

## MINUTES OF THE HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairman Brenda Landwehr at 1:30 p.m. on February 3, 2009, in Room 784 of the Docking State Office Building.

Committee members: were present except Representatives: Mast and Siegfried, whom were excused.

Committee staff present:

Norm Furse, Office of the Revisor of Statutes  
Melissa Calderwood, Kansas Legislative Research Department  
Reed Holwegner, Kansas Legislative Research Department  
Janet Grace, Committee Assistant

Conferees appearing before the committee:

Beverly Gossage, HSA Benefits Consulting  
Deborah Needleman, First Source Solution USA, Inc.  
Bill Goodlatte, Wendy's

Chairman Landwehr welcomed everyone to the committee meeting. The minutes from January 15, 20, 21, and 22 were presented for approval. Representative Crum made a motion to approve all minutes as is; seconded by Representative Ward. The minutes were approved.

Chairman Landwehr presented the committee with the rules for an electronic committee. Everything will be sent to them electronically. If they don't bring their computer, they will need to bring a hard copy of the information and/or ask a neighbor to share with them.

The conferees were presented with a list of rules for the Health and Human Services committee.

Beverly Gossage from HSA Benefits Consulting provided the committee information on Health Savings Accounts (HSAs) and **HB 818** in Missouri (Attachment 1). She started with a complete history of health insurance. Health insurance costs are escalating. 35% of medical expenses are unnecessary and 80% of medical treatments are due to poor health choices. The United States ranks the highest in the amount of prescriptions filled at over three billion per year. HSA is a health savings account which covers health expenses through their savings account with a qualified health plan. The traditional PPO has a copay, limited plan, medical services apply to a deductible, and prescription costs are through a different deductible. The copay does not apply to future costs. HSAs have true out of pocket maximum. It pays 100% for preventive care/wellness, vision, and dental plans. Beverly is a proponent of the mandate lite plans. The majority of the uninsured work for small businesses and 88% of Kansas and Missouri businesses have fewer than 25 employees. HSAs are a cost savings for small businesses and their employees.

Ms. Gossage believes Kansas should follow the Missouri **HB 818**.

Concern was expressed to Ms. Gossage about individual policies, costs, and small group markets. The insurance companies prefer group policies to keep costs down. The individual HSAs provide more cost sharing for the employer and employee. The employee can use their savings as they need to and will seek more preventive health care measures. The HSAs discourage unnecessary medical expenses.

Deborah Needleman, Firstsource Solutions USA, Inc., discussed how they implemented HSAs with PPOs into their company (Attachment 2). Firstsource Solutions asked their employees to put half of their savings from the healthcare into the HSA program. The company saw a reduction in Health Plan premiums. Ms. Needleman provided an excel sheet with the costs of their current health care plans. HSA has the lowest premium with the core plan with options to buy other benefits. Routine health care is 100% covered with an HSA to encourage preventative care and overall healthcare.

Bill Goodlatte, Wendy's LDF Food Group, provided a success story of implementing an HSA program with their employees. They looked at many plans and went with HSAs when their traditional plans were rising by double digits. Wendy's implemented HSAs exclusively. Their employees had a HSA with a higher deductible plan that was a total replacement to the traditional \$2,500 deductible. Wendy's focused on wellness: annual physical exams, eye exams, dental exams, fitness discounts, flu shots, and health

## CONTINUATION SHEET

Minutes of the House Health And Human Services Committee at 1:30 p.m. on February 3, 2009, in Room 784 of the Docking State Office Building.

fairs. They wanted their employees healthy and solvent at the same time. Wendy's and its employees have saved money with this plan believes this is the program for them. They have a high turnover of employees and saved money with HSAs. Their employees have a substantial amount in their HSA. They have a healthier workforce, increased awareness about fitness, and less sick days. Many companies do not want to invest in a HSA because the employee takes it with them. Companies do not realize the long term savings and the benefits of an employee coming to work for them with a HSA already in place. Wendy's has not experienced an increase in health costs since moving from traditional programs to HSAs and it has been a huge cost savings and benefit to all parties.

The next meeting is scheduled for February 5, 2009.

The meeting was adjourned at 02:45 p.m.