



**HOUSE INSURANCE AND FINANCE COMMITTEE**  
**January 25, 2016**  
**Testimony in Support of House Bill 2454**  
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***Director of Government Affairs***  
**Blue Cross and Blue Shield of Kansas City**

Chairman Schwab 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 to testify in support of House Bill 2454.

Blue Cross and Blue Shield of Kansas City is a not-for-profit health plan serving 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. The ability to provide affordable coverage is difficult given the new rules and taxes that are imposed under the Affordable Care Act (ACA), also known as Obamacare. As many of you are aware, the never ending regulations stemming from Obamacare have made health insurance plans more expensive. In addition to the burdensome Federal regulations, State benefit mandates and increases in premium taxes have also contributed to the increase in health insurance premiums.

Last session, legislation was enacted that more than doubled the HMO privilege fee from 1% to 2.31%. The increased fee was retroactive and resulted in increased health insurance premiums for our HMO customers in Kansas. We ask the legislature to be sensitive to the fact that increasing state premium taxes increases the cost of health coverage and could limit the ability of families to purchase affordable health coverage.

This legislation would allow companies licensed as Accident and Health Insurance Companies to offer to consumers and businesses a health plan design that is available today for insurance companies licensed as a Health Maintenance Organization.

The plan designs available to a company licensed as an HMO allow HMOs to manage health insurance costs more efficiently by requiring that all or some of the covered services be rendered by in-network providers. In addition, primary care providers are engaged in managing their patient's health and providing appropriate referrals to specialty care. Passing this legislation to allow us to offer an Exclusive Provider Organization (EPO) product gives consumers some of the benefits of an HMO product without the additional costs the new taxes are adding to HMO products. We have experienced great success in Missouri in the counties where we offer an EPO product. In 2016, 30 percent of new sales in the individual market were EPO plans illustrating a market demand for such a product.

At a time when the market is already experiencing over regulation by the Federal government it is incumbent of those at the state level to do all they can to create environments that encourage a vibrant and competitive market. Allowing a health insurer to offer an EPO would do just that. HB2454 enhances the ability of health carriers to quickly bring to market affordable health care plan designs, options, and innovations. I would be happy to answer any questions you may have.

