MINUTES

HEALTH INSURANCE ISSUES WORKING GROUP

December 19, 2003
Room 514-S—Statehouse

Members Present

Senator James Barnett, Chair
Senator Janis Lee
Representative Rob Boyer
Representative Nancy Kirk
Insurance Commissioner Sandy Praeger
Dr. Robert St. Peter, Kansas Health Institute

Members Absent

Senator Ruth Teichman
Representative Jim Morrison, Vice-Chair
Dr. Robert Day, Kansas Department of Social and Rehabilitation Services
Linda DeCoursey, Kansas Healthcare Commission

Staff Present

Audrey Dunkel, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
William G. Wolff, Kansas Legislative Research Department
Renae Jefferies, Revisor of Statutes Office
Gina Poertner, Committee Secretary

Others Present

Tony Wellever, Kansas Health Institute
Jarrod Forbes, Kansas Insurance Department
Paula Marmet, Kansas Department of Health and Environment
Ron Seeber, Hein Law Firm
Amanda Richards, Department of Social and Rehabilitation Services
Connie Hubbell, Kansas Foundation for Medical Care
Christina Collins, Kansas Medical Society

Morning Session

Senator Barnett called the meeting to order at 9:00 a.m. on December 19, 2003 in Room 514-S of the Capitol. The Chairman asked for additions or corrections to the November 21 minutes. *Senator Lee moved to approve the minutes with the addition of her name as present. Dr. St. Peter seconded the motion. Motion carried.*

Paula Marmet of the Kansas Department of Health and Environment was introduced (Attachment 1). Ms. Marmet presented state expenditure and cost savings data pertaining to tobacco use prevention as requested by the Group. Ms. Marmet referred to the chart and graph contained in her testimony to illustrate. A minimum initial investment of $18.1 billion per year over five years for a comprehensive tobacco prevention program would result in a total lifetime savings of $1.241 billion and a future Medicaid savings for Kansas of $141.5 million.

Tony Wellever of the Kansas Health Institute was recognized. Mr. Wellever gave a more detailed explanation of the graph on page 2 of Attachment 1. It was reported that two-thirds of the savings for adults would be realized 15 years from the beginning of the program, with the remainder being realized during years 16-35. For children, the savings is realized at year 15, with a greater rate of savings beginning at year 30.

Mr. Wellever posed a policy question of how much to spend. It was pointed out that combined interventions are more successful than a single intervention and that each intervention reaches a "tipping point." The State of Kansas could expect to reach the break-even point for Medicaid tobacco program expenditures at year 24.

A member requested that a chart be created showing expenditures and savings beyond Medicaid, to show this data for all Kansans. Mr. Wellever agreed to forward that data to committee members.

Mr. Wellever was asked if half the expenditure would generate half the savings, to which he replied that the investment is not proportional to outcomes. Kansas would need to make the minimum investment to see the returns as illustrated in the chart.

Ms. Marmet was asked to recommend how little Kansas could spend to maximize the return, and what would be best for Kansas from a policy standpoint. According to Ms. Marmet, the proven model perspective data does not yet provide an adequate basis for making projections beyond what the total comprehensive program would look like. The science is becoming stronger that when investment is made at the minimum level or higher, there is confidence in the level of returns. Research has not been applied to the returns on less than the minimum investment.

A member asked about the implementation time experienced by other states of their programs, *i.e.*, from the time the Legislature enacted policy through the time involved in planning to actually beginning the program. According to Ms. Marmet, Maine was awarded local grants in approximately eight months. She further stated that other parts of a program, such as placing the media campaign, could be implemented sooner. Time for implementing a school program would vary, depending upon the time of the school year initiated. A Kansas program could be up and running in approximately one year.

Asked, if the Kansas Legislature would pass enabling legislation for the CDC recommended program, how much time would KDHE need and what staffing changes would be required, Ms. Marmet stated that the first year would require some building and getting things in place. By the end of that first year, KDHE would be able to utilize the full allocation.

Comments were made by a member that Kansas would not be starting from scratch, that there are mechanisms in place to provide assistance to states for implementation of these programs. Ms. Marmet concurred, stating that we would not have to figure this out on our own. Assistance from the CDC is available.

A member mentioned a meeting he had attended where the concept of issuing bonds to fund prevention programs was talked about. That discussion of bonding was not specific to funding smoking cessation programs.

The Chair then introduced Harry Bossi of the Health Benefits Administration Office (Attachment 2). Results of the Sunflower Foundation Grant were reported. This grant was used to estimate the number of potentially eligible state employees and the potential cost to provide a subsidy in a pilot program for health insurance for children of state employees who would otherwise be eligible for HealthWave. Data showed that approximately 3,500 employees would be eligible for a pilot program. It was determined by researchers that not all eligible employees would take advantage if a pilot program was offered due to current enrollment in or access to other plans. (A copy of the *Survey and Report on Potentially Underserved State of Kansas Employees - Final Report*, is available from the State Employee Health Care Commission.)

Clarification was requested regarding non-state components of the state health care benefit program. Does the state pay the city or county share for participation of its employees. Mr. Bossi stated that there is no state employee obligation. By choosing to join the state health plan, a non-state employer group gives up HealthWave opportunities for employees who might otherwise qualify. It was further asked as to the percentage paid by the employee for dependent coverage. Mr. Bossi stated that the 65 percent balance is paid by the participant.

Mr. Bossi was asked if the proposal is for the state to subsidize current health insurance rather than actually getting the employee into the HealthWave program. Mr. Bossi stated that dependents of state employees (public employees) are ineligible by federal law for coverage under the Title XIX program - HealthWave in Kansas. Mr. Bossi related that some of these people would be enrolled currently in other health plans, perhaps under the plan of a spouse. He did not know what percentage of people in each income level are currently enrolled, as those data are not captured. The total percentage of state employees enrolled in the state plan is 92 percent.

A member, concerned about high premiums, asked if there would be good participation in the plan based on the rate of premiums the employee would have to pay. Mr. Bossi did not have that information with him, but stated that it is estimated that 1,000 would participate at the 50 percent subsidy level, and 2,600 would participate at the 80 percent level. Mr. Bossi did not have the dollar amounts that would be necessary. There was further concern expressed that people who needed the higher level of subsidy probably would have trouble paying the premium, resulting in lower participation. Mr. Bossi will forward additional information to the Group.

To the question of whether the range of cost from $1.2 to $4.56 million depends on the take-up rate of 1,300 to 2,600, or if it depends on the subsidy rate, or both, Mr. Bossi related that is based on the 50 percent subsidy, so the range is purely based on the take-up rate.

A final question was posed as to whether there are any legal issues with giving benefits to some state employees but not to others. It was related by Mr. Bossi that this should not be a discrimination issue, but he was not sure on that and would report back to the Group.

Chairman Barnett asked Dr. Wolff to review the draft Group report. The Group review of each segment of the report directed changes to be made as suggested, and to file the report with the Legislative Coordinating Council as approved without further Group review.

The Chairman thanked the Group and staff and all the conferees for their excellent work.

The meeting was adjourned at 11:40 a.m.

Prepared by Gina Poertner and Bill Wolff

Approved by Working Group on:

January 23, 2004
(date)