

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on January 18, 2005 in Room 234-N of the Capitol.

Committee members absent: Dennis Wilson- excused
James Barnett- excused

Committee staff present: Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Sandy Yingling, Committee Secretary

Conferees appearing before the committee: Sandy Praeger, Kansas Insurance Department Commissioner
Scott Brunner, Director of Medical Policy

Others attending: See attached list.

The Chair announced to those who are interested that Senator Barnett is introducing his health plan today if anyone cared to attend.

Chair opened the meeting without a majority present.

The Chair introduced Doug Wareham, Vice President-Governmental Affairs, to introduce his bill.

Mr. Wareham introduced himself appearing on behalf of the Kansas Bankers Association with a request to introduce legislative language that is designed to clarify the occasions sell of repossessed collateral including vehicles by banks to insure that those sales are not subject to provision of the Kansas Consumer Protection. (Attachment 1)

Next the Chair introduced Judy Stork from the bank commissioners office. Ms. Stork had three bills to propose for introduction. 1) amendments to 9-1702 which talks about the authority to examine investment companies, holding companies and affiliated organizations of banks. Presently the approval comes from the banking board and she would like the approval to come from the commissioner; 2) an amendment to 9-1805 which talks about the removal of an officer or director of a banking position due to embezzlement or similar circumstances. Currently they have the authority but what they would like to do is have the ability to prohibit them (once they are removed) going to work at another state banking institute. Senator Teichman pointed out that would not prohibit them from going out of state. It does not prohibit them from going to a national bank either; and 3) a new section proposing a statute to allow to impose civil money penalties against banks and trust companies and any executive officer, director or employee. (Attachment 2)

The Chair asked for questions and announced the requests would be taken under consideration at the end of the meeting.

The Chair introduced Commissioner Praeger of the Insurance Department.

Commissioner Praeger began by reiterating that the NAIC (National Association of Insurance Commissioners) in Kansas City has offered at any point to go to their office and see the kind of support that they have provided to the insurance regulatory process through them. (Attachment 3)

Commissioner Praeger than went over the 2004 Fact Sheet. In regard to consumer education, the Commissioner pointed that all the information guides are posted on their web site and can be downloaded and printed off.

Commissioner Praeger than talked about the Centralized Credentialing Process. She shared what their consultants had told them. The commission contracted with Jim Mennihan to talk with people who might be affected in one way or another by a centralized credentialing process. Mr. Mennihan contacted three different

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance at 9:30 A.M. on January 18, 2005 in Room 234-N of the Capitol.

insurer groups including Coventry, Preferred Health Systems and Blue Cross/Blue Shield of Kansas. He contacted people within the industry including the Medical Society, the Hospital Association and the Kansas Health Institute. He also contacted people within the state government, Bob Day, the Commissioner and the Board of Healing Arts.

The kind of information that would be available through a centralized credentialing process included but not limited to:

Descriptive information on the providers including gender, race, medical school they received their degree from. What specialties they are licensed to practice. The number of years in practice.

Insurance plans acceptance.

Medicaid and Medicare acceptance.

Whether or not the provider is accepting new patients.

General information from a consumer stand point including office location, hours, parking, handicap accessibility.

Specific contact information.

Malpractice information.

Finding ways to work with ERISA exempted plans to help make sure that the information that we are delivering is complete as possible.

Make available a uniform credentialing form.

Providers do believe that the credentialing process is a big paper burden and they know that sometimes it can take months for a facility to become credentialed through a health plan. Commissioner Praeger pointed that there would need to be some type of government structure. There would also need to be some uniformity in terms of the contracting language. Also, that it should be web based.

The Chair questioned how this new proposed process would differ from the existing one and Commissioner Praeger pointed out that there would be made available additional information and it would streamline the process.

The Chair asked if there were any other questions, there were not. The Chair thanked Commissioner Praeger for presenting to the committee.

The Chair announced the next speaker, Scott Brunner, Director of Medical Policy/Medicaid.

Mr. Brunner gave a brief introduction and went on to discuss the concern of children not using low income eligibility for medical programs. Mr. Brunner's responsibilities are the administration of the Medicaid program under the Title XIX of the Social Security Act and the SCHIP (State Children's Health Insurance Program). Mr. Brunner's testimony included an overview of Medicaid (attached), pointing out that Medicaid is nationally the single largest funder of health insurance in the nation surpassing Medicare. He also included an overview of HealthWave. Mr. Brunner discussed reorganization of SRS and the eligibility process for Medicaid programs (attached), which will remain the same. The state has contracted with Maximus to process the applicants. (Attachment 4)

Mr. Brunner concluded his testimony and asked for questions. Senator Wysong asked about family coverage premium. Mr. Brunner stated that at 150 % there is no premium, but at 151% it is \$20.00 per family per month, above 167% it is \$30.00 per family per month.

Senator Brungardt expressed his understanding that the federal government is doing a series of audits and questioned to what extent is ERO 33 related to that activity. Mr. Brunner stated that the ERO was not a way to make changes.

Chairman Teichman asked if Mr. Brunner had talked about the number of children or percentage of children that are not being covered. Also, what the status of the state agency children that might be eligible. Mr. Brunner estimated that there are probably another 25,000 to 30,000 children that have not been enrolled yet, but would be eligible. In the Governor's proposal there are some funds from the cigarette tax increase that could be used to cover state employee's children under SCHIP.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance at 9:30 A.M. on January 18, 2005 in Room 234-N of the Capitol.

Senator Brownlee asked how reliable the federal funding is. Mr. Brunner stated that some states underspent their SCHIP allocations and those funds accumulated over time would be redistributed annually to the states who had overspent and Kansas was one of the states that benefitted from that. At the end of the last congressional term there was approximately a billion dollars of unspent money that reverted to the treasury and was not redistributed to the states. Senator Teichman asked if there was a chance that the federal government will look at this and take on a use it or lose it policy? Mr. Brunner stated that would not be the case in Kansas, but overall it is a possibility.

Senator Barone asked if Mr. Brunner had readily available information on the eligibility throughout the states? Mr. Brunner answered that he was unaware of an issue across the states, but that some states have a law that they can either use it as a stand alone program and create different eligibility standards or some used it as a Medicaid expansion.

Madam Chair thanked Scott for making the extra effort and bringing this presentation to the committee.

Madam Chair announced there were four bills in front of the committee for introduction and gave a brief summary. The bill from the KBA would clarify the occasional sale of reposed vehicles.

Senator Steineger moved to introduce the bill, the motion was seconded by Senator Wysong. The motion carried.

Madam Chair announced that the three other bills introduced by the Office of the State Banking Commissioner would be taken all in one motion.

Senator Steineger moved to introduce the bills, seconded by Senator Brownlee. The motion carried.

Madam Chair announced no meeting tomorrow, January 19, due to the Kansas Health Institute in cooperation with the Department of Research will be putting on a presentation on health care located in 313-S, starting at 11:00 and ending 3:00.

There will be no meeting Thursday, January 20.

The meeting was adjourned at 10:26 a.m.