Approved: April 2, 2008
Date

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE

The meeting was called to order by Chairperson Susan Wagle at 1:30 P.M. on March 17, 2008 in Room 136-N of the Capitol.

Committee members absent: Senator David Haley- excused
Senator Mark Gilstrap- excused
Senator Peggy Palmer- excused

Committee staff present: Ms. Emalene Correll, Kansas Legislative Research Department
Mrs. Terri Weber, Kansas Legislative Research Department
Ms. Nobuko Folmsbee, Revisor of Statutes Office
Ms. Renae Jefferies, Revisor of Statutes Office
Ms. Margaret Cianciarulo, Committee Secretary

Conferees appearing before the committee: Senator Chris Steineger
Mr. Alan Cobb, Americans for Prosperity
Mr. Kenneth Daniel, Volunteer Lobbyist,
Kansas Small Businesses

Others in attendance: Please see attached Guest List

Hearing on SCR 1618 - a concurrent resolution memorializing Congress to allow states greater flexibility in the use of federal health care funding.

Upon calling the meeting to order, the Chair said that the hearing today would be on **SCR1618** sponsored by Senator Steineger who is here today to explain the bill and testify in support. Senator Steineger stated this is just a resolution, and this is just his personal opinion, but if we could ever get Congress to do this it would be a revolution in our country. He went on to say that if passed, we would be the first state to ask Congress to consolidate all of the federal programs that spend health care dollars today including Medicaid, Medicare, the VA, SCHIP, etc. and give the dollars to the state in the form of one big block grant and let Kansas and any other state that would want to do this, have the authority to decide how we want to spend those same health care dollars. He stated that two years ago, Post Audit was asked to do a study of health care spending in Kansas and the round number for government health care dollars were $3.5 billion that is being spent in Kansas right now by federal government and state government sources. Lastly, he cited the three inspirations that he had for this idea. A copy of Senator Steineger's testimony is (Attachment 1) attached hereto and incorporated into the Minutes by reference.

The Chair asked the Committee for questions which came from Senators Journey, Barnett, and Wagle including:

- the Veterans Administration was mentioned a couple of time, but don't see it in the resolution. Felt the real benefit in this is increased efficiency and better spending of the dollars, but how much are we spending on overhead to appropriately allocate the dollars when if we had the block grant we could do what we needed to do?

- Americans have a voracious appetite for health care, how are you going to control it, is it going to be a single payer system, and what is the model that you see?

- there is going to have to be some practical way for this state to come to a resolution as to what we think is policy for handling the block grant and what is your thinking?

- would the legislature determine what services are provided and how much to pay for these services?

- how do you envision that meshing with employer-based systems and would the state procure through competitive bids?

- regarding line 32, "Employees Retirements Investment Security Act," what is this?

- is this $3.5 billion only federal dollars and not state?

Chairperson Wagle asked Mrs. Weber for a copy of the Post Audit Senator Steineger referred to.

As there were no more discussion or questions for Senator Steineger, the Chair called on Mr. Alan Cobb, Americans for Prosperity who stated that the current Medicaid system encourages increased and unsustainable spending as it did with the new defunct welfare program. (The federal government matches at least 100 percent of every dollar a state puts toward its Medicaid program with no limit.) He went on to say that putting states in charge of their Medicaid system would force more fiscal responsibility with the best solution being stopping the federal government from taking the money from the states in the first place, since Washington only doles the funds back out to the states with rules and restrictions attached, all the while creating "donor" states and "beneficiary" states. Also, he said, with these blocks of predetermined size, the states could not obtain additional federal funding by expanding their programs, they would have to allocate the set amount.

And lastly he offered the pros of the resolution, dollars saved $1.1 trillion in more than 10 yrs., states could experiment with new policy proposals and the poverty rate could decrease as when Congress established similar reforms with federal welfare. A copy of Mr. Cobb's testimony is (Attachment 2) attached hereto and incorporated into the Minutes by reference.

The Chair then called the next proponent conferee, Mr. Kenneth Daniel, Volunteer Lobbyist, Kansas Small Businesses, who stated that when our own restrictive laws on health care and health insurance are melded with those of the federal government, most of the most promising solutions are blocked. Mr. Daniel offered several alternatives (ex. Redesign our Medicaid and other programs to rid ourselves of obstacles, could have programs for low-income families that allow all members to be insured together, etc.) And lastly, he said we could design a system to fit our state without trying to make it fit all other states too. A copy of Mr. Daniel's testimony is (Attachment 3) attached hereto and incorporated into the Minutes by reference.

The Chair referred the Committee to written testimony from KHPA and called on Senator Schmidt who said she had the opportunity to read and is a little confused. She asked if it was neutral, for, or against, who wrote it, as it usually has someone's name on it. Is it coming from the Board of Directors, or where is it coming from? Someone from KHPA was in the audience and stated that Dr. Nielsen did write the paper but could not say if it was neutral, for or against. The Chair asked him to pass it along to Dr. Nielsen that the Committee would like to know where she sits on this resolution. A copy of KHPA's written testimony is (Attachment 4) attached hereto and incorporated into the Minutes by reference.

The Chair then asked for further questions which came from Senator Barnett for Mr. Cobb. Senator Barnett said it had been his review that the poverty level in Kansas is actually increasing and noticed in Mr. Cobb's testimony he states that poverty rate is currently lower than it has been in 17 years. Senator Barnett asked, if Mr. Cobb knew if Kansas poverty levels are lower now or are they actually on the rise? For Senator Steineger, Senator Barnett asked, "Regarding these other nations that you base your resolution on, do they provide basic health care and about how much do they provide dollar wise?"

As there were no other questions or further discussions regarding **SCR1618**, the Chair said that they would hold this bill until the Committee hears from KHPA.

Staff Overview of HB2620 - an act concerning the State Board of Healing Arts; relating to non-disciplinary resolution fingerprinting and criminal history records checks.

The Chair stated their next item of business is an overview of **HB2620** with a hearing on it tomorrow. She then called on Ms. Emalene Correll, Kansas Legislative Research Department, who stated that the bill was considered by the Judiciary Committee in the House and came from this summer's Interim Committee on Judiciary which had among its assigned proposals a hearing from the Kansas Board of Healing Arts on issues

that were raised during the Post Audit Study of the KBHA. The Judiciary Committee had a hearing regarding the Board's proposed responses to issues raised by Post Audit and agreed to introduce this bill before the Committee as amended by the House Committee of the Whole. She went on to state that:

- the original bill appears as Section 1 which give the Board some additional tools to act in matters involving only licensees in the healing arts that would be below the level of disciplinary action but would still be a warning or alert to the licensee that the Board feels that changes or practices should be made. So what this section would do is allow the Board or a Committee of the Board or peer review committee of the Board to enter into as a non-disciplinary resolution by either:

- entering into a written agreement with the licensee for a professional development plan,

- or make written recommendations to a licensee,

- or to issue a written letter of concern to a licensee if the board committee or peer review committee determines that the licensee has engaged in one of the four listed actions.

- Subsection (b):

- provides that regardless of other provisions of law, any meeting of the Board, committee of the Board, or peer review committee (established according to the BHA Act) for the purpose of discussing or adopting a non-disciplinary resolution, would not be subject to the Kansas administrative procedures act, nor subject to the open meetings act.

- a non-disciplinary resolution authorized by this section would not be deemed disciplinary action or other order or adjudication. And,

- no failure to the applicable standard of care or violation could be implied by the adoption of a non-disciplinary resolution

- Subsection © would make whatever action taken by the Board Committee in terms of a non-disciplinary resolution confidential as provided already by the Healing Arts act and not admissible in a civil, criminal, or administrative action, except that such resolution shall be admissible in any disciplinary proceeding by the Board, so the Board could take into account any non-disciplinary action if in fact at a later time there was a disciplinary action against that licensee.

- Subsection (d) makes this section a part of and supplemental to the Kansas healing arts act.

- Section 2, added by the House Judiciary Committee, is basically the provision that was in **SB81** at it passed the Senate last year, but is now substantially changed by House Substitute and:

- would give the Board of Healing Arts, when there is an original application for a license or an application for reinstatement for a license or any registration, permit, or certificate or in connection with any investigation of any holder, the authority to require a person to be fingerprinted and submit to a state and national criminal history record check?

(She stated that last year the legislature had two bills before them, one which would have authorized fingerprinting of licensees in the healing arts and the other for licensees for Board of Nurses and both were held in the House Committee in Health and Human Services until they passed out the Substitute for SB81, so essentially Section 2 had already been passed last year by the Senate.)

- this section would be part of and supplemental to the Healing Arts Act and applicable to not all of the people that the Board regulates but just those three practitioners of the healing Arts.

- Section 3 was a floor committee amendment and authorizes the committee to adopt through formal rules and

regulations, a formal list of graduated sanctions for violations of the Kansas healing arts acts which specify the number and severity of violations for the imposition of each level of sanction. And this again was one of the things the Board indicated was its response to the Post Audit's issues raised when the Board appeared before the special committee on Judiciary last summer and that was they would be developing graduated sanctions for violation of the healing arts act which they believe would give them the ability to take actions of violations that did not rise to the level of a denying or restricting a license, but did authorize some type of action on the part of the Board in recognition of an activity that they felt perhaps did not meet the professional standards.

And lastly, she stated the bill passed the House 123-2.

The Chair asked for questions of the Committee which came from Senators Barnett and Wagle including:

- regarding page 2, line 31 regarding some discussion regarding juvenile, expungement, and nonconvictions, did this get changed in the House? And, can you give the Committee an idea, is that standard policy that we look at expungement and juvenile convictions, or do we not?

- are Sections 2 and three two-different amendments?

Adjournment

As there were no further discussion or questions, the Chair announced that the hearing on **HB2620** would be tomorrow. The meeting was adjourned. The time was 2:30 p.m.

The next meeting is scheduled for March 18, 2008.

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

GUEST LIST

DATE: Monday, March 17, 2008

25 in att.

NAME	REPRESENTING
SEAN MILLER	CAPITOL STRATEGIES
KEN DANIEL	TIBA
ALAN COBB	AFP
ARTHUR STREW MD	MYSELF (BoS)
LARRY BUENING	BD OF HEALING ARTS
Bob Williams	Ks. Osteopathic Medicine
Austin Hayden	Heim Law Firm
Mike Reecht	Gaches Brader
Kelly Ostrowski	Kansans for Life
Jeanne Gawdun	KFL
Michael Hooper	Kearney & Assoc.
Cory Gfeller	KHPA

please continue passing Thk you mcc

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SENATE CHAMBER

SCR 1618 – Health System New Design
Talking Points

1. **Consolidate** all federal health care spending including Medicaid, Medicare, SCHIP, Veterans Health Care, waive rules necessary, including ERISA. For Kansas, this totals $3.5 billion.

   Similar to Gingrich Clinton Welfare Reform

2. **Block grant** money to the states

   * This would include simplifying and standardizing terminology, computer codes, etc., and using one health information technology system for management.

   * Gingrich called this model "devolution" and referred to the states as "laboratories of democracy".

   * Recognizes that governors and legislators are best suited to determine what's best for their citizens

3. **Inspirations:**

   A. Newt Gingrich and Bill Clinton are credited with the landmark welfare reform of 1995. The genesis of the plan was to consolidate federal programs, then give block grants and discretion to the States to best design and deliver programs that fit their citizens.

   B. Before Henry Ford, automobiles were hand built expensive luxury items affordable only by a few. Ford's revolution was two fold: he simplified the product, and he streamlined the production process. The Ford Model T and the modern assembly line were the result. The price of automobiles dropped from $1,200.00 to $490.00 in 10 years time, and 26 million Model Ts were sold, bringing affordable transportation to the masses.

   C. Henry J. Kaiser was an industrialist engaged in steel production. Previous to WW II, a freighter ship required three months to build. Kaiser analyzed the product and process, and through drastic simplification and streamlining, was able to build a freighter in two weeks. Indeed, thousands of "Liberty Ships", as they were known, carried supplies and munitions in all theaters of WW II and gave our military the sustenance to win the war.

Senate Health Care Strategies
Committee
Date: March 17, 2008
Attachment 1

AFP AMERICANS FOR PROSPERITY
KANSAS

March 17, 2008

Madam Chair and members of the committee,

On behalf of the 15,000 members of Americans for Prosperity, we are here to offer our support of SCR 1618.

Medicaid Block Grants

The current Medicaid system encourages increased and unsustainable spending. The federal government pays for 57 percent of Medicaid spending, while 43 percent comes from the states. As it did with the now defunct welfare program, Aid to Families with Dependent Children, the federal government matches at least 100 percent of every dollar a state puts towards its Medicaid program, with no limit. That means that states can double, triple, or even quadruple their Medicaid spending and still get matching funds. As a result, states only pay a fraction of the cost of expanding Medicaid to people and families who have incomes well above the poverty line. The federal government is, in effect, rewarding states that increase the number of Americans dependent on government.

Putting states in charge of their Medicaid system would force more fiscal responsibility. The best solution would be to stop the federal government from taking the money from the states in the first place, since Washington only doles the funds back out to the states with rules and restrictions attached, all the while creating "donor" states and "beneficiary" states. Then each state would bear the full brunt of the cost of expanding government-funded health care and would be less likely to expand programs endlessly in an attempt to have other states pay for their health care more than they pay for other states'. Barring that possibility, the federal government should return the money to the states in block grants of predetermined size. That way, states could not obtain additional federal funding by expanding their programs—they would have to allocate the set amount of federal funds they had to the neediest citizens.

Congress can act now. If Congress froze the new Medicaid block grants at 2007 levels as it did with welfare reform in 1996, $1.1 trillion would be saved over 10 years. States would be able to experiment with new policy proposals--such as health insurance vouchers for low income citizens--and learn from each other about how to focus the available funds only on the most truly needy people. When Congress established similar reforms with federal welfare, welfare caseloads fell dramatically and poverty decreased at the same time. The poverty rate is currently lower than is has been in the 17 years before 1996.

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Senate Health Care Strategies
Committee
Date: March 17, 2008
Attachment 2

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TESTIMONY ON SENATE CONCURRENT RESOLUTION NO. 1618
SENATE COMMITTEE ON HEALTH CARE STRATEGIES
By Kenneth Daniel
March 17, 2008

Kenneth L. Daniel is an unpaid volunteer lobbyist who advocates for Kansas small businesses. He is publisher of KsSmallBiz.com, a small business e-newsletter and website. He is the volunteer Chairman of the Topeka Independent Business Association. He is C.E.O. of Midway Wholesale, a business he founded in 1970. Midway has eight locations and 115 employees.

Madame Chairman and Members of the Committee:

I speak in support of SCR 1618. We have been through more than a year, actually several years, of frustrating failure with respect to most legislative aspects of health care, especially for small businesses

When our own restrictive laws on health care and health insurance are melded with those of the federal government, most of the most promising solutions are blocked.

While it is highly doubtful that the feds would let us take charge of Medicare or Veterans' programs, we could redesign our Medicaid and other programs to rid ourselves of obstacles. We could have programs for low-income families that allow all members to be insured together. We could stop the competition between Medicaid and SCHIP and small employers. We could help low-income families find providers by averaging out the rates paid by Medicaid and other payers instead of having physicians paid 50 cents on the dollar for Medicaid patients and 80 or 110 cents on the dollar for Medicare and private patients.

This ain't New York. We can design a system to fit us without trying to make it fit all other states, too. We have our own demographic differences that are hard enough to work around – Western Kansas vs. Eastern Kansas, for instance.

I encourage you to vote in favor of SCR 1618, and will be happy to answer any questions you may have.

Senate Health Care Strategies
Committee
Date: March 17, 2008
Attachment 3

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KANSAS HEALTH POLICY AUTHORITY

Testimony on Senate Concurrent Resolution 1618
Senate Health Care Strategies Committee
March 17, 2008

As the leading state agency on health, health care, and health policy, KHPA is committed to ensuring Kansans have access to quality, affordable, and sustainable health care. The current trends related to health care are alarming with our health care system growing at a rate much faster than the rest of the economy. Total health expenditures in the United States doubled between 1990 and 2004, reaching $6,280 per capita in 2004. In 2006 health care expenditures accounted for 16.5 % of the Gross Domestic Product, far outpacing any other country and estimates indicate that the United States will devote 20% of GDP to health care by 2015. These ever escalating health care costs are a primary factor contributing to the growing number of adults and children lacking health insurance in our state. Currently some 300,000 Kansans are uninsured, resulting in costly delays in accessing needed health care services.

The current health care system in Kansas faces many challenges. The health system is inefficient and fragmented and the health status of many Kansans is at risk. Fundamental transformation of our underlying health system is required to address the staggering rise in health care costs and chronic disease as well as the underinvestment in the coordination of health care. The incidence of chronic disease is escalating across the nation and the costs for treating the illnesses and disabilities of those individuals account for more than 70% of total medical care costs, including nearly 80% of Medicaid expenditures. A fundamental change in our skewed health care system must occur with increased focus both on the prevention of chronic disease as well as implementation of more effective disease management strategies.

We must explore new solutions to solving the cost, quality, and access issues facing the citizens of our state. Serious consideration must be given to investigating new ways of delivering and financing health care in Kansas so that we obtain value for the health care dollars. Health care is delivered locally and states need to have the flexibility to develop health care policy that ensures better value for the dollars spent. The federal government, however, must facilitate the process as states endeavor to correct the flaws in our fragmented health system, improve access to the full array of health services, and control costs.

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Senate Health Care Strategies Committee
Date: March 17, 2008
Attachment 4