency" – the free flow of information about and through the system – neither choice nor independence will be meaningful for consumers.

Giving people a fair shake in the healthcare system starts with giving them the facts – what is known and what isn't known about their treatment choices, what things cost and how the system works. We believe consumers are ready to be active participants in and information holds the key. In 2003, HealthCheck, a coalition of consumer and business groups including Humana polled Florida residents on these issues and here is what consumers said:

- **75 percent of consumers they would access comparative price and performance information when making health care decisions.**
- **Overwhelming majorities wanted facility specific information such as infection rates (90 percent), readmission rates (81 percent) and the number of procedures performed (69 percent).**
- **71 percent of consumers believe disclosure will create competition that will lower costs.**

There are some promising signs of a growing movement to turn the lights on in healthcare. The federal government is working to standardize quality measures so the data will be comparable and meaningful. The Agency for Healthcare Research and Quality "Health Care Cost and Utilization Project" has developed standard, uniform quality indicators on hospital quality of care that serve as an effective model for state reporting systems.

The Leapfrog Group, a coalition of over a hundred employers, is committed to distributing information about hospital safety practices. The Leapfrog Group, The Wisconsin Alliance, and the states of California, Florida, Illinois, Maryland, New York, Pennsylvania, and Virginia have been working to make information about hospitals, physician practices, or physicians available to consumers. The Pennsylvania Health Care Cost Containment Council, for example, is publishing user friendly information on its website regarding health care quality and pricing information by facility for a number of health care procedures. The legislation you are considering today could be a significant step forward toward Kansas having such a system available to its citizens as well.

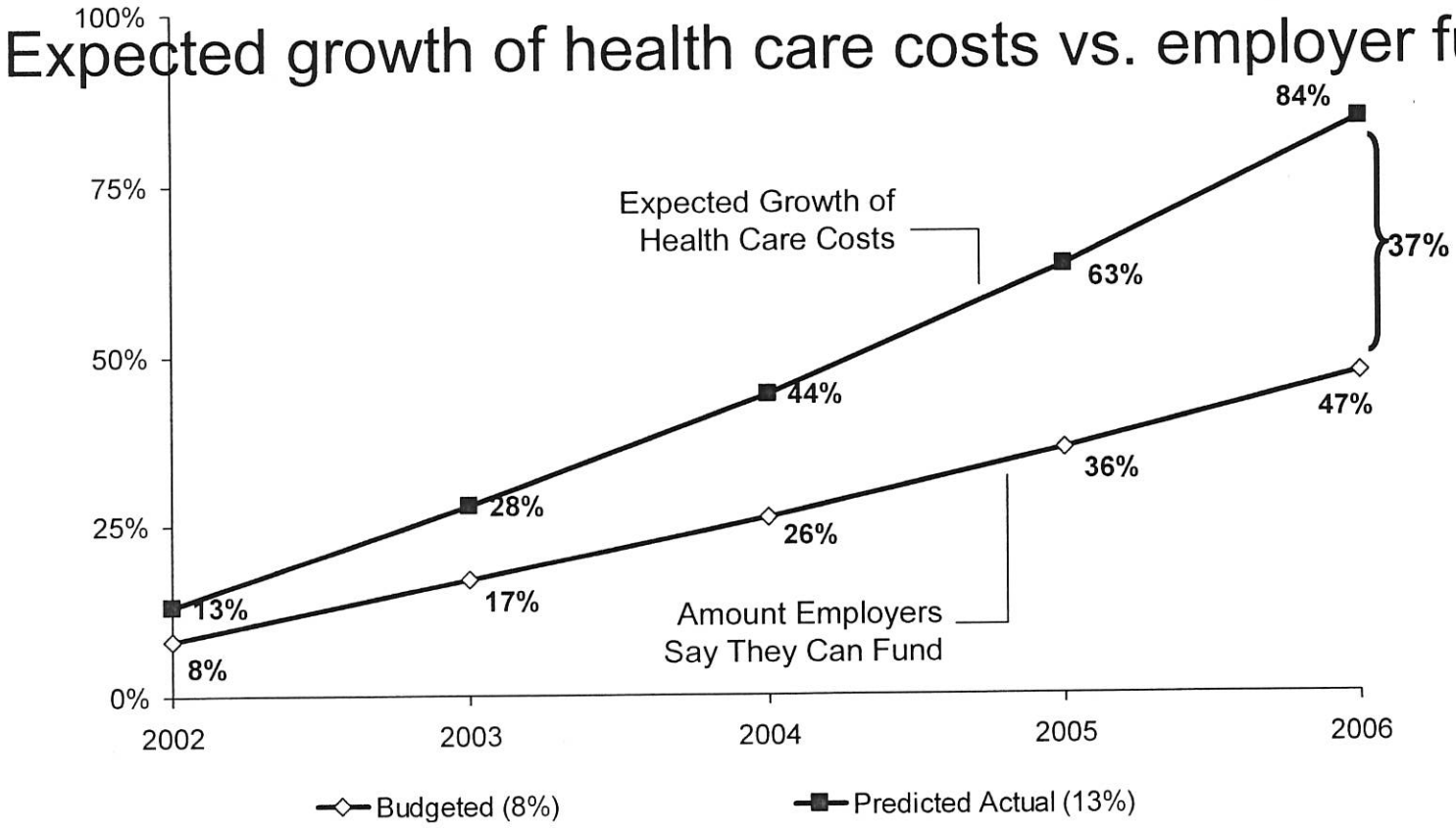
Humana provides its members with on-line access to comparative price and performance information on hospitals. Our members can customize a report by select a location, define their preferred travel distance and procedure. This information helps our members work with their physicians to have more control over their health care decisions and confidence that they have made the right choice for them. In last few months, we have also launched a tool that allows our members to compare estimated out-of-pocket costs for hospitals that participate in our network.

The first step to transforming the healthcare system is to shed light into every corner of it so that consumers can see what's really inside. The litmus test for states is how well they address the issue of transparency, because reform won't be real unless it delivers to consumers the control and information they want over their health care. We will all be better served by it. We will feel more confident in our decisions, we will use our resources more wisely, and health care will improve.

Thank you for this opportunity to address you on this important issue.

The affordability gap

Expected growth of health care costs vs. employer funding



Source: **Hewitt Health Care Expectations; Future Strategy and Directions 2002**

KANSAS

RODERICK L. BREMBY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

DEPARTMENT OF HEALTH AND ENVIRONMENT

Testimony on Senate Bill 212

to

Senate Health Care Strategies Committee

Presented by Roderick L. Bremby
Secretary
Kansas Department of Health and Environment

February 16, 2005

Chairperson Wagle and members of the Senate Health Care Strategies Committee, I am pleased to appear before you today to discuss Senate Bill 212 related to the Health Care Data Governing Board and the proposed changes to its existing legislation.

As you may know, the Health Care Data Governing Board is the "commission" responsible for advising the Secretary of Health and Environment as to what data are to be reported to the Kansas health care database. In addition, the Governing Board recommends standards for data collection and approves data usage proposals. Currently, the Governing Board is chaired by the Secretary of Health and Environment. However, the Governor's ERO 33 proposes to transfer this function to the Division of Health Planning and Finance, Department of Administration.

Senate Bill 212 amends the Governing Board's statute, KSA 65-6803, by adding a provision for the Board to develop a plan to distribute and publish health care data by July 1, 2006 and also distribute the data by January 1, 2007. In addition, it requires that data be collected that mirrors federal data gathering initiatives. This bill also proposes to strike language requiring that data be disseminated for statistical purposes per the existing rules and regulations. Patient confidentiality is strictly maintained with this proposed language.

The implications of this change in Section 2(d) are that:

- data can be made available for uses other than public health purposes which is currently the regulatory protection (for example to health care purchasers) and

Senate Health Care Strategies Committee
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Attachment 3

OFFICE OF THE SECRETARY
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- data analyses can be tabulated by health care providers and disseminated without purview via rules and regulations.

We then create the potential for data to be published by specific health care facility for uses other than policy development or public health purpose. This is the crux of the debate we will face in Kansas regarding how health information will be made available to those who need it to make prudent, cost effective decisions.

With regard to the federal initiatives the bill mentions, there are a wide variety of these initiatives that would need to be identified as being needed for Kansas. For example, quality of care and pay for performance initiatives are underway within the Center for Medicare and Medicaid Services (CMS) and surveillance activities have been recommended by CDC for hospital-acquired infections. Guidance would be needed by entities such as this committee and others to identify what the Governing Board should address in its recommendations for data collection.

As I mentioned last week in my presentation to you on health care data collection, the infrastructure for addressing health information needs of the State are in place, perhaps in several forms within agencies, but the core elements are there. Coordination and direction as suggested by this bill will be critical to successful decision-making.

I thank you for the opportunity to appear before the Senate Health Care Strategies Committee and will gladly stand for questions the committee may have on this topic.

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Legislative Testimony

SB 212

February 16, 2005

Testimony before the Kansas Senate Health Care Strategies Committee
By Lew Ebert, President and CEO

THE KANSAS CHAMBER

The Force for Business

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The Kansas Chamber and its over 10,000 small, medium and large business members support SB 212. This measure will allow cost and quality information to be published in a useable for so that consumers become better consumers of their health care dollar.

The changes requested in SB 212 have been agreed to by our Health Care Task Force, a special Kansas Chamber committee brought together to look at the rising costs of health care in Kansas. The Health Care Task Force members consist of small and large businesses, hospitals and insurance companies. The changes requested in SB 212 have been agreed to by all members of the task force. Specifically, the bill makes the following changes:

- Removes confidentiality provisions preventing public disclosure of all relevant provider-specific comparison data while maintaining requirements that patients' identity and protected health information be kept confidential.
- Requires the Health Care Data Governing Board prepare and distribute/publish a plan for publishing data by July 1, 2006 and publish the data by January 1, 2007.
- Encourages the Health Care Data Governing Board to establish data collection elements that are consistent with other federal government data gathering initiatives.

The Kansas Chamber encourages the committee to support SB 212. Thank you for your time and I will be happy to answer any questions.

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The Kansas Chamber, with headquarters in Topeka, is the statewide business advocacy group moving Kansas towards becoming the best state in America to do business. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have more than 10,000 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, medium and large employers all across Kansas.

MEMORANDUM

Thomas L. Bell
President

To: Senate Health Care Strategies Committee Members

From: Kansas Hospital Association
Chad Austin, Senior Director of Health Policy and Data

Re: Senate Bill 212

Date: February 16, 2005

The Kansas Hospital Association appreciates the opportunity to provide comments in support of Senate Bill 212. KHA and its members support public access to accurate, timely and comparable health care data for all types of health care providers. This bill would strengthen the role of the Health Care Data Governing Board by requiring the public release of health care data by 2007.

Since 1993, KHA has been an active member of the Governor-appointed Health Care Data Governing Board. Presently, the Health Care Data Governing Board has the authority to specify the types of information that should be submitted and the method of submission. Since 2000, Kansas community hospitals have been voluntarily submitting inpatient discharge data to the Health Care Data Governing board on an annual basis. It was the expectation of KHA and its members that the Health Care Governing Board would also be requesting data from other providers soon thereafter. Unfortunately, this has not been the case. Therefore, KHA would not be supportive of any additional data requirements until the Health Care Data Governing Board is successful in obtaining the current data requirements from other providers. KHA supports Senate Bill 212 and its application to all health care providers.

In today's environment many types of state and federal agencies, as well as private organizations, are requesting health care data from providers. Hospitals across Kansas participate in data collection initiatives spearheaded by national organizations, such as the Centers for Medicare and Medicaid Services and the

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Kansas Hospital Association
215 SE 8th Ave. • P.O. Box 2308 • Topeka, KS • 66601 • 785/233-7436 • Fax: 785/233-6955 • www.kha-net.org

Joint Commission on the Accreditation of Health Care Organizations. Hospitals also participate in the private-business driven Leapfrog initiative and in state-level activities with the Kansas Foundation for Medical Care, Social and Rehabilitation Services, and many others. It is imperative to ensure that all efforts will be made not to create additional reporting requirements that will lead to increased health care costs by duplicating initiatives to collect and report health care data. Therefore, while we support the proposed language in Senate Bill 212 that states the Health Care Data Governing Board should establish data collection elements consistent with current federal initiatives, we also believe this should include state level initiatives.

Thank you for your consideration of our comments.

Polsinelli | Shalton
Welte | Suelthaus PC

Memorandum

TO: THE HONORABLE SUSAN WAGLE, CHAIR
SENATE HEALTH CARE STRATEGIES COMMITTEE

FROM: WILLIAM W. SNEED, LEGISLATIVE COUNSEL
THE UNIVERSITY OF KANSAS HOSPITAL AUTHORITY

RE: SENATE BILL 212

DATE: FEBRUARY 16, 2005

Madame Chair, Members of the committee: My name is William Sneed and I am legislative counsel for the University of Kansas Hospital Authority (UKHA). We appreciate the opportunity to present our thoughts regarding Senate Bill 212. Please be advised that UKHA supports Senate Bill 212.

There is a demand for data in the health care marketplace, and hospitals are responding. Senate Bill 212 will challenge the Health Care Data Governing Board to make health information available and useful to consumers without adding to the costs already associated with data collection and reporting.

The University of Kansas Hospital is one of four hospitals in the Health Care Work Group organized by the Kansas Chamber of Commerce and Industry, which is supporting SB 212. Other members included large and small employers and insurance providers. The work group agreed that data currently collected by the state should be collected from all providers. For example, limited-service facilities should be required to submit the same data elements as full-service hospitals.

Once all providers are submitting the required data, in order to assure that it is meaningful, all cost and quality data to be collected and distributed must be properly risk-adjusted to account for variations in patient populations and acuity.

As cost containment should be a relevant factor in data reporting and collection, all efforts should be made to limit the costs associated with it. Senate Bill 212 recognizes that reporting efforts at the state level need to be coordinated in conjunction with regional and federal-level efforts, to reduce the possibility of administrative redundancies.

The federal Centers for Medicare and Medicaid Services (CMS) soon will publish on Medicare.gov the first nationwide hospital-by-hospital report to quality performance measures. With public input, CMS is also developing new sets of measures to add to the original set, with a focus on the Institute of Medicine's priority areas. For that reason, the number of quality measures reported is expected to increase steadily each year. In parallel, the Medicare Payment

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Advisory Commission is studying how to use those or other measures to transition a portion of federal health programs to pay-for-performance. These are important steps, but as with any new measures, there are and will be costs associated with the benefits.

At the regional level, 21 hospitals participate in the Kansas City Quality Initiative, which uses CMS quality performance measures to compare hospitals in the Kansas City metropolitan area. The quality report is updated regularly and is available on the HealthyKansasCity.org website. The University of Kansas Hospital was a leader in this effort, and the Kansas City area hospitals became the first metropolitan area in the country to publicly report this data.

Meaningful cost and quality data can help people make decisions about their own health care. Through a combination of mandatory and voluntary reporting efforts, Kansas hospitals are helping make that information available. In turn, SB 212 challenges the state to make the data more accessible and useful to the public without introducing new costs into the equation.

Thus, after careful review of the bill, we respectfully request the committee to act favorably on Senate Bill 212.

I am available for questions at your convenience.

Respectfully submitted,

William W. Sneed

WWS:pmk

023186 / 066542
WWSNE 1169345