Approved: April 26, 2000

Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Senator Don Steffes at 8:00 a.m. on April 5 , 2000 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. William Wolff, Legislative Research
Ken Wilke, Office of Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Larrie Ann Lower, Kansas Association of Health Plans
Terry Bernatis, Health Benefits Administrator
Brad Smoot, Blue Cross Blue Shield
Howard Moses, Private Citizen

Others attending: (See Attached)

Chairman Steffes reported on the lack of compromise in recent conference committees with the House on **HB 2005** and **SB 574.** Chairman Tomlinson stated his reluctance to hearing any new bills at this late date. Senator Steffes presented a list of insurance bills introduced and worked in the Senate and those processed by the House (Attachment 1).

Continued hearings and action on:
SB 547–Insurance; providing coverage for certain mental health conditions
SB 663–Gynecological care under managed care system
Discussion on SB 160--Eliminating discrimination in the coverage of specific mental illnesses

SB 547 has been re-referred to the Committee for additional work. Senator Steffes explained the three options open to the Committee regarding passage of mental health parity:

- **SB 160–**Would mandate mental health parity in all private health care insurance policies as well as in the State Employees Health Care Plan.

- **SB 547–**Would allow test tracking mental health parity for employees not currently covered under the State Employees Health Plan and would apply to the private sector on January 1, 2002. The implementation would not require action by the Legislature at that time

- **SB 547– (with amendments from Kansas Association of Health Plans as presented on March 24, 2000)** Would allow test tracking mental health parity for employees not currently covered under the State Employees Health Plan for at least one year beginning January 1, 2001. The amendments as suggested by Ms. Lower in the first balloon would require that the HMO portion of the state employees health plan be restructured to match the mandated benefits in the bill. After March 1, 2002, the Legislature would review the cost and make its decision regarding continuation of the coverage for both state employees and the private sector or whether more data are required.

Senator Barone moved that the term "specific" be removed from obsessive compulsive disorders. Motion was seconded by Senator Praeger. Motion carried.

The Committee discussed the biologically based mental illnesses listed in **SB 547** and the lack of including schizophreniform which is a diagnosis often used prior to the diagnosis of schizophrenia. These illnesses would be recognized as physical ailments and treated with parity by health insurers–co-pays and deductibles.

Senator Barone moved to strip the list of biologically based mental illnesses from **SB 547** and insert the language on Page 2, Lines 21-30 of **SB 160.** Motion was seconded by Senator Biggs. Motion carried.

Terry Bernatis, State Employees Health Plan, reaffirmed to the Committee that the diseases listed in **SB 160** are currently those covered in the State Plan.

Senator Barone moved to pass out the version of **SB 547 (Alternative No. 2)** with the amendments. This would require test tracking in the Employees Health Plan beginning January 1, 2001 for one year, with no action being required by the Legislature at the end of that time period to mandate mental health parity. Action would be required by the Legislature to stop the automatic implementation of the mandate. The motion was seconded by Senator Biggs. Motion failed on a vote of four to five.

Senator Becker moved to report favorably **SB 547 (Alternative No. 3)** with the amendments. This would require test tracking by the State Employees Health Plan beginning, January 1, 2001, for one year, a report from the Health Commission by March 1, 2002, on the cost and utilization of the additional mental health coverage. Motion was seconded by Senator Biggs. Senator Becker then withdrew his original motion and moved to remove the language found in the original **SB 663 (direct access to OB/GYN in HMO)** from **SB 547** and to treat **SB 663** as a separate issue. Motion was seconded by Senator Brownlee. Motion failed by a vote of three to five.

The Committee discussed both bills' importance to the public and the political reality of their bracing each other up during floor debate. Commissioner Sebelius informed the Committee that although many HMO's currently allow one direct access visit to an OB/GYN per year, not all plans do. Larrie Ann Lower, Kansas Association of Health Plans said all of her 14 plans to allow one direct access visit per year.

1. Dr. Wolff presented a balloon amendment to **SB 547** which states that from and after January 1, 2001, the state health benefits program shall not be required to provide coverage under the provisions of K.S.A. 40-2,105, and amendments thereto, for any mental illness defined in section 1, and amendments thereto i.e. alcoholism, drug abuse, and nervous or mental conditions for the mental illnesses defined in this bill. (Attachment 2). Terry Bernatis said their concerns had been addressed in this amendment. Senator Barone requested a very comprehensive supplemental note be prepared by the Research Department for this all inclusive mental health parity bill.

Senator Feleciano moved to adopt the proposed amendment (Attachment 2). Motion was seconded by Senator Barone. Motion carried.

During Committee discussion on access to an in-network OB/GYN's without first seeing a primary care physician, Terry Bernatis stated that within their HMO's view this referral process as strictly paperwork. The one visit per year allowed is meant to be for one "well woman" checkup. The Committee questioned whether this should be limited to once a year. Senator Brownlee said her objection to the current language in the bill was because it was impractical and nearly impossible for an OB/GYN to continue treatment of a patient with the requirement of calling the primary care physician and reporting treatment procedures or requesting permission to continue treatment. This procedure requires the hiring of extra office help by primary care physicans and they become "paperwork docs."

Senator Brownlee moved for an amendment which would strike the language in **SB 547** on Page 2 after Line 40 and add "and up to three visits per year to complete medical treatment found to be necessary in the first visit." The intent is to remove barriers for the OB/GYN physicians in treatment of patients. Motion was seconded by Senator Clark. The motion failed by a vote of four to four.

The Committee continued their discussion of what is necessary paperwork for cost containment within HMO's and the necessity of the referral procedure. Is the current referral procedure regarding OB/GYN referral a necessary evil?

Senator Biggs moved to report favorably **SB 547** as amended with the inclusion of the direct access to OB/GYN component. Motion was seconded by Senator Barone. Senator Biggs withdrew his motion.

Senator Praeger moved to strike Section 2 on Page 3 from **SB 547** which would require the OB/GYN to communicate with such woman's primary care provider concerning any diagnosis or treatment rendered. Motion was seconded by Senator Brownlee. Motion carried.

Senator Brownlee commented that she found it interesting that Senator Barone was more knowledgeable of how OB/GYN's operated than she did. Senator Barone just smiled and did not verbally respond.

Senator Biggs moved to recommend for passage a **Substitute for SB 547** which contains all the passed amendments. Motion was seconded by Senator Praeger. Motion carried by a 5-2 vote. Opposed were Senators Brownlee and Clark.

Continued hearing and action on SB 668--Insurance; establishing the Kansas Business Health partnership

Senator Praeger explained the advantages of the Kansas Business Health Partnership as being a choice of plans, affordable rates for qualifying families, as well as an employer, employee and family friendly proposal (Attachment 4). The Governor is very supportive of this endeavor and views it as good for the people of Kansas. Senator Praeger then offered an amendment addressing eligibility of both employees and employers, authorization of the health committee, requirements for offering health benefit plans, continuing benefits for eligible children, and role of SRS in providing names of those eligible for participation (Attachment 5).

Terry Bernatis, Health Benefits Administrator, presented testimony which listed potential unintended consequences as a result of the language in Section 2 (h) (Attachment 6). Ms. Bernatis concluded that these concerns had been addressed by the amendment listed as Attachment 5.

Larrie Ann Lower, Executive Director of Kansas Association of Health Plans, said they were in agreement with the proposal as the amendment regarding Section 2 (h) in Attachment 5 addressed their concerns (Attachment 7).

Brad Smoot, Legislative Counsel for Blue Cross Blue Shield of Kansas, said they supported the concept of establishing a public/private partnership to expand opportunities for coverage of dependents of employees who currently cannot afford for the entire family to participate in the health insurance market (Attachment 8). Mr. Smoot offered amendments which would address the uninsured non-elderly without coverage who have no access to job-related insurance. He suggested a plan similar to the Oregon FHIAP which provides vouchers to persons in the group and the non-group market, thus addressing the bulk of the uninsured population (Attachment 9). Mr. Smoot said his company does not support HIPC's or purchasing cooperatives.

The question of what would happen to First Guard if many of its enrolled children transfer their coverage to a family plan under the proposed Partnership was discussed by the Committee and Mr. Smoot. There is the possibility of the plan eroding the base of First Guard unless First Guard starts offering a commercial product. Committee concerns included: how to allow more companies to provide insurance coverage through the Partnership; how to enroll more eligible children in the CHIP plan; the complexity of figuring eligibility e.g. through verifying incomes, companies who are eligible to participate; possible creation of a governmental bureaucracy; and is this actually limiting options of insurance coverage? Senator Praeger pointed out that this bill creates a task force and the private sector would work out the details rather than it being government-oriented. These plans would be free of state mandates in order to keep costs down.

Howard Moses presented testimony on behalf of those individuals with disabilities who are Medicaid and Medicare eligible as Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SIDI) recipients (Attachment 10). The federal demonstration and health care subsidies to these individuals could be available to the Kansas Business health partnership, thus lowering premiums for plans developed by the Partnership.

Tom Bell, Kansas Hospital Association, presented written testimony in general support of the concept (Attachment 11).

Senator Praeger explained to the Committee that this was a prime time to begin the process as CHIP dollars are available due to reorganization by the federal government, HCFA is supportive of such partnerships, and SRS can be directed to apply for flexibility.

Senator Feleciano moved to amend Page 2 in the section regarding membership of the Kansas Business Health Policy Committee to include one member each to be appointed by the Minority Leader of the Senate and the Minority Leader of the House of Representatives. Also to be included should be three members from the private sector to be appointed by the Governor. Included in the motion was the request to add the balloon amendment offered by Senator Praeger in Attachment 5 and Section M of the balloon amendment offered by Blue Cross Blue Shield in Attachment 9. The motion was seconded by Senator Becker. Motion carried.

Committee members discussed their concern about the possibility of spending more than 10% of the CHIP money for administrative costs. Dissatisfaction with MAXIMUS' handling of the advertising and sign up of HealthWave was voiced.

Senator Praeger moved to report **SB 668** favorably as amended. The motion was seconded by Senator Feleciano. Motion carried by a vote of 5 to 2. Asking to be recorded as "nays0" were Senators Brownlee and Corbin.