Approved: February 24, 2015

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:30 am on Wednesday, February 04, 2015, 546-S of the Capitol.

All members were present

Committee staff present:
- Ellen Martinez, Kansas Legislative Committee Assistant
- Melissa Calderwood-Renick, Legislative Research Department
- Whitney Howard, Legislative Research Department
- Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:
- Charles Wheelen, Health Care Stabilization Fund
- Jennifer Sourk, Midwest Health
- Cindy Luxem, Kansas Health Care Association

Others in attendance:
- See Attached List

Presentation on:

Melissa Renick, staff revisor, gave a brief overview of the Health Care Stabilization Fund Oversight Committee. The Committee was created by the 1989 in an effort to address the unfunded liabilities of the Health Care Stabilization Fund and improve the stability of the Fund. It has a unique membership of legislators and non-legislators. The Committee is charged with reporting to the LCC including its recommendations to the legislature on the advisability of continuation or termination of the Fund or provisions of the Act, analysis of the insurance market for health care providers, recommendations on ways to reduce claim and operational costs of the Fund and legislation necessary to implement recommendations of the committee.

The Committee annually receives a series of reports: Board of Governors' Actuary, Statutory Report, Insurers and health care providers comments, and New Health Care Providers Subject to Fund Law. (Attachment 1)

Hearing on: SB101 — Amending the definition of "health care provider" in the health care provider insurance availability act to exclude certain persons.

Senator Longbine opened the hearing on **SB 101**. Melissa Renick, staff revisor, gave a brief overview of the bill.

Charles Wheelen, testified in favor of **SB 101**. The bill contain technical clarification of exemptions from the definition of the phrase "health care provider" under the Health Care Provider Insurance Availability Act. Legislation last year amended the definitions sections of the Health Care Provider Insurance Availability Act. Two new professions and three new facilities were added to the definition of health care provider. This means that these five new categories of providers are not required as a

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condition of active licensure to maintain a policy of professional liability insurance issued by a company that is approved by the Commissioner of Insurance.

In the process of adding the new categories of health care providers, the Legislature added some exemptions. It was recognized that advanced practice nurses and physician assistants who are employed by an agency of the federal government are covered under the federal Tort Claims Act and therefore have no need for professional liability insurance or Health Care Stabilization Fund Coverage.

During the past seven months, our Board of Governors has granted over thirty temporary exemptions to health care providers for various reasons. We request favorable action on **SB101**. (Attachment 2)

Senator Longbine closed the hearing at 9:50 A.M.

Hearing on: SB117 — Allowing certain health care providers and health care systems to qualify to become self-insurers through the health care stabilization fund.
Senator Longbine opened the hearing on **SB 117**. Melissa Renick, staff revisor, gave a brief overview of the bill.

Jennifer Sourk, General Counsel, Midwest Health, Inc., testified in favor of **SB 117**. A change is needed to allow parity under the current law that will allow adult care facilities an opportunity to self-insure under the same set of rules that are currently in place for other Health Care Providers.

Last year, licensed nursing facilities, licensed assisted living facilities and licensed residential health care facilities became defined Health Care Providers under the Health Care Stabilization Fund providing minimum required coverage and participation in the fund to maintain licensure in this state Adult long term care facilities are asking to be allowed the opportunity to apply for self-insurance just as other defined Health Care Providers are allowed under the law.

Midwest Health is asking to have the opportunity to demonstrate Midwest Health's ability to meet the standards of the HCSF and be approved to continue to self-insure as it has for the last 10 years. (Attachment 3)

Written neutral testimony was submitted by:

- Jerry Slaughter, Kansas Medical Society (Attachment 4)

- Charles Wheelen, Health Care Stabilization Fund (Attachment 5)

Senator Longbine closed the hearing at 10:10 A.M.

Senator Schmidt introduced her pages, Jessica Engholm,
Catherine Artiles, Brian Opstid and Brenner Barclay. Senator Wilborn introduced his intern from Kansas State University, Sawyer Rorrer, Barton County.

There being no further business, Senator Longbine adjourned the meeting at 10:15 A.M.