



CONSUMER HEALTH ALLIANCE

PROTECTING CONSUMER ACCESS TO DISCOUNT HEALTHCARE PROGRAMS

**STATEMENT OF LARRIE ANN BROWN
PRESENTATION BEFORE THE
SENATE HEALTH AND HUMAN SERVICES COMMITTEE
TESTIMONY ON AMENDMENTS TO HB 2281
MARCH 10, 2015**

Madam Chair and members of the Committee, I am Larrie Ann Brown here today on behalf of the Consumer Health Alliance. We appreciate the opportunity to provide comments on amendments to HB 2281. We oppose the proposed balloon amendment.

The Consumer Health Alliance member companies offer discount health care programs to consumers. The programs are non-insurance programs that offer consumers direct access to health care products and services at discounted rates. Discount health care programs are offered not just by discount companies, but also by employers to workers, banks to customers, and non-profit organizations to members. The simplicity and value of these programs are enjoyed by millions of people in every state in the country. In fact, CHA companies have over 31 million members nationwide, including 250,000 in the state of Kansas.

Discount healthcare programs began operating about 25 years ago, primarily to offer access at discounted rates to those ancillary health care services not typically covered by insurance plans. These services often included dental, pharmacy, vision, chiropractic, and hearing. Legitimate discount health care companies have always made clear that their programs are not insurance.

In recent years, the skyrocketing cost of health care has made traditional health insurance increasingly unaffordable. This instability in the market created an opportunity for some bad actors to exploit unwitting consumers through health care schemes that promise a lot and deliver little or nothing.

Leading discount healthcare programs became concerned that these bad actors were going to define the industry in the minds of consumers and regulators. To ensure that this did not happen, and to protect consumers' access to legitimate discount health care programs, these companies joined together to form CHA. Unlike some trade associations that exist to defeat laws and regulations, CHA welcomes the opportunity to work with states on reasonable rules. In this regard, CHA has worked with legislatures and regulators in over 25 states in recent years to enact legislation, including enactment of the Kansas Discount Card Act, which regulates our industry. CHA also worked closely with the National Association of Insurance Commissioners (NAIC) on the development of its model state legislation.

Consumer Health Alliance: The Trade Association of the Discount Healthcare Industry

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While discount plans were not the focus of SB 285 last year, we worked with the proponents and worked out amendments that provided some needed clarification.

HB 2281 was then introduced and we saw no problem with the bill as it was introduced. However, with the proposed amendments we now have several concerns that we can identify in the short amount of time that we have had to review them. A few of them are as follows:

- Section 1 of the balloon adds a provision to the Discount Card Act. It says the Discount Card Act doesn't prohibit non-insurance vision discounts under certain confusing criteria. This appears to create an exception to the Discount Card Act. But today the Discount Card Act does not restrict the offering of non-insurance vision discounts. So we are creating an exception where there isn't any problem. This mucks up the Discount Card Act by creating confusion where none exists today.
- Section 2(a) of the balloon includes a provision that prohibits non-insurance vision discounts. Period. It allows vision discounts only for covered services. But discount plans are prohibited from covering services, since that would make them insurers. So section 2(a) prohibits non-insurance vision discounts. Thousands of Kansans will lose access to affordable vision care as a result. All without any evidence that non-insurance discount cards have been any problem.

We would request that all references to discount plans be struck from the bill. At a minimum, the following amendments are needed to the balloon:

- Strike section 1
- Amend section 2(a) as follows: *Provider services or materials to an insured under such vision care insurance or health benefit plan or to a subscriber to a vision care discount plan at a fee limited or set by such vision care insurance plan or health benefit plan or vision care discount plan unless the services or materials are reimbursed as covered services under the contract.*

In conclusion, we ask the Committee to allow us to work with the Kansas Optometric Association and other interested parties to make sure that the optometrists that would like to continue to offer discounts to the consumers of Kansas through the use of enrolling in a network that offers discount vision plans may continue to do so and that the 250,000 Kansans that currently take advantage of discount cards may also continue to do so. Thank you for your consideration of our testimony and our amendments. I'll be happy to answer any questions you may have.