

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:35 p.m. on March 7, 2000 in Room 527-S of the Capitol.

All members were present except: Representative Cindy Empson

Committee staff present: Dr. Bill Wolff, Research  
Mr. Ken Wilke, Revisor  
Mary Best, Secretary

Conferees appearing before the committee: Linda DeCoursey, Kansas Insurance Department  
Robert Williams, Kansas Pharmacists Association

Others attending: See attached Committee Guest List

**SB 574-Deceptive sale or promotion of health-related cash discount cards.**

Ms. Linda DeCoursey, Kansas Insurance Department, was the first conferee to address **SB 574**. A copy of the Proponent Testimony is (Attachment #1) attached hereto and incorporated into the Minutes by reference. Ms. DeCoursey gave an overview of the bill to the committee which addressed the deceptive sale or promotion of health-related cash discount cards.

Ms. DeCoursey spoke to the committee relating the Kansas Insurance Departments concern for Kansas consumers, especially the elderly. With rising costs in pharmaceutical prices and health services, these discount cards are being seen as a great financial relief. Unfortunately, not all of the companies dealing with these cards are not what they seem. Many of these companies mislead the consumer into believing or assuming the product is or includes an insurance product. Ms DeCoursey explained to the committee that the Insurance Department is hoping this bill will eliminate these deceptive practices.

Ms. DeCoursey then proceeded to go through the sections of the bill and all changes the Insurance Department was proposing. There were changes made in Section 4 regarding who can sue and for what reason, waiver personal jurisdiction, choice of forum for a lawsuit, what a court can do to the violator, realm of time to sue, penalties involved, and elimination of application of other laws to the violator.

Ms. DeCoursey went on to explain **SB 574** does not prohibit the sale of discounts but does set out what is unlawful and the penalties the violator can incur. The Kansas Insurance Department feels this bill will add to the protection of the people of Kansas. With this Ms. DeCoursey stood for questions.

Questions were asked by Representatives Myers, Boston, Jenkins. Terminology was cleared up by Revisor, Ken Wilke. Questions included, incentives for businesses to take these cards, clearer statement on recover of losses and penalties incurred. With no further questions the Chairman recognized Mr. Robert Williams.

Mr. Williams, Kansas Pharmacists Association, gave Proponent Testimony to the committee. A copy of the testimony is attached hereto and incorporated into the Minutes by reference. Mr. Williams agreed with much of what Ms. DeCoursey had previously stated and included that his clients felt each card should be marked that it is not an insurance card, the way Blue Cross/Blue Shield Script Save card does.

Mr. Williams continued to elaborate on the matter explaining that there are those companies who charge a fee for their card. One such card requires a payment of \$7.95 per month. Often times the consumer is unaware of these fees. He continued on by relating many of these cards are identical in appearance to insurance cards which are confusing to both consumer and the company they are dealing with. He continued on also relating to the committee that through these misconceiving practices people are shocked to find out that they are being charged the full price of the prescription and that the "insurance card" is not paying for part of it. These programs are usually targeted at the elderly or economically under-served population who are usually dependent on medications. Many times benefits are promised or inferred to the card holder, only to find there never were any benefits and never will be. This bill is designed to address these concerns. Time,

money and confusion will be saved by the passage of this bill.

Mr. Williams then proceeded to cover the changes in the sections mentioned above. He continued to explain to the committee his discussions with the pharmacists indicating they have “never noted an instance where a patient has received a discount of 40% to 50 % on the cost of the patient’s prescription by using the discount card. Rather, they have advised there are more often instances where the price paid by the consumer is no less than the pharmacist’s usual and customary price.” In the end the consumer realizes there is no discount and they are thrown deeper into debt or poverty by the fees they have accumulated with these cards.

Mr. Williams then proceeded to summarize his testimony and stood for questions from the committee.

Questions were asked by Representatives Meyers, Vining, Cox, Showalter, Grant, Kirk and Chairman Tomlinson. Questions ranged from the cost of fees charged to the consumer, other states programs, if these programs were really good deals, information privacy laws, who would actually be sued, to if there was any opposition to the wording or penalty.

Mr. Williams responded to each of the committee’s questions and agreed to work with the Insurance Department on any language changes.

The Chairman then addressed both the committee and the guests for any further discussions on the bill. With none forthcoming, the public discussion were closed. With this business aside the Chairman called the committee’s attention to **SB 444**. The Chair asked for a motion on the bill. Representative Myers made the motion to move the bill out favorable and place on consent calendar, Representative Jenkins seconded, discussions were called for, Representative Myers said he understood the bill and was comfortable with it. A vote was taken and the motion carried.

With this business completed the meeting was adjourned. The time was 4:10 p.m.

The next meeting will be held March 9, 2000 at 3:30 p.m.