

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE

The meeting was called to order by Chairman Susan Wagle at 1:30 P.M. on February 10, 2005 in Room 231-N of the Capitol.

Committee members absent:

Committee staff present: Ms. Emalene Correll, Kansas Legislative Research Department
Ms. Terri Weber, Kansas Legislative Research Department
Mr. Jim Wilson, Revisor of Statutes Office
Ms. Margaret Cianciarulo, Committee Secretary

Conferees appearing before the committee: Dr. Gary Daniels, Acting Secretary,
Social and Rehabilitation Services (SRS)
Mr. Jerry Slaughter, Executive Director,
Kansas Medical Society (KMS)
Mr. Tom Bell, President, Kansas Hospital Association
Mr. Patrick Hurley, HealthyKansas Coalition

Hearing on ERO 33 - reorganization of the state's major health care programs

Upon calling the meeting to order, Chairperson Wagle announced there would be a hearing on **ERO 33**, the reorganization of the state's major health care programs into a new business division within the Department of Administration. She then called upon the first proponent conferee, Dr. Gary Daniels, Acting Secretary of Social and Rehabilitation Services (SRS), who stated they are currently identifying the staff who will transfer to the Division of Health Policy and Finance. He also gave a brief illustration of how they expect their relationship with the new entity to work, the transition team's make-up and plan, and how the ERO will allow the future Department of Health Services to concentrate on their person centered mission of protecting children and promoting adult self-sufficiency. A copy of his testimony is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

The second proponent to testify was Mr. Jerry Slaughter, Executive Director, Kansas Medical Society (KMS), who stated that Medicaid, one of the fastest growing components of the state budget, is essentially a state-administered health insurance program which is housed in a social service agency and if the program were created new today, it is safe to say it would probably not be assigned to the state agency responsible for state-run mental health facilities, community support services for children and adults, and substance abuse programs. A copy of his testimony is (Attachment 2) attached hereto and incorporated into the Minutes as referenced.

Mr. Tom Bell, President, Kansas Hospital Association, was the third proponent conferee who stated their focus is on the movement of the state's medical assistance program to this new office stating that carving Medicaid out of the Department of Social and Rehabilitation Services would allow the state to better focus its communications with the federal government concerning the future of the Medicaid program. A copy of his testimony is (Attachment 3) attached hereto and incorporated into the Minutes as referenced.

The final proponent conferee was Mr. Patrick Hurley, representing the HealthyKansas Coalition, who offered public policy goals, a list of their members and its initiatives, problems the Health Care Cost Containment Commission will address, small businesses given an affordable new private insurance choice allowing them to pool their resources, access to lower-cost prescription drugs, and dedicated health care assessment on tobacco products through the Business Health Policy Committee. A copy of his overview is (Attachment 4) attached hereto and incorporated into the Minutes as approved.

There was no opponent or neutral testimony. Written testimony was offered by Ms. Joy Wheeler, President & CEO of FirstGuard Health Plan. Her company felt this reorganization represents the potential to achieve significant efficiencies and raise the effectiveness and value of the dollars currently spent for health care in our state. A copy of her written testimony is (Attachment 5) attached hereto and incorporated into the Minutes as approved.

CONTINUATION SHEET

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE AT 1:30 P.M. ON
FEBRUARY 10, 2005 IN ROOM 231-N OF THE CAPITOL.

Page 2

As there was no further testimony, the Chair said that before they proceeded, she wanted to tell the Committee that Senator Barnett and she had spoken to the Senate President and the Majority Leader yesterday about the ERO that sits before this Committee. She stated, when Senator Morris won the presidency, he contacted her and wanted an extensive study on Medicaid to see what the Committee could do to: meet rising costs, make it more efficient, work with our federal delegation on some of the cuts that are coming down from the Bush administration and the reorganization, and with the Governor putting this proposal before the Committee. She stated, they are at a point now where the Committee can accept this ERO and it will go into effect, if the House does not object. She stated, the House Committee on Appropriations did recommend this morning rejecting the ERO, not simply because they oppose the concept but because they want more involvement in drafting the proposal and that this will go before the full House floor. The Chair stated that the Committee has the choice today to bring the ERO up for a vote, to endorse this proposal by doing nothing, or if there are concerns, the Committee can ask for a resolution to reject to be drawn up. At this time, Chairperson Wagle asked for questions.

Questions came from Senators Barnett and Wagle including: were Legislative Research and Kansas Health Institute involved in this process; were they involved in recent times and in the final product, regarding the high cost areas (ex. Long term care) is this a part of your long term proposal to bring that into this area; how can you separate medical needs and social needs (whether it is with Medicaid and long term care or other aspects of Medicaid programs, like children, nutrition, alcohol, etc.); what is the savings of separating these two; are the high cost patients with disabilities included; regarding the comment yesterday about culture, in moving these 125 employees from one building to another are you moving the same culture and how is that going to change in effect, do you envision at some point in time the state developing a policy of best practices and then force that on providers through contract negotiations?

Senator Brungardt stated, like many people he has a lot of questions, but he is willing to extend to those involved that amount of freedom to operate because he feels they do know the subject better than him. Senator Barnett feels this is headed in the right direction, but does have some significant concerns and just hasn't had enough time to digest it. He stated he has faith in Research, but is concerned they were not a part of this and faith in the Kansas Health Institute as well, and beyond Medicaid and data collection, how we analyze data is going to have to be a critical component of what Mr. Day is talking about, evidenced-based medicine needs to be part of this policy as well. Senator Barnett also stated he would have a greater comfort level if this was studied more and if the legislature was part of it because many of the calls he receives are related to Medicaid / SRS and does not want to send something off in another direction without a high level of comfort that he feels is the right thing to do. And lastly, he stated, it may be the exact thing the Committee should do, it may be one idea that needs to be looked at and perhaps adjusted as well. Senator Wagle said she would have to echo Senator Barnett's thoughts. She stated, she likes the concepts but feels as a legislature, with this comprehensive of a change in the way business is done, feels if the Committee works at this together they might be able to come up with a better product than what is before them. She stated, she has learned after being in the legislature for 14 years, that starting out right in the beginning, makes a better product. Senator Haley commented that he would not play politics with health care and access to it. He stated, he looks to have legislative input and even oversight, but has also learned in his 11 years in the legislature, to listen to the experts who bring in a nonpartisan fashion of compelling arguments and in this instance, to accept this ERO. He stated, "why not, for example, shouldn't we be the largest purchaser of health care if somehow those benefits might somehow trickle down to help the consumer or the patients that are in our state? Since the House has taken action and still has a long way to go to get the support that we need in both chambers that we, here on this Committee, respect the finding of those who have spent so much time and effort working with the Governor to bring this ERO to us, and allow it to go forward."

As there were no further comments or discussions, Chairperson Wagle stated that since the Committee has had the opportunity to look at this more in depth than other members of the Senate, she would like to take a vote on one of the three options: rejecting, accepting, or no recommendation. Senator Schmidt asked for a clarification of "no recommendation" (Does that give us 30-days to gather more information as you suggested and then any one of us can speak to this on the floor and could the Committee go back and visit about Dr. Day's reference to legislative oversight?)

Senator Barnett motioned to reject, get the legislature involved, get the people who the Committees is

CONTINUATION SHEET

MINUTES OF THE SENATE HEALTH CARE STRATEGIES COMMITTEE AT 1:30 P.M. ON
FEBRUARY 10, 2005 IN ROOM 231-N OF THE CAPITOL.

Page 3

working with today and has referenced, and come up with something very similar but likely better as well. It was seconded by Senator Palmer. The motion passed. (4-3)

Senator Haley and Senator Gilstrap asked that their votes be recorded as no.

Senator Barnett suggested the Committee discuss with leadership taking this to summer study and involving the interested parties, “so we don’t lose the effort and this should be one of our priorities in this coming interim.” Chairperson Wagle agreed and said they would officially request from Senate leadership the summer study, which was already their intention back in December.

Adjournment

As there was no further business, the meeting was adjourned. The time was 2:30 p.m.

The next meeting is scheduled for February 16, 2005.