

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Patricia Barbieri-Lightner at 3:30 p.m. on February 17, 2004 in Room 527-S of the Capitol.

All members were present except:

Representative Cindy Neighbor- excused

Committee staff present:

Bill Wolff Legislative Research Department

Ken Wilke, Revisor of Statutes

Renaë Hansen, Secretary

Conferees appearing before the committee:

Representative Bonnie Huy

Representative Tom Kline

Gregory Barker, Attorney, Judge, Wichita

William Sneed, The Kansas State Farm Insurance

Tom Whitaker, Kansas Motor Carriers Association

Karen S. Cox, IMA of Kansas, Inc.

Bill Groce, Fiserv Health

Amy Garcia, Registered Nurse, USD #259

Steven P. Smith, Hinkle Elkouri Law Firm LLC

Carole Ochs, Thayer Aerospace

Kelley Dawson, Friends University

Gary Endicott, Leisure Hotel

Kevin Regier, BEREXCO, Inc.

Lou Smith, Wichita Association of Health Underwriters

Larry Magill, Kansas Association of Insurance Agents

Others attending:

Twenty Eight including but not limited to the attached list.

Hearing on:

**HB 2722: Automobile insurance; require display of proof of insurance.**

Proponents:

Representative Bonnie Huy, (Attachment #1), presented testimony in favor of **HB 2722** requiring proof of insurance that is displayed on the vehicle itself.

Questions were asked by Representatives Scott Schwab and Nile Dillmore.

Representative Tom Kline, (Attachment #2), supports **HB 2722** because the current fine structure for lack of insurance is too high. He would rather see a structure such as this that impounds your vehicle until a person can show proof of insurance.

Greg Barker, municipal judge, Wichita, (Attachment #3), testified in favor of **HB 2722** as he drafted the bill. The current fine structure still does not work to get people to insure their vehicles. There are no other laws that when discovered the officer permits the breaking of the law to continue. Impounding the car that is uninsured would remove a vehicle from the road that would not be covered if involved in an accident.

Questions were posed by Representatives Nile Dillmore, Stephanie Sharp, Scott Schwab, Mike Burgess, Jan Scoggins-Waite, and Bob Grant.

Opponents:

## CONTINUATION SHEET

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Bill Sneed, The Kansas State Farm Insurance, (Attachment #4), in opposition of this bill gave statistics claiming Kansas has about 8 % of the population uninsured ranking about 43<sup>rd</sup> nationwide in uninsured motorist statistics, making it very low in non-insured drivers nationwide. Additionally, it was noted that families with 2-3 vehicles would have a difficult time paying 3 months worth of insurance at one time to comply with the 3 month sticker regulation attached to the bill.

Questions were asked by Representative Nile Dillmore about the costs of implementing this bill and for State Farm the estimate was about \$4 million dollars.

Tom Whitaker, Kansas Motor Carriers Association, (Attachment #5), is especially not in favor of one section of the bill that allows the commissioner to establish maximum rates for towing and recovery service. Federal law preempts states from regulating rates, routes or service passed in 1994 federally and Kansas complied in 1995. If this bill were to advance they respectfully ask those provisions be taken out of the bill.

The fiscal note was presented.

Hearing closed on **HB 2722.**

Hearing on:

**HB 2689: Health insurance; required disclosures to policy holders for group health insurance.**

Proponents:

Karen S. Cox, IMA of Kansas, Inc. (Attachment #6), presented testimony in favor of **HB 2689** that told of her companies inability to make sound decisions on quote estimates to prospective clients because they are unable to acquire adequate information on the large claimant insured individuals which tend to bring up the overall estimate of a groups quote. This bill would allow them to make more informed economical estimates for their clients.

Questions were posed by Representatives David Huff, Stephanie Sharp, Patricia Barbieri-Lightner, Scott Schwab, and Bob Grant.

Bill Gross, Fiserv Health-Kansas, (Attachment #7), stating that accurate and appropriate claim and enrollment information is the heart of health benefit plan design and pricing gave reasons why some of the basic claimant information needed to be released in order to make informed decisions on cost of group insurance.

Question were asked by Representatives Ray Cox, Nile Dillmore, Scott Schwab, Bob Grant, and Mario Goico.

Amy Garcia, USD #259, (Attachment #8), spent time briefing legislators on the specifics of being able to lower the cost of insuring employees based on attaining specific knowledge of certain aggregate data. She state that it is critical that they manage their insurance programs as effectively as possible - monies not spent on claims can go to teacher salaries, books and school district programs that leave no child behind. As a school district they have a fiduciary responsibility to taxpayers to know why and where the money goes.

Questions were posed by Representatives David Huff, Scott Schwab, Eber Phelps, and Revisor Ken Wilke.

Steve Smith, Hinkle Elkouri Law Firm L.L.C., (Attachment # 9), presented testimony showing why the HIPAA regulations in effect do not prevent insurance companies from sharing detailed claims information with employers that are providing group health insurance to their employees. Businesses have to be able to attain appropriate information on their employees in order to be able to acquire the most cost effective insurance for their business.

## CONTINUATION SHEET

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Questions were posed by Representatives Scott Schwab, Nile Dillmore, Bob Grant, and Nancy Kirk.

Carol Ochs, Thayer Aerospace, (Attachment #10), believes that there is an impropriety of carriers taking advantage of their clients and hiding behind ambiguous verbiage as stated in HIPAA regulations. Without claim information Thayer Aerospace cannot effectively manage their healthcare dollars, or competitively market the company to other carriers of insurance.

Kelly Dawson, Friends University, (Attachment #11), presented testimony with detailed correspondence showing how Blue Cross and Blue Shield denied Friends University access to the information that would enable the University to provide health care coverage to their employees at reasonable costs.

Questions were asked by Representatives Nile Dillmore, Patricia Barbieri-Lightner, Bob Grant, and Jan Scoggins-Waite.

Gary Endicott, Chief Financial Officer, Leisure Hotel, (Attachment #12), gave background of the Leisure Hotel Corporation (Leisure) being unable to obtain necessary information from their insurance companies to aid them in the process of educating employees in ways of keeping costs down. This inability to obtain information safely and anonymously through the insurance company has resulted in Leisure having to obtain detailed medical questionnaires from their employees on a yearly basis. This is highly disruptive to business operations and puts employee health information at risk of getting into the hands of those outside the "need-to-know" process due to the business being in multiple locations around the state. **HB 2689** would help them obtain the needed information to make sound insurance cost saving decisions anonymously.

Questions were asked by Representative Nile Dillmore.

Kevin Regier, Assistant Controller, BEREXCO, Inc., (Attachment #13), stated that the information this bill is trying to make available to them is vital to their business as they try to control and manage their Insurance costs.

Lou Smith, Wichita Association of Health Underwriters, (Attachment #14), the lack of availability of information to employers trying to make important cost savings decisions for their employee benefit insurance packages has caused some employers to make difficult decisions to drop insurance plans as part of their employee benefits. This further drives the number of Kansas citizens without health insurance up. Claim data **HB 2689** provides for can be very important to an employer or his broker to analyze and make recommendations of possible plan changes to mitigate rising costs.

Larry Magill, Kansas Association of Insurance Agents, (Attachment #15), stated that with **HB 2689** the legislature has the opportunity to say to the group health insurance markets in Kansas, beginning with Blue Cross but including all of them, that they must provide enough information to the business so that it can shop the market for the best proposal available in terms of cost, coverage and service. If **HB 2689** is not passed the legislature is saying to the insurance companies that it is ok to withhold vital claim information and, in effect, hold them hostage to whatever the current carrier wants to charge.

Questions were posed by Representative Nile Dillmore.

Fiscal note for **HB 2689** was presented.

Opponents will be heard on February 19, 2004.

Meeting Adjourned.

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