

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 21, 2007 in Room 234-N of the Capitol.

All members were present:

Dennis Wilson, Absent

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Office of Revisor of Statutes

Bev Beam, Committee Secretary

Conferees appearing before the committee:

Robert Waller, Chief Administrator, Kansas Board of EMS; Larrie Ann Lower, KAHP

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

SB 299 - concerning insurance; providing coverage to include reimbursement for ambulance services

Robert Waller, Chief Administrator, Kansas Board of EMS testified in support of SB 299. Mr. Waller stated that in conversation with the Chairman of KBEMS, board staff, and ambulance services, it was explained that many times EMS services were not being reimbursed for transporting patients to the "appropriate" hospital, as opposed to the "closest." The decision to transport is never made by EMS, it is made by the hospital or doctor caring for the patient. Mr. Waller said SB 299, as introduced, would not affect the KBEMS day-to-day operations. However, it would provide licensed ambulance services a better opportunity to seek reimbursement for transporting patients from facility to facility. Mr. Waller said passage of SB 299 would provide EMS personnel the mechanism to ensure insurance reimbursement during transport regardless of necessity or proximity. EMS does not have the ability to ensure, on scene, that the patient's insurance covers transportation services outside of the primary hospital. He said this places the service in the position of an insurance auditor for a portion of the pre-hospital system that is authorized by the primary hospital or medical doctor through existing protocols. Passage of the bill would not affect the system as it currently operates, it would merely aid in the reimbursement of costs from existing insurance policies. (Attachment 1)

Kerry McCue, President, Kansas Emergency Medical Services Association submitted written testimony only in support of SB 299. (Attachment 2)

Larrie Ann Lower, Kansas Association of Health Plans, testified in opposition to the SB 299. KAHP members serve most all Kansans enrolled in private health insurance. Ms. Lower said she did prepare testimony, however, when she found out what the real issue was, which is second transport, she didn't know what to say other than the fact that if the doctor wants the patient transferred, she assumes that would be paid for. She said there is already a mandate on the books that requires payment for services of an ambulance in an emergency like a car accident. She said she simply didn't know what the heart of the issue was and that she is very curious to see what the examples are. She said from what she can tell from all KAHP companies, there really isn't an issue with the private health insurance company, but seems like there is an issue with Medicare that requires transport to the closest hospital. Blue Cross is the administrator of the Medicare program so that might be where some of these issues are arising. The bill before you does have several errors that should be called to the Committee's attention, she said. One, it doesn't have anything about networks, whether the ambulance is involved in a network at Blue Cross. Two, it requires the check be paid to the insured directly rather than the ambulance service. Three, the bill does not limit the required reimbursement to emergency transportation but appears to allow unlimited air ambulance transportation and does not define written destination protocol. Those are some of the concerns. The only other thing KAHP would offer is that the bill, as it is written now, could possibly have some unintended consequences. She said KAHP asks that,

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 21, 2007 in Room 234-N of the Capitol.

as with all the other mandates, this bill be subject to a cost-impact study and the proponents be required to test track the requirement first on the state employees' health plan to help protect constituents and policyholders from unwise and uneconomical state mandates. (Attachment 3)

Following Q & A, and explanation of the bill by Ken Wilke, the Chair closed the hearing on SB 299.

Action on:

SB 271 - concerning insurance; relating to certain forms and rate filings; amending K.S.A. 2006 Supp. 40-216 and 40-955 and repealing the existing sections; also repealing K.S.A. 2006 Supp. 4-955a.

Ken Wilke explained the balloon amendments.

Senator Barone moved the amendments be passed with the provision the revisor make technical corrections as appropriate. Senator Barnett seconded. Motion passed.

Senator Brownlee moved the bill be passed out favorably as amended. Senator Steineger seconded. Motion passed.

Action on:

SB 272 - concerning the Kansas Pharmacy Benefits Managers Act; establishing duties for pharmacy benefit managers; establishing penalties for violations of the act; amending K.S.A. 2006 Supp. 40-3821, 40-3822, 40-3824 and 40-3826 repealing the existing sections.

Senator Schmidt moved to have an interim study on SB 272. Senator Brownlee seconded. Motion carried.

FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: 2-21-07

NAME	REPRESENTING
John Meetz	KID
Annular King	KHPA
Kokut Walker	KBEMS
Dave Cromwell	KBEMS
Bill Sneed	AHP
Darg Wareham	KBA
Kathy Olsen	KBA
Hanne Ann Power	KAHP
Kerri Spielman	KAIA
Larry Magill	KAIA
Brad Sunset	AIA



KANSAS

DENNIS ALLIN, M.D., CHAIR
ROBERT WALLER, CHIEF ADMINISTRATOR

KATHLEEN SEBELIUS, GOVERNOR

BOARD OF EMERGENCY MEDICAL SERVICES

Testimony

Date: February 20, 2007
To: Senate Committee on Financial Institutions and Insurance
From: Robert Waller, Chief Administrator
RE: Senate Bill 299

Madam Chairman and members of the Financial Institutions and Insurance Committee, thank you for the opportunity to provide testimony on the Senate Bill 299, my name is Robert Waller and I am the Chief Administrator for the Kansas Board of Emergency Medical Services (KBEMS).

During conversations with the Chairman of KBEMS, Board Staff, and ambulance services, it was explained that many times EMS services were not being reimbursed for transporting patients to the "appropriate" hospital, as opposed to the "closest." The decision to transport is never made by EMS however. It is made by the hospital or doctor caring for that patient. Specifically, KBEMS staff have been called inquiring as to who is responsible for ensuring that the patient has insurance coverage amenable to being transported beyond the primary hospital based on necessity as opposed to proximity. I do not believe it should ever be an EMS attendant's duty, while providing care, to ascertain the correct hospital to transport a patient to (outside of the primary hospital) during an emergency. It is beyond an attendant's time and expertise to (on scene) question the patient as to their insurance coverage, or request a copy of said insurance policy to ensure insurance coverage. SB 299, as introduced, alleviates the issue.

Bill Language

Senate Bill 299, as introduced, permits an insured individual (or any other person covered by the a group policy or contract of health and accident insurance) delivered within the state that permits reimbursement for any licensed ambulance reimbursement for such service irrespective of whether the patient was transported to the closest medical care facility, as long as the transportation was made pursuant to the written destination protocol.

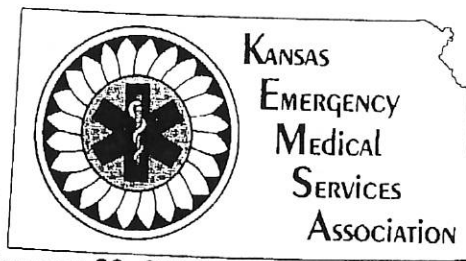
The bill as introduced would not affect the KBEMS day to day operations. However, it would provide licensed ambulance services a better opportunity to seek reimbursement for transporting patients from facility to facility.

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Attachment 1

Conclusion

Members of the Committee, the passage of SB 299 provides EMS personnel the mechanism to ensure insurance reimbursement during transport regardless of necessity or proximity. EMS does not have the ability to ensure, on scene, that the patient's insurance covers transportation services outside of the primary hospital. This places the service in the position of an insurance auditor for a portion of the pre-hospital system that is authorized by the primary hospital or medical doctor through existing protocols. Passage of the bill would, in my opinion, not affect the system as it currently operates. It would merely aid in the reimbursement of costs from existing insurance policies.

Thank you for allowing me to testify in support of SB 299 and I will stand for any questions you may have.



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February 20, 2007

To: The Senate Committee on Financial Institutions and Insurance

From: Kerry G. McCue, President, Kansas Emergency Medical Services Association

Reference: Testimony on Senate Bill No. 299

Good afternoon Chairman Teichman and fellow committee members, I am Kerry G. McCue; I represent the Kansas Emergency Medical Services Association (KEMSA). Additionally, I am the Director of Ellis County EMS. I do appreciate the opportunity to provide written testimony before your committee today on Senate Bill 299.

The bill before you would require insurance companies doing business in Kansas to reimburse ambulance services for transporting patients to the closest appropriate medical facility rather than the closest facility. Representing over 4,500 certified pre-hospital health care professionals from across the State of Kansas, The Kansas Emergency Medical Services Association stands before you as a supporter of Senate Bill 299.

The decision of where and how to transport a critically injured patient is a medical decision not a financial decision. It must be made by the primary care physician or the local medical community, not the policy of the patient's insurance company.

Senate Bill 299 will have the greatest financial impact upon the rural areas of our state. Those are the same areas that are already struggling to maintain essential services within their communities. Because it is the current practice of insurance providers to pay for transportation of a patient to the closest facility rather than the closest appropriate facility it would be impossible to project the financial impact on either the ambulance services or the insurance carriers in our state. However, since Senate Bill 299 addresses only those patient's that are critically injured, it would involve very few (perhaps 1%) of all patient's transported by ambulance services.

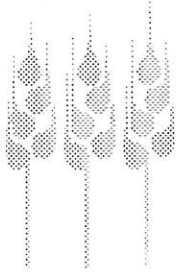
In conclusion, I would suggest that you have a rare opportunity before you. With your vote and the supporting votes of your fellow committee members, you can support Kansas communities' efforts to provide essential services to their citizens and make a difference in the lives of Kansans without spending a single tax dollar.

Once again, thank you for the invitation to present our thoughts on the safety and health care of our fellow Kansans. Should you have any questions you are welcome to contact me at your convenience.

Respectfully Submitted,
Kerry G. McCue, President

"UNITY IS STRENGTH"

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Attachment 2



Kansas Association of Health Plans

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**Testimony before the
Senate Financial Institutions and Insurance Committee
SB 299
February 20, 2007**

Madam Chair and members of the Committee. Thank you for allowing me to appear before you today. I am Larrie Ann Lower, Executive Director of the Kansas Association of Health Plans (KAHP).

The KAHP is a nonprofit association dedicated to providing the public information on managed care health plans. Members of the KAHP are Kansas licensed health maintenance organizations, preferred provider organizations and other entities that are associated with managed care. KAHP members serve most all Kansans enrolled in private health insurance. KAHP members also serve the Kansans enrolled in HealthWave and Medicaid managed care. We appreciate the opportunity to provide comment on SB 299.

The KAHP appears today in opposition to SB 299. The bill requires payment of ambulance transportation irrespective of whether the patient was transported to the closest medical care facility, as long as the transportation was made pursuant to the written destination protocol. I have been unable to find a health plan that limits emergency ground ambulance transportation to the nearest hospital. Some do limit air ambulance to the nearest facility where appropriate treatment can be obtained, however, the only plan I have learned that limits ground ambulance to the nearest hospital is Medicare.

Of concern to KAHP members is that the bill would require health plans to directly reimburse the insured or any other person covered by the policy (not the ambulance services), regardless of whether the ambulance service is a contracting ambulance service. In addition, the bill does not limit the required reimbursement to emergency transportation, appears to allow unlimited air ambulance transportation and does not define written destination protocol.

In addition, this bill does not meet the requirements set forth in statute requiring a cost impact report be performed prior to the legislature considering a mandate bill (KSA 40-2248) and other legislation requiring the testing of any new mandate first on the state employees health plan in order to help determine its cost impact commonly called the "test track" legislation (KSA 40-2249a). This year alone, bills have been introduced requiring increased mental health coverage, mandating hearing aids, testing, fitting and supplies, mandating colon cancer screening, mandating infertility coverage, mandating telemedicine coverage, provider mandates, legislation requiring increased newborn screening and HPV vaccines for young girls coverage. We also just held a hearing on a bill that would require health plans to pay providers directly

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Attachment 3

regardless of whether they agree to contract with the health plan, therefore taking away an incentive health plans use to encourage network participation by providers. Each mandate may have some merit. One particular mandate may not have significant cost increases associated with it for one reason or another, however taken together mandates add to the cost of health insurance premiums. If you determine that this particular mandate before you is wise, we ask that you require the proponents to follow current law and submit a cost impact study and agree to test track the requirement first on the state employees' health plan to help protect your constituents and our policyholders from unwise and uneconomical state mandates.

Thank you and I'll be happy to answer any questions you may have.