

Approved:
Date: February 26, 2002

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on February 20, 2002 in Room 234 N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Brad Smoot, Blue Cross/Blue Shield
Rebecca Rice, Kansas Chiropractic Association
Ed McKenzie, D.C., Holton
Timothy D. Bolz, D.C., Topeka
Chip Wheelen, Kansas Association of Osteopathic Medicine
Larry Buening, Kansas Board of Healing Arts
Chris Collins, Kansas Medical Society
Bill Sneed, Health Insurance of America Association
Larrie Ann Lower, Kansas Association of Health Plans
Cheryl Dillard, Mid America Health

Others attending: See attached list.

Discussion and Action on SB 469 - State employees health plan; inclusion of additional entities

Brad Smoot, Blue Cross/Blue Shield, briefed the Committee on amendments in a balloon of **SB 469** which addressed the concerns of those entities offering testimony on the bill at the hearing on February 13th. (Attachment 1) Senator Teichman made a motion to adopt the amendments offered in the balloon of the bill, and that the Committee recommend SB 469 as amended favorable for passage, seconded by Senator Feleciano. The motion carried.

Hearing on SB 542 - Utilization review; limitation on issuance of certificate

Rebecca Rice, Kansas Chiropractic Association, expressed support for **SB 542** which would expand requirements for issuing certificates by the Insurance Commissioner to a utilization review organization that have providers licensed in Kansas. Ms. Rice introduced Ed McKenzie, D.C., Holton, who noted that the bill would make several changes in the claims review process to help protect patients seeking health care. He pointed out that requiring a reviewer to derive a majority of his income from his active practice makes that person subject to the same rules that he or she uses to review claims. Requiring the review to be licensed in the state of Kansas means that he or she should be familiar with the law of the state. (Attachment 2)

Timothy D. Bolz, D.C., Topeka, expressed his support for the bill and recommended that: (1) All organizations that use reviews be subject to provisions of this statute; and (2) The healthcare providers doing reviews must derive 60% of their income from the practice of their profession and provide proof of such income to the Kansas Insurance Commissioner's office annually as shown in his written testimony. (Attachment 3)

Chip Wheelen, Kansas Association of Osteopathic Medicine, expressed his support for **SB 542**. Mr. Wheelen noted that the bill would provide recourse to an injured patient, because the insurer's utilization reviewer would be licensed in Kansas and the injured patient could file a complaint to the Board of Healing

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Arts. He noted that another important feature of the bill is the requirement that the reviewer be actively engaged in practice and that he or she not derive a majority of his or her income from peer review and witness fees. (Attachment 4)

Larry Buening, Kansas Board of Healing Arts, expressed his support for the bill by noting the importance of utilization review of health care services provided by Kansas health care providers on Kansas citizens be performed by providers who are licensed and actively practicing in Kansas. (Attachment 5)

Chris Collins, Kansas Medical Society, testified before the Committee in support of **SB 542**. In her written statement Ms. Collins noted that KMS does not support the concept that a similarly educated professional needs to conduct medical necessity determinations on all claims presented for payment. (Attachment 6)

Bill Sneed, Health Insurance of America Association, testified in opposition to the bill. He stated that there is no empirical evidence that Kansas licensees should be the only ones in the country capable of making determinations within a utilization review, and that such change would only damage an appropriate mechanism that is utilized in an effort to effectively keep health care costs down and insurance premiums affordable. (Attachment 7)

Also speaking in opposition to **SB 542** was Larrie Ann Lower, Kansas Association of Health Plans. Ms. Lower expressed two concerns: (1) whether this bill would require that an initial review of a claim be performed by a provider licensed in the state in the practice under review and also actively engaged in the practice of that licensed profession; and (2) whether this bill requires a utilization review of a pediatrician to be performed by a pediatrician and a cardiologist be reviewed by a cardiologist. She noted that KAHP would like the opportunity to clarify this issue with the proponents. (Attachment 8)

Cheryl Dillard, Mid America Health, commented that the two entities most frequently used by health plans for accreditation now are the National Committee for Quality Assurance and the Joint Commission on the Accreditation of Healthcare Organizations. She pointed out that to continue to name the Utilization Review Accreditation Commission accreditation as the only path to an exemption is to unfairly disadvantage plans that have chosen a different but equally rigorous path to achieving the highest standards. (Attachment 9)

After Committee discussion on the bill, the Chair requested staff present an overview of the Utilization Review Act and utilization review organizations next week to the Committee.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for February 21, 2002.

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