

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:30 p.m. on February 1, 2001 in Room 527-S of the Capitol.

All members were present except: Representative Nancy Kirk
Representative Dixie Toelkes

Committee staff present: Bill Wolff, Legislative Research
Ken Wilke, Legislative Revisor
Mary Best, Committee Secretary

Conferees appearing before the committee: Mr. Tom Bell, Hospital Association
Mr. Jerry Slaughter, Kansas Medical Society
Ms. Kathy Greenlee, Kansas Insurance Department
Mr. Randy Peterson, Salina Regional Health Center

Others attending: See Attached Guest List

With the meeting being called to order, the Chairman recognized Mr. Tom Bell, Kansas Hospital Association. Mr. Bell gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #1) attached hereto and incorporated into the Minutes by reference. Mr. Bell gave an overview of the bill and its' intention. Mr. Bell informed the committee that this piece of legislation "clarifies the application of the Kansas Life and Health Insurance Guaranty Association Act." This is a statutory association of life and health insurers who provide coverage for policyholders of insolvent insurers and pay the claims of the "payees, beneficiaries or assignees" of these policyholders. He explained, **HB 2115** "makes it clear that the Guaranty Act provides coverage for health care provider claims in appropriate circumstances and directs that the claims of Heartland's contracting providers be paid."

Mr. Bell continued on to explain, with this bill would remedy many unfair situations for reimbursement, (a claim from a rural Kansas was denied, while Mayo clinic was reimbursed, and for the same amount). The bill also "discourages providers from signing provider contracts with insurance companies." Mr. Bell completed his presentation and stood for questions.

Mr. Jerry Slaughter, Kansas Medical Society, was the next conferee to come before the committee. Mr. Slaughter gave Proponent Testimony and a copy of the testimony is (Attachment #2) attached hereto and incorporated into the Minutes by reference. Mr. Slaughter's testimony also contained a copy of the "Patient Registration Form", showing the statement in part, "authorize and request payment of medical benefits directly to my physician." as part of this form authorizing insurance companies to pay the medical provider on the patient's behalf. Mr. Slaughter explained that this bill has a two fold purpose: 1.) To clarify legislative intent of who is covered in regard to claims and 2.) To reverse a decision by Guaranty Association not to pay the valid claims of contracted providers in the 1999 liquidation of Heartland Health, Inc. which has yet to be resolved. He asked the committee to not get lost in the technical details and all of the complexities of the action surrounding Guaranty Act. Mr. Slaughter covered some of the same points of the bill as discussed by Mr. Bell. Mr. Slaughter stood for questions.

Mr. Kathy Greenlee, General Counsel for Kansas Insurance Department, was the next conferee to be recognized by the Chairman. Ms. Greenlee gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #3) attached hereto and incorporated into the Minutes by reference. Ms. Greenlee discussed the liquidation of the Heartland Health Plan, Inc. and the "Hold harmless clause." She explained the clause to the committee and where this case stood today. She explained how this is a unique situation,

as this problem was not contemplated by the legislature when the Guaranty Association Act was adopted. She continued on to explain the hold harmless clause and how it affects the industry and the consumers. Ms. Greenlee informed the committee that the Kansas Insurance Department supported the bill because it would accomplish two goals. "First, the bill will clarify that all providers are to be treated the same regardless of whether or not they signed a hold harmless agreement. The guaranty association act is supposed to be liberally construed. It has been narrowly applied in the Heartland network provider situation. Second, the bill will direct the guaranty association to pay the outstanding Heartland network provider claims. She stood for questions.

Questions were posed to Ms. Greenlee by Representatives Mayans, Phelps, Grant, Boston, Ostmeier.

There were handouts only presented on behalf of Mr. Randy Peterson, Salina Regional Health Center, Salina, Kansas and Ms. Mary L. Barrier, Morrison & Hecker, Attorneys at Law, Kansas City, Missouri. The written copies of their testimonies are (Attachment #'s 4 & 5) attached hereto and incorporated into the Minutes by reference.

The meeting was adjourned at 4:12 p.m. The next meeting will take place February