

SESSION OF 2014

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 285**

As Amended by House Committee on Health  
and Human Services

**Brief\***

SB 285 would create the Vision Care Services Act (Act), an act to prohibit certain limitations in contracts between insurers and vision care providers.

More specifically, the bill would apply to contracts between an insurer, health insurer, or another entity writing vision care insurance or a vision care discount plan and a vision care provider. Contracts issued or renewed on or after the effective date of the Act could not contain any provision that would require a vision care provider to:

- Provide services or materials to an insured under vision care insurance or a health benefit plan, or to a subscriber of a vision care discount plan at a fee limited or set by the plan unless the services or materials are reimbursed as covered services under the contract; or
- Participate in a vision care insurance or vision care discount plan as a condition to participate in any other health benefit plan or vision care plan, regardless of whether such plan is a plan of insurance or a vision care discount program which is not an insurance plan.

The bill would further provide that no vision care provider could charge more for services or materials that are not covered services under either vision care insurance or a

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

vision care discount plan than such provider's usual and customary rate for those services and materials. Any entity offering vision care insurance policies and discount plan contracts would be prohibited from changing the terms, discounts or rates without the agreement at the time of the change by the vision care provider. Additionally, no vision care insurance policy or vision care discount plan that provides covered services for materials would be allowed to limit the choice of sources and suppliers of materials by a patient of a vision care provider.

### ***Discount Card***

The bill would state provisions created by the bill would not prohibit the use of a discount card by a patient or client of a vision provider if enrollment by the vision care provider is completely voluntary and not conditioned upon the provider's participation in any other discount card with different provider terms and conditions or insurance program. The bill also would not prohibit use of such a card if the discount card program does not make or include coverage or payment to the provider.

### ***Definitions***

Among the definitions that would be established by the Act, the term "discount card" would be assigned its meaning from the Kansas Discount Card Act: a card or other purchase mechanism which is not insurance and purports to offer discounts or access to discounts in health-related purchases from health care providers. "Vision care insurance" would mean an integrated health benefit plan or vision care insurance policy or contract which provides vision benefits pertaining to the provision of covered services or materials. "Vision care discount plan" would mean any entity governed by the Kansas Discount Card Act that has been specifically authorized by the vision care providers to provide discounts to patients.

The bill would be in effect upon publication in the *Kansas Register*.

## **Background**

The bill was introduced at the request of the Kansas Optometric Association. At the bill's hearing before the Senate Committee on Financial Institutions and Insurance, the Association's representative indicated the bill seeks to prevent a health insurance company's vision plan from controlling prices and requiring discounts on non-covered services and products provided by optometrists and ophthalmologists. The conferee also cited a concern about the effect of some of the vision plans insurance companies' requirements on the doctor-patient relationship. Two optometrists appeared in support of the bill and additional written proponent testimony from optometrists was provided. Additionally, written testimony in support of the bill was provided by the representatives of the Kansas Medical Society and the Kansas Society of Eye Physicians and Surgeons. The Kansas Optometric Association requested amendments to the bill regarding participation in certain discount card programs and general use of those cards.

Written testimony in opposition to the bill was submitted by a representative of Aetna. The testimony indicated network discounts allow consumers to lower their out-of-pocket costs and to have some predictability of costs. The discounts also give network providers an opportunity to sell their materials, rather than have their patients purchase materials and supplies elsewhere.

The Senate Committee on Financial Institutions and Insurance amendments provide for allowable uses of discount cards by patients and clients of vision card providers. The Committee amendments also insert a definition of "discount card" and make technical changes to the bill.

The conferees who provided testimony at the Senate Committee hearing also provided testimony at the hearing before the House Committee on Health and Human Services. Three additional conferees provided testimony at the House Committee hearing. A representative from the Consumer Health Alliance was a proponent of the bill but requested the bill be amended to include a definition of “vision care discount plan” and two technical amendments. A representative of the National Association of Vision Care Plans and a representative of America’s Health Insurance Plans testified in opposition to the bill. The opponents stated passage of the bill would hurt Kansas consumers by driving up prices for vision care and materials which would lead consumers to seek discounts online and potentially out of state. Both opponents requested the bill be amended to allow vision plan policies to include negotiated prices for non-covered materials and to allow vision care providers to accept plan discounts at the providers’ option.

The House Committee on Health and Human Services amendments make technical changes to the bill, change the effective date to publication in the register, insert the definition of “vision care discount plan,” and prohibit a vision care insurance policy or vision care discount plan that provides covered services for materials from limiting a patient’s choice of sources and suppliers of materials.

The fiscal note prepared by the Division of the Budget on the bill, as introduced, indicates the Kansas Department of Health and Environment states the bill would not have a fiscal effect on the State Employee Health Plan. Additionally, the Kansas Insurance Department states the bill would not have a fiscal effect on the Department.