

**HOUSE HEALTH AND HUMAN SERVICES COMMITTEE**  
**March 20, 2019**  
**Testimony Supporting House Bill 2402**  
**Melissa Panettiere**  
***Director of Governmental Affairs***  
**Blue Cross and Blue Shield of Kansas City**

Chairman Landwehr and Members of the Committee, my name is Melissa Panettiere and I am here today on behalf of Blue Cross and Blue Shield of Kansas City ("BlueKC") to testify in support of House Bill 2402 .

BlueKC is a not-for-profit health plan serving more than a million residents in the greater Kansas City area, including Johnson and Wyandotte counties in Kansas and 30 counties in Northwest Missouri. Our mission is to use our role as the area's leading health insurer to provide affordable access to healthcare and improve the health and wellness of our members. Currently, the Corporate Practice of Medicine (CPOM) doctrine (case law) in Kansas prohibits corporations, such as ours, from employing physicians to provide medical care. We are before you again today to ask for your consideration in reversing this antiquated doctrine.

After testimony was presented during the February 12<sup>th</sup> hearing on HB2146 and at the direction of Chairman Landwehr we reconvened interested parties more than once to discuss how to move forward. Additionally, we have engaged in multiple phone conversations to discuss proposed changes. The bill before you reflects the changes we incorporated to address some of the concerns brought forth. However, it should also be noted that a balloon amendment has been drafted to include even more changes proposed by the providers that were not included in the introduced version of HB2402.

The definition of business entity was narrowed in an effort to ensure those wishing to hire physicians are capable and equipped to provide quality care to a closed group of patients. A business entity is now defined as: an employer located in Kansas that uses electronic medical records and offers medical services to its employees and their dependents on the employer's worksite; an organization licensed to sell accident and sickness insurance in this state that is also a nonprofit or mutual health carrier, or their wholly-owned subsidiary, that provides services to their enrollees and dependents; or an information technology company that designs and provides electronic medical records for businesses and worksite medical clinics for employers located in Kansas.

At the request of the Kansas Hospital Association, we included clarifying language on who would be exempt from these requirements. The bill does not apply to any medical care facility licensed under KSA 65-425, corporations licensed under KSA 40-3214, and professional



corporations organized pursuant to the professional corporation law of Kansas. Optometrists and dentists have been specifically excluded from the bill in the balloon amendment too.

HB2402 allows a business entity to voluntarily apply for a certificate of authority from the Kansas Board of Healing Arts (BOHA) in order to employ M.Ds (doctors of medicine), D.Os (doctors of Osteopathic medicine), and chiropractors. The chiropractors requested they specifically be included in the bill so we clarified who could be hired. In order to apply, the business entity must submit an application (to be determined by the BOHA) with a \$500 fee. The list of information required on the application was expanded to provide the board more details. The BOHA would also have authority to revoke certification for non-compliance with the law. Additionally, the requirement for a business entity that is issued a certificate of authority to participate in the Health Care Stabilization Fund was retained. In an effort to provide their actuaries with additional time to appropriately rate for the clinics that will be joining the fund, we have agreed to a delayed effective date of March 1, 2020. The provision prohibiting a business entity who is issued a certificate of authority from imposing or substituting its judgement for that of the physician or chiropractor was also strengthened in the amendment with language proposed by the physicians.

Blue KC is committed to implementing innovative programs for our members and employers who purchase our insurance in order to reduce premium increases while at the same time ensuring members have access to quality care. Allowing BlueKC to employ primary care physicians to provide health care in our stand-alone care clinics in Kansas will allow our physicians to effectively treat as well as refer patients to specialists and hospital systems who have the best clinical outcomes for the specific patient's needs. Our employed physicians will not be incented to refer to a specific health care system because they are employed by that health care system. HB2402 would also provide physicians more options for employment than they have today.

The current bill before you represents our good faith efforts to address concerns brought forward by interested parties. It also provides the legislature with the opportunity to proactively engage in innovative changes in the health care industry. Therefore, we respectfully request your favorable action on HB2404. I would be happy to answer any questions you may have.