

Health and Human Services

February 14, 2018

HB 2575

Mr. Chairman and members of the committee I am Mike Michael with the Kansas Department of Health and Environment and the Director of the State Employee Health Plan.

Thank you for the opportunity to provide written testimony for HB 2575 which would require any insurance carrier offering a health plan in Kansas to develop and implement a program that provides incentives for insureds participating in the health plan. The bill would require that on or after January 1, 2019, insureds be provided incentives for receiving comparable health care services from a health care organization that charges less than the average allowed amount paid by that carrier to an in-network health care entity. These services would have to be for comparable health care services. Insurers would be required to provide insureds with at least 50 percent of the estimated savings to the plan and the insured could direct the method to receive the incentive as cash or credits. Incentives are not required if the savings is less than \$25.

The bill would also require health insurance carriers to establish publicly accessible websites that enable an insured to request and obtain information from the carrier about payments made by the carrier to in-network health care entities for comparable health care services, as well as quality data for those health care entities, to the extent available. The bill would also require health care providers to provide prospective patients with information to assist patients in determining out of pocket costs for procedures.

I provided an overview to the committee in January 2018 regarding the SmartShopper program the State Employee Health Plan will launch in May or June of 2018 that provides services outline in this bill. KDHE provided information regarding the fiscal impact to the health plan based on the current draft of this bill. The analysis was based on the current incentivized medical services for the rewards program and does not encompass the additional medical services that would be required in HB 2575. The impact for FY 2019 is projected to be \$90,737 and FY 2020 is \$290,357. The impact would be greater if the number of services are expanded to include all services with a savings of at least \$25.

We are respectfully requesting the language requiring the incentive program to provide insureds with at least 50 percent of the insurance carrier's saved costs for each service or category of comparable health care service to include all services with a savings of at least \$25 be removed. The health plan has projected a first year member engagement of 5 to 7.5 percent and 20 percent during the second year. The estimated cost share with the member for the SmartShopper program is 20 percent. The saving from this program can help reduce the premium cost for all members of the health plan while benefiting those members who are incurring expenses.

Thank you for your attention to this matter.