

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Senator Don Steffes at 9:00 a.m. on March 22, 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: Kathleen Sebelius, Insurance Commissioner
Kathy Greenlee, Kansas Insurance Department
Larrie Ann Lower, Kansas Association of Health Plans
Terry Leatherman, KCCI

Others attending: (See Attached)

Continued hearing and action on SB 619–Insurance, health maintenance organization solvency

Kathleen Sebelius, Insurance Commissioner, said she was pleased with the final bill as it is a compromise that is workable for the Insurance Department and the industry. It balances public safety with the difficulty of demanding higher solvency rates through a phase-in. The Department has been granted additional oversight over HMO's and will continue to work with the industry in the development of future policy regarding reserves.

Kathy Greenlee, General Counsel for the Kansas Insurance Department, explained the three changes to the bill and presented copies of their suggested amendments (Attachment 1). Subjects addressed were confidentiality, risk-based capital phase-in, technical changes, and striking the word "health" from the definition of uncovered expenditures.

The Committee discussed the necessity of Kansas being a good business partner in the HMO's which handle Medicaid only contracts. The state must take some of the responsibility for the demise of Horizon as SRS was the payer of these Medicaid contracts. The public should not be held to a higher standard than what is expected of the state. Community Health Plan, a commercial HMO company, failed this past year in Kansas. The Committee suggested an interim be requested which would include studying the following topics:

1. Is an HMO the best delivery of Medicaid or should it be fee for service?
2. Discussion and comparison of the reimbursement level.
3. Would it be more efficient and effective if the Medicaid contracts were provided through several different HMO's?
4. Exploration of why some providers choose to write-off Medicaid accounts rather than seek reimbursement.
5. Possibility of offering tax credits for health care providers who write-off Medicaid accounts.

Larrie Ann Lower, Kansas Association of Health Plans, reported they are in agreement with the proposed legislation and will continue to work with the Department on HMO solvency issues.

Senator Feleciano moved to adopt the amendments as proposed by the Insurance Department. Motion was seconded by Senator Praeger. Motion carried.

Senator Feleciano moved to report the bill favorably as amended. Motion was seconded by Senator Praeger. Motion carried.

CONTINUATION SHEET

Discussion on SB 668—Establishment of Kansas business health partnership

Senator Praeger walked the Committee through the different sections of the bill which would make available affordable health insurance for small businesses. It is anticipated that partial funding could be transferred from the Children's Health Insurance Plan and expanded for full family coverage rather than for the qualifying children only. Money from the Tobacco Settlement may be available for this proposal. The debate with this bill will be affordability vs. comprehensive. The plans presented must be basic and take a "no frills" approach. This is the first time any type of subsidy has been available for insurance for small employers. The seed money which will be needed to start up the plan may be available through foundations. This plan would be available to all employees of a company which met the small business standards, however, subsidies would only be available for those low-income employees whose gross wage does not exceed 200% of the poverty level. It was suggested that the political parties represented on the Board of the Kansas Business Health Policy Committee be chosen from the Republican and Democratic parties. Senator Praeger suggested that the sequence for the plan of action should be:

- Passage of **SB 668**
- Establishment of Kansas Business Health Policy Committee
- Seek waiver from CHIP
- Send out RFP
- Interested parties respond

It was reemphasize that the paperwork portion of the plan must be kept very simple and easily understood and implemented or small employers would not participate.

Terry Leatherman, KCCI, agreed to poll their members to see if interest was there to participate in such a plan. All other interested parties were asked to send in written comments to the Secretary of the Committee.

Senator Becker moved that the Minutes of the March 21st meeting be approved as presented. Motion was seconded by Senator Corbin. Motion carried.

The meeting was adjourned at 10:00 a.m.