

Approved: April 3, 2007
Date

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 20, 2007 in Room 231-N of the Capitol.

Committee members absent: Senator Phil Journey- excused

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

Conferees appearing before the committee: Senator Chris Steineger
Dr. Ira Stamm, Clinical Psychologist
Mr. Marlon Donner, CEO ,
Preferred Health Services
Mr. Ken Daniel, Publisher,
KSSmailBoz.com
Mr. Bob Vancrum, Kansas Government Affairs Specialist,
Greater Kansas City Chamber
Ms. Larrie Ann Lower, Executive Director
Kansas Association of Health Plans
Mr. Brad Smoot, Legislative Counsel,
Blue Cross Blue Shield of Kansas
Ms. Cheryl Dillard, Director of Government Relations
Coventry Health Care
Ms. Cynthia Smith, Advocacy Counsel, Sisters of Charity of
Leavenworth Health System

Other in attendance: Please see the Guest List

Continued hearing on SB309 - An act enacting the Kansas Health Care Connector Act

Upon calling the meeting to order, Chairperson Wagle called on the first proponent of the day, Senator Chris Steineger who wanted to offer some comments about this bill, which he will support as a good first step, but also about health care in general which he feels is not an access problem but a cost problem. He cited:

- A.) Last summer the heads of authority makers (Ford, GM, and Chrysler) went to meet with President Bush and none of them said that access was a problem but cost;
- B.) Last year, Toyota was looking at building a factory that would cost more than 1 billion dollars and narrowed their choice down to Michigan or Ontario, Canada and they chose Canada because they have lower health care costs (as written in the Wall Street Journal); and so when Fortune 500 companies are going to the President and Fortune 500 global companies are making decisions to invest in other countries rather than ours based on health care costs that we should be listening.
- C.) In the US we spend about 16% of the GDP on health care or \$5500 per person, our competitors (ex. Canada, Japan, or in Western Europe they spend about a third less or 10% of GDP or \$3500 per person.

And finally, he stated, we do have our first ever cost study The Legislative GDP Post Audit Committee has ordered a cost analysis in Kansas and should be due out in about 6 more weeks (how much dollar amount of money is spent in Kansas on health care through all of these government programs and how we spend that money.) Senator Steineger did not offer written testimony.

CONTINUATION SHEET

MINUTES OF THE Senate Health Care Strategies Committee at 1:30 P.M. on February 20, 2007 in Room 231-N of the Capitol.

Page 2

The Chair then called the second proponent, Dr. Ira Stamm, Clinical Psychologist, who stated his focus is on the process of change that underlies **SB309**. He offered :

- A.) Statics about insurance populations in Kansas, citing the last line which read “Several hundred Kansas a year die from the lack of health insurance.”
- B.) Per Mr. Haislmaier regarding a 2003 study, over a four year period 1/3 of the uninsured go on and off again with insurance coverage, 20% had some and 18% remained uninsured and with 300,000 people in Kansas that means at minimum 54,000 people.

A copy of his power point is ([Attachment 1](#)) attached hereto and incorporated into the Minutes as referenced.

As there were no more proponent conferees, written testimony was provided by Mr. David Monaghan from American Family Insurance Group. A copy of which is ([Attachment 2](#)) attached hereto and incorporated into the Minutes as referenced.

The first opponent conferee to testify was Mr. Marlon Donner, CEO, from Preferred Health Services in Wichita and:

- A.) Called the Committee’s attention to page 9 of his document stating that there are requirements for what he calls customerization (a process of moving our health insurance environment from employer based to the individual) and if not implemented will not solve the cost problems. He went on to say that for people to understand and buy health care services they will need to understand insurance pricing and physician and hospital pricing but the way the hospitals bill, the way the insurance company pays the hospital and the way individual buys their coverage for hospital care are all three different and no where is there similarities in that process for price comparisons.
- B.) Would like to see competition among insurers based on price and services and same for providers.
- C.) Called attention to the last page, under “Conclusions and Issues”, which list what needs to be addressed regardless of it being in **SB309** or any other health bill.

A copy of his power point presentation is ([Attachment 3](#)) attached hereto and incorporated into the Minutes as referenced.

Chairperson Wagle recognized Senator Barnett who asked Mr. Donner if he was an opponent or proponent and asked him to tell the Committee a little bit more about his vision of a reinsurance model , or selected services, or what you would see as a mechanism that helps someone make these selections. Senator Wagle asked Mr. Donner, “Did he think there is success in this program depending on whether or not we get everyone involved in buying health insurance like we do with auto insurance?”

As there were no further questions, the Chair called on Mr. Kenneth Daniel, Publisher, KSSmailBiz.com, who stated that the bill adopts many of the concepts of the unproven Massachusetts plan (Ex. Instead of the estimated \$200 per month for a single employee policy, the costs are more in the neighborhood of \$380 per month.); in Kansas, our average health insurance costs are some of the lowest in the nation, employing some of the lowest rates of uninsured (10.9%); and, self-insured big businesses will have to suffer a lot of new red tape and will harm our smallest and weakest businesses. A copy of his testimony is ([Attachment 4](#)) attached hereto and incorporated into the Minutes as referenced.

The Chair called on the next opponent conferee, Mr. Robert Vanecrum, Kansas Government Affairs Specialist, Greater Kansas City Chamber, who stated they are in favor of programs to expand both the availability and affordability of health care coverage, but recognize that these can be inconsistent goals and although signed up as opponents, they are concerned about the plan reflected in this bill. He

CONTINUATION SHEET

MINUTES OF THE Senate Health Care Strategies Committee at 1:30 P.M. on February 20, 2007 in Room 231-N of the Capitol.

Page 3

concluded by suggesting that a study be first commissioned from people with real expertise and start out with a pilot program. A copy of his testimony is (Attachment 6) attached hereto and incorporated into the Minutes as referenced.

The next opponent recognized by the Chair was Ms. Larrie Ann Lower, Executive Director of the Kansas Association of Health Plans (KAHP) who gave a brief history of KAHP and introduced two of its members: Mrs. Cheryl Dillard, Director of Government Affairs for Coventry Healthcare and Mr. Brad Smoot representing BCBS-KS and KC, would be explaining the association's opposition to the bill and Mr. Marlon Donner, CEO of Preferred Health Systems would be testifying to offer comments and potential alternatives. A copy of her testimony is (Attachment 7) attached hereto and incorporated into the Minutes as referenced.

The Chair called first on Mrs. Dillard, who stated that the model is fraught with unintended consequences, the most important being that many Kansans will pay more for coverage, not less and urges the Committee to allow the Steering Committee to evaluate all the ramifications of this bill. A copy of her testimony is (Attachment 8) attached hereto and incorporated into the Minutes as referenced.

Questions for Ms. Dillard came from Senators Wagle and Barnett including:

Can you explain the basics for the model which you ran 3,000 small businesses through it, why do you believe most of them have increased?

Aren't you insuring a larger pool of people and bringing in the young who currently don't get insurance?

Does this then represent an increase in competition among insurance companies?

The current system allows "cherry picking" to eliminate those patients you don't want to cover and is this a concern that you could lose the ability to "cherry pick".

The Chair then called on Mr. Brad Smoot, who spent a couple of minutes describing mechanisms currently in place in Kansas that were designed to address these same issues in the Massachusetts playroom. He also offered two attachments:

- A.) A chart designed to illustrate the means by which the connector addresses the problems of accessibility and affordability as contrasted against the current statutory mechanisms in place to do the same thing;
- B.) A document that describes the extent to which the current individual (non-group) and group insurance market address accessibility and portability of coverage.

A copy of his testimony is (Attachment 9) attached hereto and incorporated into the Minutes as referenced.

Questions for Mr Smoot again came from Senators Barnett and Wagle including:

- A.) Did you consider any impact of making all payments tax deductible?
- B.) When you took this 36 year old female and saw a reduction, did you take other 36 year old females or did you put her in a group? And is she less expensive than the 70 year old male?

The Chair called on the final conferee, Ms. Cynthia Smith, Advocacy Counsel, Sisters of Charity of Leavenworth Health System and offered neutral testimony by providing a chart showing where their hospitals are located throughout the United States and they do not oppose the bill but are not yet ready to support the bill. She also referred the Committee to page 13, line 26 where it makes reference to a

CONTINUATION SHEET

MINUTES OF THE Senate Health Care Strategies Committee at 1:30 P.M. on February 20, 2007 in Room 231-N of the Capitol.

Page 4

subsidy and the way it works in other states, these subsidy dollars come from federal programs that exist now by hospitals with resources that care for the poor and the vulnerable. If you dismantle those federal programs in order to create a subsidy pool of dollars they would like to see a plan in place addressing this.

Adjournment

As it was past 2:30, Senate session start time, Chairperson Wagle adjourned the meeting with a possibility of a meeting at the rail later in the day.