

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on February 17, 2004 in Room 234-N of the Capitol.

All members were present except:

Senator David Adkins- Absent

Committee staff present:

Bill Wolff, Legislative Research

Terri Muchmore, Legislative Research

Ken Wilke, Office of the Revisor of Statutes

Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Laura Howard, SRS

Jerry Slaughter, Kansas Medical Society

Jarrod Forbes, Kansas Insurance Dept.

Others attending:

See Attached List.

The Chair announced in opening the meeting that the Committee would be looking at **SB-392**
Authorizing the committee on surety bonds and insurance to competitively negotiate certain contracts, for purposes of further discussion only.

The Chair also notified the Committee regarding a bill that was assigned this week to the committee so tomorrow the FII Committee will be hearing **SB 509–Credit service organizations, inclusion of debt management services**. Additionally, the Committee will look at possibly working **SB 392** and **SB 347–Prohibiting counting an insurance related inquiry as an insurance claim**.

She also indicated that she will be unable to attend the Committee meeting on Thursday Feb. 19th, and Senator Barnett will be chairing the Committee.

The Chair then opened the hearing on **SB 367–Removal of capitated managed care requirement**, and then introduced Laura Howard of SRS as a proponent on the bill. SRS proposed this particular legislation to provide some additional flexibility in the reimbursement mechanism that is used in management of the State Children's Health Insurance Program.(SCHIP). (Attachment 1)

The statutory requirement that SCHIP be managed through a capitated model prevents SRS from exploring alternative service delivery mechanisms that might increase efficiency and hold down costs, while continuing to provide quality care to consumers. Primary concerns are pharmacy and transportation.

Senator Barnett wondered how pharmacy works now and how it would work in the future if this legislation passes.

Ms. Howard replied that currently FirstGuard has the responsibility for the array of physical health services including pharmacy. SRS reimburses FirstGuard on a per member per month basis for the comprehensive care that's provided. If pharmacy were carved out from that requirement we would manage that as we manage pharmacy within the remainder of the Medicaid program.

The Chair clarified her understanding and inquired if SRS was comfortable carving out just pharmacy and transportation and would leave the capitated care on the rest.

Yes, that is their intent and purpose.

Jerry slaughter of the Kansas Medical Society provided brief comments and testimony(Attachment 2) on **SB 367**. They concur with the intent of this bill and support the bill.

CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on in Room 234-N of the Capitol.

The Chair asked if the amended language was ready to be presented today as she had wanted to work the bill today. Ms. Howard indicated the new language would be sent over ASAP.

The hearing was closed on **SB 367**.

The Chair then opened the Hearing on **SB 348**—Conformance with Federal Law re: Health Savings Accounts.

Jarrod Forbes of the Kansas Insurance Department testified as a proponent of the bill. (Attachment 3) The bill would amend the current law allowing Medical Savings Accounts(MSA) to also allow Health Savings Accounts(HSA) The bill comes out of federal legislation and must be passed before we can offer these accounts to Kansans. He stated that under the new legislation old MSA's will be allowed to exist but they will no longer be offered.

Senator Barnett asked if there were any clauses with the legislation that if the HSA is not used in your lifetime, it is forfeited.

The Chair replied that according to her information the asset is passed on to the surviving spouse or the estate.

Senator Steineger asked staff about why the language in the bill specifically references mental health issues. Doctor Wolff replied that section of Kansas law requires first (1st) dollar payment by the plan or insurance company. Under an HSA you would not have first dollar coverage. The exemption was written at the time federal law was passed.

The Chair informed the Committee that Representative R.J. Wilson does support this bill and would like to see it passed out. The hearing was closed.

Senator Steineger made a motion to pass the SB 348 out favorably. Senator Barnett seconded. The motion passes.

The Chair moved the agenda to continue discussion of **SB 392**. The bill was brought to the committee by Senator Oleen and deals with the open meeting law and how they do their bidding. She asked Dr. Wolff to comment. He stated that in existing law some of the language is almost diametrically opposed to what the provisions are in what **SB 392** is proposing. Basically he has some concerns about current law and new proposed law and feels that the language is too broad.

The Chair indicated that her concern is with the open meetings law and she does not feel that the FII Committee wants to do anything that conflicts with the open meeting law. She further indicated that she does not feel they are at the place where they can bring this bill out. Senator Helgerson shared her concern and asked for additional study. The Chair will meet with Senator Oleen and share information and determine if this can be smoothed out.

The Chair reviewed the agenda for tomorrow and adjourned the meeting at 10:10 a.m.

The next meeting is scheduled for February 18, 2004.

CONTINUATION SHEET

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