Approved: February 28, 2007
Date

MINUTES OF THE SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

The meeting was called to order by Chairman James Barnett at 1:30 P.M. on February 21, 2007 in Room 231-N of the Capitol.

All members were present.

Committee staff present:
Emalene Correll, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Nobuko Folmsbee, Office of Revisor of Statutes
Morgan Dreyer, Committee Secretary

Conferees appearing before the committee:
Kyle Smith, Deputy Director, Kansas Bureau of Investigation
Jerry Slaughter, Kansas Medical Society
Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority
Bill Sneed, as legislative counsel for America's Health Insurance Plans

Others attending:
See attached list.

Upon calling the meeting to order, Chairman Barnett asked that the Committee review the Minutes for February 15, 2007 for approval at the end of the meeting.

The Chair called the Committee's attention to view the requested information from Craig Barbee regarding **SB 201.** A copy of this requested information is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

The Chair also called the Committee to look at the requested information regarding a statute from Nobuko Folmsbee relating to hearing on **SB 229**. A copy of this requested information is (Attachment 2) attached hereto and incorporated into the Minutes as referenced.

Chairman Barnett called upon Emalene Correll to read and explain **SB 302**, **SB 354**, and **SB 243** for the Committee. The Chair then announced that the next order of business would be to open the hearing on **SB 302**.

Hearing on SB 302 – An act creating a controlled substances monitoring task force; presribing the duties thereof

The fiscal note for **SB 302** was available for the Committee to view. A copy of the fiscal note is (Attachment 3) attached hereto and incorporated into the Minutes as referenced.

Chairman Barnett called upon the first proponent conferee, Kyle Smith, Deputy Director, Kansas Bureau of Investigation who stated that this legislation would create a task force to address the two greatest difficulties involving controlled substances facing Kansas law enforcement and public health agencies. A copy of his testimony is (Attachment 4) attached hereto and incorporated into the Minutes as referenced.

The Chair called upon proponent conferee, Jerry Slaughter, Kansas Medical Society who stated that such a program, particularly if it allowed real-time access via a secure Web-based system, could be an extremely valuable tool to physicians and other clinicians as they assess the appropriateness of prescribing controlled substances, particularly for unfamiliar patients in emergency or urgent care settings. A copy of his testimony is (Attachment 5) attached hereto and incorporated into the Minutes as referenced.

Written testimony was submitted by Julie Hein, on behalf of Kansas Pharmacy Coalition. A copy of her testimony is (Attachment 6) attached hereto and incorporated into the Minutes as referenced.

Written testimony was also submitted to the Committee by Ron Gaches, on behalf of Kansas Independent Pharmacy Service Corporation. A copy of his testimony is (Attachment 7) attached hereto and incorporated

into the Minutes as referenced.

Senator Schmidt commented that she fully supports this bill.

Questions from the Committee came from Senators Haley, Wagle, Journey, Schmidt, and Brungardt regarding chain stores like gas stations, interim for this bill, **SB 270**, definition task force compensation, tracking systems, and real-time systems.

The Chair then closed the hearing on **SB 302**.

The motion was made by Senator Schmidt to move the bill out favorably. It was seconded by Senator Journey and the motion carried.

Chairman Barnett then open the hearing on SB 243.

Hearing on SB 243 – An act concerning health insurance; relating to dependent coverage

The fiscal note for **SB 243** was available for the Committee to view. A copy of the fiscal note is (Attachment 8) attached hereto and incorporated into the Minutes as referenced.

The Chair called upon proponent conferee Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority who stated information on **SB 243** including KHPA vision and goals, demographics, reasons for young adults being uninsured, impact on health, policy options, fiscal note for the state employee health benefits plan. Graphs included information regarding young adult Kansans uninsured at a higher rate than older adults, young adults comprise one-third of uninsured working age Kansans, 2004-2005, racial/ethnic minority Kansans are more likely to be uninsured than non-Hispanic whites. A copy of her testimony is (Attachment 9) attached hereto and incorporated into the Minutes as referenced.

Questions came from Senator Palmer regarding where the money figures came from.

Chairman Barnett then called upon Bill Sneed, as legislative counsel for America's Health Insurance Plans who stated that they are very concerned regarding changes that states make with respect to extension of adult children's coverages. Thus, they urge the Committee to act cautiously on this bill. A copy of his testimony is (Attachment 10) attached hereto and incorporated into the Minutes as referenced.

Questions came from Senators Barnett, Palmer, and Wagle regarding self-insurance, policy increases, mandates, and coverage for children through college.

The Chair then closed the hearing on **SB 243.**

The motion was made by Senator Wagle to include all group policy into the bill. It was seconded by Senator Palmer and the motion carried.

The motion was made by Senator Haley to move the technical changes/clarifications to the bill. It was seconded by Senator Wagle.

The motion was made by Senator Wagle to move the bill out favorably. It was seconded by Senator Palmer and the motion carried.

Chairman Barnett announced that since the Committee had ran out of time they would push the hearing for SB 354 to the next meeting and that the final item on the agenda was for the Minutes to be approved for the Senate Public Health and Welfare committee on February 15, 2007.

The motion was made by Senator Schmidt to approve the Minutes. It was seconded by Senator Jordan and the motion carried.

MINUTES OF THE Senate Public Health and Welfare Committee at 1:30 P.M. on February 21, 2007 in Room 231-N of the Capitol.

Adjournment

As there was no more time, the meeting was adjourned at 2:30 p.m.

The next meeting is scheduled for February 21, 2007.

SIGN UP SHEET FOR

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

WEDNESDAY, FEBRUARY 21, 2007

IS NOT AVAILABLE

Morgan Dreyer - SB-201 rebuttal to KDHE

From: "Barbee Craig E"
To: , "James Barnett (E-mail 2)"
Date: 2/20/2007 8:20 AM
Subject: SB-201 rebuttal to KDHE

Jim,

When the hearing ended last week the KDHE representative was asked a few questions that I was not allowed to rebut. I feel it is vital that the committee have the opportunity to hear a rebuttal in order to make an informed decision. If you would forward my response to the committee I would greatly appreciate it.

Rebuttal to KDHE representative's response during questions on SB-201:

You should notice that:

Adult Care facilities receive a response to their background checks regardless of the results,

Child placement facilities receive a response to their background checks regardless of the results.

The only group that does **not** receive a response to their background checks are Day Care Facilities.

The KDHE representative stated that during the last year they had performed **~34,000 background checks and only 1%** came back prohibiting the person from working around children. That sounded pretty impressive until you understand that means **340** people that should **not** be allowed to work with children applied to work with children. The only thing that stopped them was the background check **AND** the **reply** from KDHE. The very fact that 1% of applicants are denied access, fortifies our position that we need closure to the communications loop. If the request for those 1% were lost and never processed we would have 340 dangerous people working with Kansas Children. When Child molesters are caught the majority of them commit multiple crimes on multiple children. So that **340** would result in hundreds of children being placed at risk.

The KDHE representative also stated Day Care Facilities should be able to determine these facts during the interview process.

Her previous statement about **340 prohibited persons** actually applying and then being denied access after their background check, makes that statement seem foolish. Hopefully she doesn't really believe that during an interview someone is going to admit that they are applying so they can have access to children and that they should be prohibited from doing so.

Senate Public Health and Welfare Committee
Attachment #1
February 21, 2007

The KDHE representative responded to a question about how long it takes them to complete a background check and she replied that **most** of the time it was **around** 7 days yet **almost** always within 30 days (paraphrased). One of the problems with using the word "around" or "usually" or "almost" is that the remaining statement is not substantial. We have been doing background checks since our school was founded ~15 years ago and have had many difficulties in working out this process. When we became a State Licensed Day Care facility we fell under the KDHE and are required to follow their processes. In that process there are no requirements for the KDHE to meet any time lines. That places all Day Care facilities, other than in home/owner operator type of facilities, in limbo when hiring employees or accepting volunteers. When someone is applying for a position they are usually ready to be hired, and when we have an opening we need someone right away.

I must request that at a minimum the KDHE be required to at least provide a response to the results of the background checks and that some time frame be mandated of 10 business days from receipt of the request or something like that.

As Chairman of the Board, I am responsible for ensuring our facility complies with all process that protects the children placed in our care however, I must also ensure we can function as a business or we will not be able to provide that care to those families placing their trust in us. We are a non-profit 501-c3 organization so we do not profit as a business from this work, however, we do have salaries, benefits, and direct costs associated with providing this service.

Respectfully,
Craig Barbee
Chairman of the Board
Emporia Christian School

65-1654. Privileged communications. (a) The confidential communications between a licensed pharmacist and the pharmacist's patient and records of prescription orders filled by the pharmacist are placed on the same basis of confidentiality as provided by law for communications between a physician and the physician's patient and records of prescriptions dispensed by a physician. Nothing in this subsection shall limit the authority of the board or other persons, as provided by law, from inspecting the book or file of prescription orders kept by a pharmacy or firm performing any duty or exercising any authority as otherwise provided by law.

(b) This section shall be part of and supplemental to the pharmacy act of the state of Kansas.

Nobuko
Folmsbee

Senate Public Health and Welfare committee
Attachment # 2
February 21, 2007

KANSAS
DIVISION OF THE BUDGET

Kathleen Sebelius, Governor
Duane A. Goossen, Director

http://budget.ks.gov

February 20, 2007

The Honorable Jim Barnett, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 120-S
Topeka, Kansas 66612

Dear Senator Barnett:

SUBJECT: Fiscal Note for SB 302 by Senators Umbarger and V. Schmidt

In accordance with KSA 75-3715a, the following fiscal note concerning SB 302 is respectfully submitted to your committee.

SB 302 would establish a Controlled Substances Monitoring Task Force in order to promote public health and discourage the abuse of controlled substances. The Task Force would consist of 11 members as follows: the Attorney General, two members appointed by the Board of Pharmacy, and one member appointed by each of the following organizations: Kansas Health Policy Authority, Kansas Bureau of Investigation, Board of Healing Arts, Kansas Medical Society, Kansas Association of Osteopathic Medicine, Kansas Pharmacists' Association, Kansas State Dental Association, and Kansas Hospital Association.

The purpose of the Task Force would be to provide recommendations to the 2008 Legislature regarding the feasibility of implementing a controlled substance prescription monitoring program and to create an electronic purchase log that is capable of checking compliance with all state, federal, and local laws concerning the sale of ephedrine and psuedoephedrine. The members of the Task Force would not be eligible for per diem compensation or reimbursement for expenses.

The passage of SB 302 would not have a fiscal effect, since the members of the Task Force would not be eligible for per diem compensation or reimbursement for expenses.

Sincerely,

Duane A. Goossen

Duane A. Goossen
Director of the Budget

cc: Linda Durand, KBI
Aaron Dunkel, Health & Environment
Debra Billingsley, Board of Pharmacy

900 S.W. Jackson Street, Room 504-N, Topeka, KS 66612 • (785) 296-2436 • Fax: (785) 296-0231
e-mail: duane.goossen@budget.ks.gov

Senate Public Health and Welfare Committee
Attachment #3
February 21, 2007

Larry Welch

Paul Morrison

Testimony
In Support of SB 302
Senate Public Health and Welfare Committee

Kyle G. Smith, Deputy Director
Kansas Bureau of Investigation
February 21, 2007

Senator Barnett and Members of the Committee:

I appear here today on behalf of the Kansas Bureau of Investigation and Kansas Peace Officers' Association in support of SB 302. This legislation would create a task force to address the two greatest difficulties involving controlled substances facing Kansas law enforcement and public health agencies.

According to national statistics, prescription drug abuse is the only form of drug abuse that is increasing. 34 states have enacted prescription monitoring programs to help identify patients with pain management problems as well as illegal diversion of prescription drugs.

The Matt Samuels Act passed in 2005 by this legislature has had remarkable success in controlling the production of methamphetamine in Kansas. Our statistics show almost an 80% drop in the seizures of meth labs. However, we still had 168 meth labs seized last year and a vast majority of those labs obtained the precursor chemicals by multiple purchases from multiple pharmacies.

SB 302 creates a task force to study and propose solutions to these issues: the need for a prescription monitoring program; and the need for Sudafed sales to be logged and searched electronically. We strongly encourage favorable consideration. Thank you for your attention and I would be happy to answer any questions.

KANSAS MEDICAL SOCIETY
KMS

623 SW 10th Avenue
Topeka, KS 66612-1627
785.235.2383
800.332.0156
fax 785.235.5114

www.KMSonline.org

To: Senate Public Health and Welfare Committee

From: Jerry Slaughter
Executive Director

Subject: SB 302; concerning controlled substances monitoring

Date: February 21, 2007

The Kansas Medical Society appreciates the opportunity to appear today in support of SB 302, which would create a multi-disciplinary task force to develop a controlled substances monitoring program. Such a program, particularly if it allowed real-time access via a secure Web-based system, could be an extremely valuable tool to physicians and other clinicians as they assess the appropriateness of prescribing controlled substances, particularly for unfamiliar patients in emergency or urgent care settings. In addition to the clinical benefits of such a program, it also could be an important tool for law enforcement, to supplement efforts to discourage the illegal diversion of controlled substances. Several states have adopted similar programs, and we support taking the first steps to design and eventually deploy such a system in Kansas.

Thank you for the opportunity to offer these comments in support of SB 302.

Senate Public Health and Welfare committee
Attachment # 5
February 21, 2007

HEIN LAW FIRM, CHARTERED

5845 SW 29th Street, Topeka, KS 66614-2462
Phone: (785) 273-1441
Fax: (785) 273-9243

Ronald R. Hein
Attorney-at-Law
Email: rhein@heinlaw.com

Testimony re: SB 302
Senate Public Health and Welfare Committee
Presented by Julie J. Hein
on behalf of
Kansas Pharmacy Coalition
February 21, 2007

Mr. Chairman, Members of the Committee:

My name is Julie Hein, and I represent the Kansas Pharmacy Coalition (KPC). The Kansas Pharmacy Coalition is an ad hoc coalition comprised of the Kansas Pharmacists Association and the Kansas Association of Chain Drug Stores.

The KPC supports SB 302. This bill creates a taskforce that will pull the stakeholders together, study and design an implementation plan for two important issues:

1) Prescription Monitoring Program and
2) Electronic tracking of Pseudoephedrine sales

We ask that the "real time" provision of the Pseudoephedrine Sales Tracking be deleted (delete "in real-time," Pg 1 line 27). We believe that the taskforce should study the options available for electronic tracking of Pseudoephedrine sales and the taskforce should determine the proper option for Kansas, whether that is "real time" or another option (there are various options available). We have discussed this amendment to many of those involved in this legislation and do not believe there is objection to this deletion.

We believe it is very important that the taskforce study these two issues as separate projects, because they are very different transactions and require different record keeping. We trust that with the appropriate stakeholders at the table, the taskforce will have the ability to do a thorough evaluation and determine the best approach for both projects in Kansas.

Thank you very much for permitting me submit this written testimony.

Senate Public Health and Welfare committee
Attachment #6
February 21, 2007

GACHES, BRADEN, BARBEE & ASSOCIATES
PUBLIC AFFAIRS & ASSOCIATION MANAGEMENT
825 S. Kansas Avenue, Suite 500 • Topeka, Kansas 66612 • Phone: (785) 233-4512 • Fax: (785) 233-2206

Senate Public Health and Welfare Committee
Testimony of Kansas Independent Pharmacy Service Corporation
Regarding SB 302: Controlled Substances Monitoring Task Force
Submitted by Ron Gaches
Wednesday, February 21, 2007

Thank you Chairman Barnett for this opportunity to provide comments of the Kansas Independent Pharmacy Service Corporation (KIPSC) regarding SB 302 proposing the creation of a Controlled Substances Monitoring Task Force. KIPSC supports the enactment of the Task Force and the assignment of the dual charges found on page one, section 1 (b) of the bill. The viability and practicality of both the controlled substances prescription monitoring program and the electronic purchase log are worth studying. It makes sense to have the two initiatives studied simultaneously by the same Task Force because a common solution or overlapping solution may be found.

Notwithstanding our support for the bill, we ask the Committee to consider one modest amendment prior to passage of the bill. On page one, line 27 is found the phrase "in real-time." We ask that this phrase be deleted from the bill. As used in the bill, this phrase directs the Task Force to develop an electronic purchase log recommendation that incorporates a "real-time" solution. We don't know for certain that a "real-time" solution will be possible or viable for implementation. KIPSC doesn't oppose the possible development of a "real-time" solution. We simply don't want to see that such a solution is mandated on the Task Force.

KIPSC looks forward to working with the Kansas Legislature to develop solutions that promote the public health and discourage the abuse of controlled substances. Thank you for consideration of our comments.

Senate Public Health and Welfare committee
Attachment #7
February 21, 2007

KANSAS
DIVISION OF THE BUDGET

Kathleen Sebelius, Governor
Duane A. Goossen, Director

http://budget.ks.gov

February 14, 2007

The Honorable Jim Barnett, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 120-S
Topeka, Kansas 66612

Dear Senator Barnett:

SUBJECT: Fiscal Note for SB 243 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 243 is respectfully submitted to your committee.

Current law regarding health insurance policies defines a dependent as a resident spouse or resident unmarried child under the age of 19, a child who is a student under the age of 23 and who is financially dependent upon the parent, or a child of any age who is disabled and dependent upon the parent. SB 243 would expand that definition to include a resident unmarried child under the age of 23 and a financially dependent student under the age of 25.

Estimated State Fiscal Effect				
	FY 2007 SGF	FY 2007 All Funds	FY 2008 SGF	FY 2008 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	$1,664,687
FTE Pos.	--	--	--	--

The Kansas Insurance Department states that all new and previously approved accident and health policies would have to be amended to reflect these age limit changes. The agency would have to review and approve the policy forms. However, the agency states that the addition of very specific conditions should not be difficult to review and therefore should cause no fiscal effect.

900 S.W. Jackson Street, Room 504-N, Topeka, KS 66612 • (785) 296-2436 • Fax: (785) 296-0231
e-mail: duane.goossen@budget.ks.gov

Senate Public Health and Welfare committee
Attachment # 8
February 21, 2007

The Kansas Health Policy Authority administers the State Employees Health Benefits Program, which would have to comply with SB 243. The agency states that contracts with health plan carriers and information provided to program members would have to be updated to reflect the extension in coverage for dependents. To estimate the cost of SB 243, the agency assumed that dependents between the ages of 23 and 26, an estimated 855 dependents, would be readmitted to the plan. It was further assumed that the majority of those dependents would have siblings who are currently covered by the plan, so that all additional costs would be borne by the fund, rather than the employee, through increased contributions. The estimated cost to the plan would be $1,664,687 in FY 2008. To the extent that the assumptions were met, the estimated cost would increase or decrease accordingly. The agency estimates that this additional plan cost would increase by 8.0 percent per year, which is the current healthcare cost trend.

Sincerely,

Duane A. Goossen

Duane A. Goossen
Director of the Budget

cc: John Campbell, Insurance Department
Jackie Aubert, SRS
Scott Brunner, Health Policy Authority

KHPA
Kansas Health Policy Authority
Coordinating health & health care for a thriving Kansas

MARCIA J. NIELSEN, PhD, MPH
Executive Director

ANDREW ALLISON, PhD
Deputy Director

SCOTT BRUNNER
Chief Financial Officer

Testimony on:

Increasing Access to Health Insurance for Young Adults through SB 243

presented to:

Senate Committee on Public Health and Welfare

by:

Dr. Marcia Nielsen
Executive Director

February 21, 2007

For additional information contact:
Luke Thompson
Kansas Health Policy Authority

Landon State Office Building
900 SW Jackson Street, Suite 900
Topeka, KS 66612
Phone: 785-296-3981
Fax: 785-296-4813

Senate Public Health and Welfare committee
Attachment # 01
February 21, 2007

Increasing Access to Health Insurance for Young Adults through SB 243

Thank you Mr. Chairman, and members of the Committee. I am Marcia Nielsen, Executive Director of the Kansas Health Policy Authority (KHPA). I appreciate the opportunity to address you today to offer our support for health policy improvements that increase access to health insurance for young adults in Kansas.

KHPA Vision and Goals

In terms of a vision and broad goals for the Health Policy Authority Board, the authorizing legislation is clear. The Kansas Health Policy Authority shall develop and maintain a coordinated health policy agenda that combines the effective purchasing and administration of health care with health promotion oriented public health strategies. The powers, duties, and functions of the Authority are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and public health programs.

At the Kansas Health Policy Authority Board Retreat held in February 2006, there were a number of strategies and long-term goals developed to assist the Board in meeting its broad mission and charge. Using these strategies as a guideline, the Board, identified overall priorities and goals for the Authority. This fall, the Board refined and approved the draft Vision Principles to include the six areas as described below.

- Access to Health Care
- Quality and Efficiency in Health Care
- Affordable and Sustainable Health Care
- Promoting Health and Wellness
- Stewardship
- Education and Engagement of the Public

The first Vision Principle, Access to Health Care, is the vision principle under which increasing the age for dependent coverage through SB 243 falls. The intent of the vision principle, Access to Health Care, is that Kansans should have access to patient-centered health care and public health services which ensure the right care, at the right time, and at the right place. The Authority will analyze and seek to eliminate the many barriers Kansans face in attaining preventive health services. This includes making available non-emergent care options for uninsured populations seeking primary care services.

Demographics

Nationally, young adults (ages 19 to 29) are one of the largest and fastest-growing segments of the U.S. population without health insurance: 13.7 million lacked coverage in 2004, an increase of 2.5 million since 2000. In Kansas, about one quarter (24 percent) of young adults 18 to 25 years of age are uninsured – the highest sub-group of the uninsured in the state. Young adults often lose coverage under their parents' policies, Medicaid, or the State Children's Health Insurance Program at age 19, or when they graduate from high school or college. Nearly two of five college graduates and one-half of high school graduates who do not go on to college will be uninsured for a period during the first year after graduation.

Reasons for Young Adults being Uninsured

Although many believe that young adults simply choose not to purchase health insurance to spend their money elsewhere, research indicates that 70 percent of young adults regard health insurance as a very important factor when choosing a job. Compared to 62 percent for older age groups, only 42 percent of workers aged 19-29 have access to job-based health benefits. Among 19-23 year olds, only 1/5 have insurance coverage through their employer, partly because a majority work part-time - only 1/3 work full-time during the year. Many of the rest find the cost of health insurance too expensive.

Impact on Health

The research on the importance of access to health care and health insurance is undisputed. Lack of health insurance causes roughly 18,000 unnecessary deaths every year in the United States. Uninsured patients have worse clinical outcomes than insured patients for several chronic conditions including diabetes, cardiovascular disease, end-stage renal disease, HIV infection and mental illness. Uninsured women with breast cancer have a 30 to 50 percent higher risk of dying than women with private health insurance.

In terms of young adults, 40 percent of uninsured 19-29 year-olds received no preventive care services in the past year, according to research conducted in 2000. Half of uninsured 19-29 year-olds with low incomes (200 percent of the poverty level or $17,000 a year) went without needed medical care during the past year.

Policy Options

Extending eligibility for dependents under private coverage beyond age 18 or 19 regardless of student status is one means by which to help ensure access to coverage for young adults in Kansas. Other states have taken the lead. In Utah, for example, a dependent may not age-out of health care coverage until their 26th birthday, regardless of whether or not they are enrolled in school. New Jersey enacted a law that provides coverage for dependents until their 30th birthday, as long as they have no dependents of their own. States have also expanded the definition of dependent. At least four states recognize grandchildren as dependents.

KHPA staff have presented the Health Care Commission (HCC) with a proposal to increase the age limit for its plans up to age 26. This would include an additional 1,358 young people. One qualifier is that these additional young adults would need to meet the IRS tax code for 'dependents.' We do not require they be a student.

The HCC will be evaluating this coverage proposal at their next meeting.

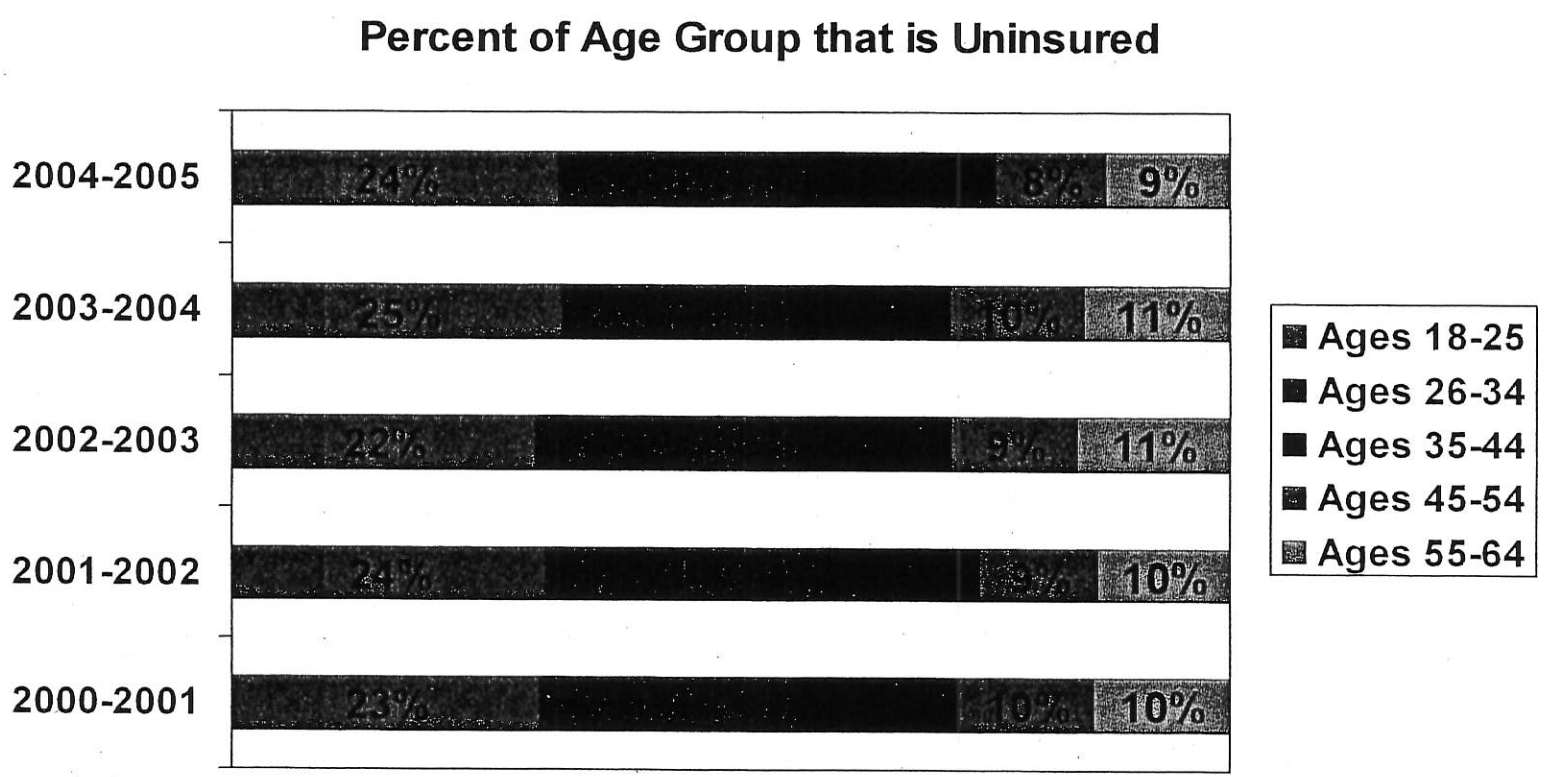
Fiscal Note for the State Employee Health Benefits Plan

The Kansas Health Policy Authority administers the State Employees Health Benefits Program, which would have to comply with SB 243. Contracts with health plan carriers and information provided to program members would have to be updated to reflect the extension in coverage for dependents. To estimate the cost of SB 243, we assumed that dependents between the ages of 23 and 26, an estimated 855 dependents, would be readmitted to the plan. It was further assumed that the majority of those dependents would have siblings who are currently covered by the plan, and that this change in coverage would not be reflected in employee premiums in the first year, so that all additional costs would be borne by the fund, rather than the employee, through increased contributions. The estimated cost to the plan would be $1,664,687 in FY 2008. To the extent that the assumptions were met, the estimated cost would increase or decrease accordingly. The agency estimates that this additional plan cost would increase by 8.0 percent per year, which is the current healthcare cost trend.

Summary

We support efforts in Kansas to increase access to health insurance for young adults. Not only does increased access to health insurance promote improved health outcomes of young adults, it also brings young and typically healthy individuals into the health insurance risk pool which helps to spread the risk of high health costs over a greater number of individuals.

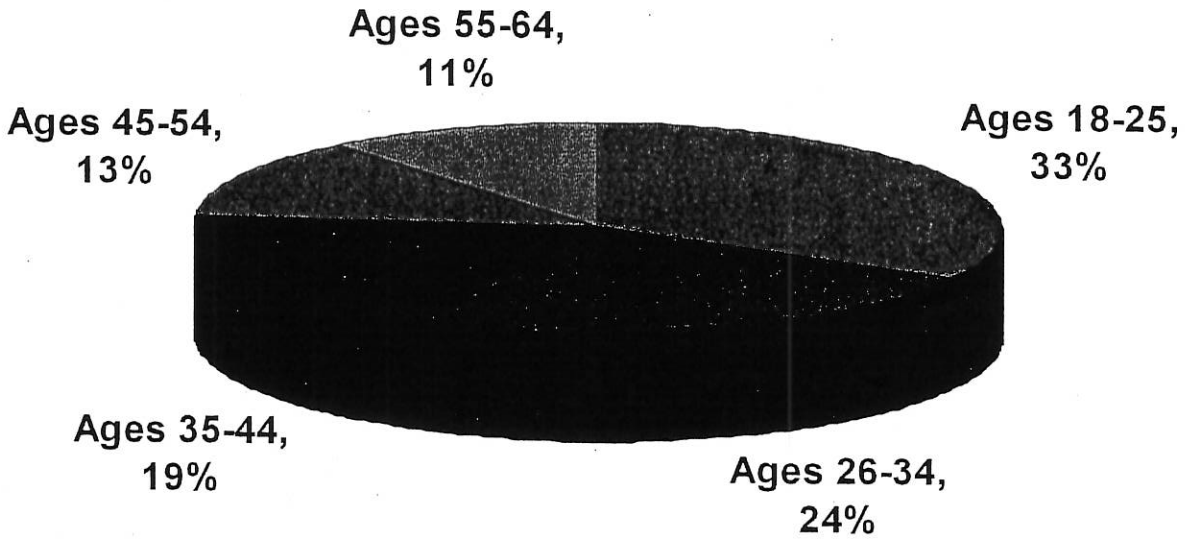
Young Adult Kansans are Uninsured at a Higher Rate than Older Adults



Source: U.S. Census Bureau Current Population Survey

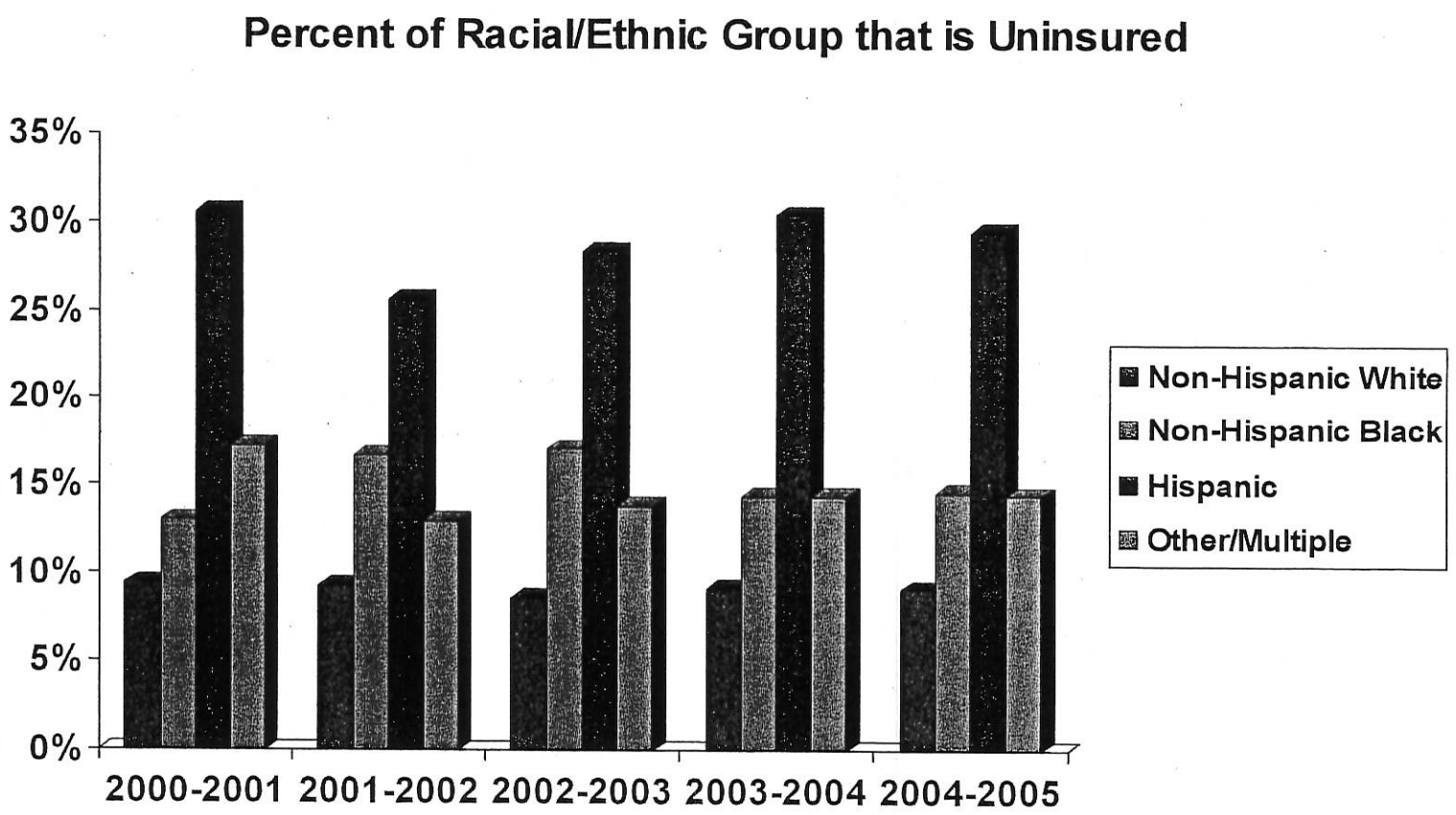
Young Adults Comprise One-Third of Uninsured Working Age Kansans, 2004-2005

Uninsured Kansas Adults by Age Group



Source: U.S. Census Bureau Current Population Survey

Racial/Ethnic Minority Kansans are More Likely to be Uninsured than Non-Hispanic Whites



Source: U.S. Census Bureau Current Population Survey

Polsinelli | Shalton
Welte | Suelthaus PC

Memorandum

TO: THE HONORABLE JIM BARNETT, CHAIR
SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

FROM: WILLIAM W. SNEED, LEGISLATIVE COUNSEL
AMERICA'S HEALTH INSURANCE PLANS

RE: S.B. 243

DATE: FEBRUARY 21, 2007

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Legislative Counsel for America's Health Insurance Plans ("AHIP"). AHIP is a trade association representing nearly 1,300 member companies providing health insurance coverage to more than two million Americans. Our member companies offer medical expense insurance, long-term care insurance, disability income insurance, dental insurance, supplemental insurance, stop-loss insurance and reinsurance to consumers, employers and public purchasers. We appreciate the opportunity to address the Committee regarding S.B. 243.

Attached to my testimony is a position paper that my client has developed in regard to this matter. As you can see, we are very concerned regarding changes that states make with respect to extension of adult children's coverages. Thus, we urge the Committee to act cautiously on this bill.

Additionally, I have attached a statement from the Board of Directors of AHIP regarding continuity of student care that was recently passed. As has been discussed in your Committee, there have been some concerns about "legitimate" students being forced out of coverage because of unique circumstances. As you can see, our Board has created a "Best Practices" which it is disseminating to all of its member companies. We believe that utilizing our Association to encourage these "Best Practices" is a far better way to address this problem.

We appreciate the opportunity to present this information to the Committee, and we look forward to working with you in the future.

Respectfully submitted,

William W. Sneed

One AmVestors Place
555 Kansas Avenue, Suite 301
Topeka, KS 66603
Telephone: (785) 233-1446
Fax: (785) 233-1939

Senate Public Health and Welfare Committee
Attachment #10
February 21, 2007

Mandating Coverage of Adult Children

An emerging trend among the states is to mandate employers to extend health insurance dependent coverage to their employees' adult children.

- **Allowing adult children to continue coverage under a parent's employer's coverage drives up the employer's premiums, potentially causing the employer to drop coverage.**
  - Dependents are more likely to seek coverage under a parent's plan if they are sick, creating adverse selection and driving up costs under the policy.
  - In some situations, even modest increases in premiums will cause an employer to adopt cost-saving strategies, which could include discontinuing a contribution to dependent coverage, decreasing contributions for employee coverage, or discontinuing coverage altogether.

- **Increasing the age for covering children is unnecessary since many states already require coverage for older children under circumstances where they remain financially dependent on their parents.**
  - The majority of states addressing dependent coverage require extending coverage beyond any limiting age for as long as a child is incapable of sustaining employment because of a medical condition.
  - States that require coverage to a certain age typically establish an older limiting age for coverage for full-time students who are unmarried and financially dependent on the parent.

- **After reaching a limiting age, dependents typically have an option of continuing coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) or a state COBRA expansion plan.**
  - Group health plans are subject to COBRA requirements if an employer sponsoring the plan employs more than 20 full and part-time employees. Qualified beneficiaries, including dependent children, are eligible for COBRA continuation of coverage for up to 36 months after reaching a limiting age under the policy.
  - In addition to the federal requirements, many states have adopted similar provisions that apply to employers with fewer than 20 workers.
  - After COBRA coverage is exhausted, these individuals have access to guaranteed coverage under HIPAA.

- **States that want to expand coverage to uninsured young adults should consider making coverage more affordable for this population by allowing policies without all state mandated benefits.**
  - Giving insurers flexibility to design products that will appeal to young adults will encourage them to purchase health insurance and reduce the number of uninsured.

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AHIP Board of Directors Statement on Continuity of Student Care

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INTRODUCTION

Students are traditionally insured through either their parents' health insurance plans or a student health insurance plan, and such arrangements may often require that students be enrolled in school on a full-time basis in order to maintain coverage. To ensure that post-secondary full-time students do not have to compromise the continuity of their treatment for an illness or event that prevents them from continuing attendance on a full-time basis, health insurance plans are committed to working with employers and other health insurance plan sponsors to establish best practices regarding continuity of coverage for students who take a full or partial medical leave of absence from school.

BEST PRACTICES

In order to facilitate the continuity of coverage for appropriate medical treatment for students while on medical leave, AHIP member health insurance plans are committed to support the following best practices:

- Health insurance plans will work with employers and other health insurance plan sponsors to ensure continuity of coverage for full-time students in the case of a catastrophic illness or event requiring them to attend part-time or take a medical leave of absence from school.

- Such continuity of coverage shall apply to coverage provided through individual coverage, parental coverage or through the student's school.

- Health insurance plans will offer coverage for 12 months or until the coverage would have otherwise lapsed pursuant to the terms and conditions of the policy, whichever comes first, provided the need for part-time status or medical leave of absence is supported by a clinical certification of need from a licensed physician.