

Approved 2-17-88
Date

MINUTES OF THE SENATE COMMITTEE ON PUBLIC HEALTH AND WELFARE

The meeting was called to order by SENATOR ROY M. EHRLICH at
Chairperson

10:00 a.m./~~p.m.~~ on February 8, 1988 in room 526-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research
Norman Furse, Revisors Office
Clarene Wilms, Committee Secretary

Conferees appearing before the committee:

Senator Michael Johnston
Charles Dodson, Kansas Association of Public Employers
Stanley C. Grant, Secretary, Kansas Department of Health & Environment

Senator Johnston appeared before the committee as the sponsor of SB-516. Senator Johnston stated that the state contract for new health care coverage includes participation changes and additionally includes state employees that smoke. Senate Bill 516 seeks to outlaw both practices. It was further stated that if state employees are going to be measured, surcharges invoked, etc., these conditions should first be discussed. The introduction of income into the cost factor is another new element. Upper salary ranges are better able to subsidize costs than lower paid employees.

Charles Dodson, KAPE, appeared before the committee in support of SB-516. Mr. Dodson stated that objections to the state policy imposing a penalty on smokers is because the monies collected will not be used to reduce health insurance premiums but was designed to raise funds to develop a wellness program. Responding to questions from the committee Mr. Dodson stated his organization could support a provision that gave a discount to non-smokers - in the present form it penalizes smokers. Attachment 1

Stanley C. Grant, Secretary, KDHE, appeared in opposition to SB-516. Secretary Grant presented information and statistics covering the relationship of smoking and disease as well as written testimony. Dr. Grant stated that everyone must ultimately take responsibility for their own actions and life styles. If costs of medical insurance are to be reduced everyone must be involved. Smoking was the most clearly identified cause of "high cost" diseases, disabilities and death, thus it is the place to begin to fund a state-wide state employee wellness program. Attachment 2

Ed Flentjie, Chair, State Employees Health Care Commission appeared in opposition to SB-516. Mr. Flentjie stated that if adopted, SB-516 would encourage rather than discourage smoking and tobacco use among state employees; it would make health benefits more costly for those state employees and their families who are least able to pay for health service. Mr. Flentjie was questioned by a number of committee members concerning the commitment to managed health care stressing preventative or wellness care. It was further stated that a commitment had been made that one dollar of every one hundred dollars be contributed to the wellness area. Mr. Flentjie introduced Dave Wood, Benefits Manager, a new employee who brings past experience to the benefits area. This area would include the possible issue of self insurance. The question was raised concerning the administration costs of Blue Cross, Blue Shield and whether or not they have been investigated. Attachment 3

Senator Bond announced that the subcommittee on SB-445 and SB-517, the AIDS bills, would hold their first meeting on Wednesday, February 10, 1988 at 4 p.m. in Room 254. The meeting adjourned at 11:02 a.m. and will meet Tuesday, February 9, 1988, at 10:00 a.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

SENATE
PUBLIC HEALTH AND WELFARE COMMITTEE

DATE February 8, 1988

(PLEASE PRINT)
NAME AND ADDRESS

ORGANIZATION

Ken Ehrig

Laird Pennington

KETH R LANDIS

CHRISTIAN SCIENCE COMMITTEE
ON PUBLICATION FOR KANSAS

STAN GRANT

KDHE

Ed Healy

Dept of Admin

Anne Bound

DPS

Chip Wheelen

Ks Medical Society

Charlene Sotker

KDHE

Charles Dodson

KAPE

William P. Mitchell

Tobacco Institute

Bob Griffin, Sgt - Topeka

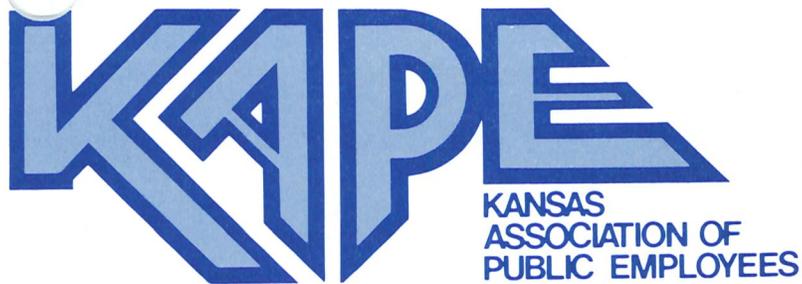
Kansas Highway Patrol

Paul Klotz Topeka

Assoc. of CMHCs of Ks, Inc

M. Haaver

Cap-Journal



Presentation of
Charles Dodson
Kansas Association of Public Employees
To the Committee on
Public Health and Welfare
February 8, 1988

Mr. Chairman, members of the committee, thank you for this opportunity to appear in support of SB 516.

Since the time is limited, I wish to direct my comments to that part of the amendatory language which states "the Kansas State employees health care commission shall not: (2) impose any penalties or charges for payment of services unless the charge is directly related to the cost of service and participation in the offer of any service is agreed to by the participants."

One of the most unpopular decisions ever made by the HCC was to impose a penalty on any employee who uses tobacco in any form. The objections to this decision were not voiced just by smokers, but by non-smokers as well. In large measure, this objection is being expressed because this so-called smoker's penalty is not in any form or fashion related to the costs of health insurance premiums for contract year 1988. It is designed to raise approximately \$800,000.00 to develop a wellness program. The benefits from such a program may be worthwhile, but many employees have absolutely no choice in the matter. Rather, they have no choices other than to quit using tobacco in any form, pay the penalty, tell a lie when they sign the affidavit, or cancel their insurance coverage.

There has been some misunderstanding about this penalty, and just who has to pay the penalty. One member of the legislature told a group of state workers that he would not have to pay the penalty because although he smoked cigars, he did not inhale the smoke. Unfortunately, this is not an inhaling penalty, it is a tobacco use penalty. Anyone who smokes cigarettes, pipes or cigars has to pay. Snuff or chewing tobacco users have to pay. As a matter of fact, if you are enrolled in the state health insurance plan and go home on Friday night and light up an after dinner cigar, you will have to pay \$120.00 for that privilege. Now if after dinner you were to light up a marijuana joint, you wouldn't have to pay. It's not a tobacco product.

If you were a cocaine addict, you wouldn't have to pay the one hundred twenty dollars, you wouldn't even have to pay if you were a heroine addict. Neither would you have to pay if you were obese, in a highly stressful occupation, or someone whose lifestyle placed you at a high risk to contract AIDS. You wouldn't have to pay the penalty if you didn't use tobacco, but everyone in your family did use tobacco products.

This bill, if enacted, would not restrict the ability of the HCC to establish and offer to employees a program to promote physical fitness. It only specifies that participation in the program must be voluntary, and that a refusal on the part of any employee should not be grounds for denying to that employee the right to buy into the state health care insurance program.

There may be some time in the future when such a measure as established by the HCC would receive the support of state workers. However, in the past few years we have seen the costs of our insurance program skyrocket to become one of the most expensive in the country. As a companion to skyrocketing costs, benefits have been deteriorating at an alarming rate. Until something can be done to get a firm handle on these problems, new programs should be held to a minimum. In its best light, the concepts of adding surcharges and penalties to the state employees health care coverage for 1988 was terrible timing.

We would urge you to please give favorable consideration to SB 516.

TESTIMONY PRESENTED TO THE
SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

BY

STANLEY C. GRANT, SECRETARY

DEPARTMENT OF HEALTH AND ENVIRONMENT

8 FEBRUARY 1988

SENATE BILL 516

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I COME ~~HERE~~ TODAY AS THREE PERSONS. FIRST, AS A CONCERNED CITIZEN AND TAX PAYER WHO HAS SEEN MEDICAL COSTS AND MEDICAL INSURANCE RATES SKYROCKETTING FOR MORE THAN 25 YEARS. SECOND, AS A STATE EMPLOYEE WHO SEES RATES FOR INSURANCE COVERAGE FOR MYSELF AND MY FAMILY GOING UP SHARPLY EVERY YEAR, AND THIRD, AS THE SENIOR PUBLIC HEALTH OFFICER FOR THE STATE OF KANSAS, I AM DEEPLY CONCERNED THAT THE STATE WILL BE UNABLE TO AFFORD EMPLOYEE HEALTH INSURANCE IF THE COST TREND CONTINUES TO RISE. DRASTIC MEASURES, WHICH TAKE POLITICAL COURAGE ARE ESSENTIAL TO REVERSE THE TREND.

IN THE EARLY YEARS OF THIS CENTURY, KANSAS WAS NATIONALLY RECOGNIZED AS A DRAMATIC INNOVATOR AND LEADER IN PUBLIC HEALTH LEGISLATION AND ACTION. WHERE THAT LEADERSHIP ENDED AND WHY, I CANNOT ANSWER. BUT IS IT TIME, IN FACT WE ARE OVERDUE, TO SET A NEW COURSE FOR PUBLIC HEALTH PROGRAMS IN KANSAS. IF WE WANT TO GAIN CONTROL OF THE RAPIDLY RISING HEALTH CARE COSTS --- IF WE WANT TO REVERSE THAT UPWARD TREND, THEN A POSITIVE, DIRECT ATTACK MUST BE MADE AGAINST THE CAUSES OF THE INCREASING RATES. WE HAVE INFORMATION ABOUT THE KINDS OF USES MADE OF THE STATE EMPLOYEES HEALTH INSURANCE CONTRACT, AND WE HAVE STATISTICAL INFORMATION ABOUT WHAT ARE THE BIGGEST COST

ITEMS. WE HAVE DATA SHOWING THE MOST TYPICAL MEDICAL NEEDS OF STATE EMPLOYEES, AND OF OTHER PERSONS IN GENERAL. THE NEXT STEP IS ACTION, AND ACTION HAS BEEN TAKEN --- NECESSARY ACTION --- TO ZERO IN ON HEALTH CARE COSTS.

THE QUESTION IS ASKED, "WHY PICK ON THE SMOKERS? WHY NOT GO AFTER THOSE WHO ARE OVER-WEIGHT AND THOSE WHO DO NOT EXERCISE, AND THOSE WHO ARE ABUSING OTHER SUBSTANCES?" THE ANSWER, OF COURSE, IS, WE MUST ULTIMATELY INVOLVE EVERYONE, IF WE WANT TO CONTINUE TO REDUCE THE COSTS OF MEDICAL INSURANCE. AS INDIVIDUALS, WE MUST BECOME RESPONSIBLE FOR OUR OWN ACTIONS AND LIFE-STYLE. WE CANNOT EXPECT THAT PEOPLE WHO CARE ABOUT THEIR HEALTH WILL CONTINUE TO PAY THE COSTS FOR THOSE WHO CHOOSE TO ABUSE THEIR HEALTH. IF WE WANT TO CONTINUE TO DO THINGS THAT ARE CLEARLY CHOICES AND THAT ARE KNOWN TO BE DETRIMENTAL TO OUR HEALTH, THEN WE MUST BE INDIVIDUALLY WILLING TO PAY THE EXTRA COSTS. BUT THERE IS ALSO ANOTHER SOLUTION, AND THAT IS STAYING WELL. WELLNESS PROGRAMS WERE BIG ITEMS A FEW YEARS AGO. IN THE EARLY 1970S, MORE AND MORE PEOPLE BEGAN TO GET SERIOUS ABOUT SELF-CARE AND STAYING WELL WITH EDUCATION, EXERCISE, PROPER DIET, GOOD MENTAL ATTITUDES AND CUTTING OUT OF TOBACCO AND OTHER ABUSIVE SUBSTANCES. THAT EMPHASIS CONTINUES FOR MANY PERSONS TODAY. HOWEVER, IF THERE IS NO PERSONAL OF FINANCIAL INCENTIVE, IF THE EMPLOYER CAN AFFORD IT AND JUST CONTINUES TO PAY THE ENTIRE COST OF HEALTH INSURANCE NO MATTER HOW HIGH IT GETS, THE EMPLOYEES MAY CONTINUE TO TAKE THEIR HEALTH AND LIFE-STYLE FOR GRANTED. I BELIEVE MOST STATE EMPLOYEES WOULD RATHER SEE MORE DOLLARS IN THEIR PAY CHECKS RATHER THAN MORE DOLLARS EVERY YEAR GOING TO PAY HEALTH INSURANCE COSTS. SO WHY THE SMOKERS FIRST? --- SMOKING IS THE MOST CLEARLY IDENTIFIED CAUSE OF "HIGH COST" DISEASES, DISABILITY,

AND DEATH. SMOKING IS THE RIGHT PLACE TO START, AND THE RIGHT PLACE TO BEGIN TO FUND A STATE-WIDE STATE EMPLOYEE WELLNESS PROGRAM WHICH HAS THE POTENTIAL TO BRING THE COSTS OF HEALTH INSURANCE DOWN SIGNIFICANTLY IN JUST A FEW YEARS.

YOU HAVE BEFORE YOU A MORE DETAILED FACT SHEET AND STATISTICAL STATEMENT ABOUT THE RISKS, HAZARDS, COSTS, AND LOSSES DUE TO SMOKING, WHICH I SHALL NOT READ IN ITS ENTIRETY, BUT SUBMIT AS SUPPORT DOCUMENTATION FOR MY REMARKS. HOWEVER, I DO WANT TO READ ALOUD THE FIRST PARAGRAPH OF THAT STATEMENT. I URGE YOU TO READ ALL OF IT.
(HERE READ FIRST PARAGRAPH OF NARRATIVE)

I URGE YOU NOT TO SUPPORT SENATE BILL 516.

THANK YOU

SUPPLEMENTAL

Written Testimony Prepared for the
Senate Public Health and Welfare Committee

by

The Kansas Department of Health and Environment
Stanley C. Grant, Ph.D., Secretary

SENATE BILL 516

It has been nearly a quarter of a century since the first Surgeon General's report, SMOKING AND HEALTH, was released. No data collected since then, no scientific research has been forthcoming to refute the findings of that report. Today, there is no doubt that smoking is truly "slow-motion suicide".

Mortality rates for smokers are from 70 to 270 percent higher than nonsmokers depending on dosage and age bracket, according to the U.S. Department of Health and Human Resources. Heavy smokers use the nation's health care system at least 50 percent more than do nonsmokers. Persons who are twenty-five years old and smoke 2-packs of cigarettes a day have life expectancies 8.3 years shorter than do their non-smoking contemporaries. Larynx cancer in all smokers (including pipe and cigar) is 2.9 to 17.7 times that of nonsmokers. Cigarette smokers have 3 to 10 times as many oral cancers as nonsmokers. Cigarettes, pipes and cigars increase the risk of dying of esophageal cancer about 2 to 9 times. Cigarette smokers have 7 to 10 times the risk of bladder cancer as nonsmokers, and 2 to 5 times the risk of dying of pancreatic cancer. The excess mortality of cigarette smokers is proportionately greater at ages 45-54 than at younger or older ages. A smoker doubles his risk of dying before age 65.

SMOKING AND CARDIOVASCULAR DISEASE

Studies of more than two million individuals show that cigarette smoking increases the risk of sudden cardiac deaths and atherosclerosis (lesions, plaques and occlusions of arteries, heart and other organs). Stopping smoking sharply decreases the risk of heart attacks and other circulatory diseases. This begins to happen within one year after stopping and after 10 years the ex-smoker's risk is almost the same as that of a person who never smoked. Coronary artery disease is one of the leading medical care costs of state employees.

Luce and Schwedtzer, reporting in the New England Journal of Medicine (March 9, 1978) estimated that, on the average, smokers require an additional \$230 per person per year for medical care alone, and cost employers an additional \$765 per person per year for discounted lost earnings due to morbidity and premature mortality. As they point out it may be some time before the full \$995 per employee filters down to the company, but it represents a realistic target in long-range policy projections. (NOTE: These are January, 1981 dollars.)

Lost earnings are not the only costs associated with higher rates of mortality and disability. Economist Marvin Kristen, of the American Health Foundation,

estimates that smokers cost an extra \$45.00 per year per smoker for accidental injury and related workers' compensation costs. His calculations were based on studies showing that smokers have twice the accident rate of nonsmokers due to carelessness caused by attention loss, eye irritation, coughing and hand interference.

Dr. William L. Weis, of the Albers School of Business, at Seattle, Washington, in his article, "Can You Afford to Hire Smokers" published in Personnel Administration, May, 1981, presents the following estimated annual cost to employers of an employee who smokes.

Additional Annual Cost of Employing Smokers
and Allowing Smoking at the Work Place

<u>Cost Sources</u>	<u>Annual Cost per smoker</u>
Absenteeism	\$ 220 a
Medical Care	230 b
Morbidity and Early Mortality (discounted lost earnings)	765 b
Insurance (excluding health)	90 c
On-the-Job Time Lost	1820 a
Property Damage and Depreciation	500 d
Maintenance	500 d
Involuntary Smoking	<u>486 e</u>
Total Cost per Smoker per Year	\$4611

All costs are in January 1981 dollars.

- a) Assumes that total personnel cost to employer, including fringes and payroll taxes, equals \$20,000 per employee.
- b) Based on Luce and Schweitzer (1978) adjusted for 1981 dollars.
- c) Based on Kristein (1980) adjusted for 1981 dollars.
- d) Based on interviews by author.
- e) Based on White and Froeb (1980), Wynder and Stellman (1977), and Luce and Schweitzer (1978).

Smoking is only one element of "wellness". It is used as an example because it is easily isolated as a cause of illness and early mortality and has the Page 3

potential for such devastating effects upon human life and health. However, other factors such as high blood pressure, poor eating habits, drug and alcohol abuse, lack of exercise, high stress levels, obesity, and an accident mentality which leads to risk taking behaviors, ie, refusal to wear seat belts, speeding, etc, are also important in determining whether an individual enjoys a high level of wellness.

Because of the all-encompassing impact high level wellness has upon an individual - capacity to enjoy life, work productivity, social and cultural involvement, family life - it is an element that the individual and, secondarily, the employer, cannot afford to ignore.

Since the Chrysler Corporation announced in 1981 that for every new car it sold, \$220 went for employee health benefits and these benefits cost the company nearly as much as the steel to build the car, business and industry has sought ways to assist employees in becoming knowledgeable about and motivated to improve and maintain their level of wellness. Since then, countless worksite health promotion programs have documented the economic benefits of on-site wellness programs. The Detroit HMO, working with Chrysler on an employee wellness program which emphasized efforts to reduce cardiovascular disease risks, estimated the program could prevent at least one heart attack per year among 500 employees in the pilot program and reduce the number of strokes by 28 percent. This would amount to an annual saving of \$11,400 in hospital, physician and major medical expenses, alone. In contrast, costs for the intervention program totaled only \$6700 per year.

It is evident that employee wellness programs are not inexpensive. But, nowhere is it more evident that it takes money to save money. Not only does the employer save on direct health care expenditures, but the company also gains in less absenteeism, higher worker productivity, higher employee morale, and decreased management losses caused by the premature mortality of young, promising employees. Achieving and maintaining the behavior change necessary to guarantee a high level of wellness is time consuming and such changes must be carefully nurtured and supported. Simply telling an individual that they should stop smoking, fasten their seat belt or lose weight is a waste of time unless supported by interventions designed to nurture such changes.

At Thomas McKeown states in his treatise, THE ROLE OF MEDICINE: DREAM, MIRAGE OR NEMESIS?, "The requirements of health can be stated simply. Those fortunate enough to be born free of significant congenital disease or disability will remain well if three basic needs are met: they must be adequately fed; they must be protected from a wide range of hazards in the environment; and they must not depart radically from the pattern of personal behavior under which man evolved, for example, by smoking, overeating or sedentary living."

The Department of Health and Environment does not support S.B. 516 because it would eliminate the planned program for state employee health promotion.

Testimony on SB 516
H. Edward Flentje, Chair
State Employees Health Care Commission
February 8, 1988

On behalf of the State Employees Health Care Commission, I want to register the Commission's opposition to S.B. 516. If adopted, this bill would make health benefits more costly to most state employees and to state government; it would encourage rather than discourage smoking and tobacco use among state employees; and it would make health benefits more costly for those state employees and their families who are least able to pay for health insurance. Let me review these points briefly.

1. The State Employees Health Care Commission recommended that state government's contribution to health benefits for state employees be increased from \$38.4 million in FY 1988 to \$45.5 million in FY 1989, an increase of 18.5 percent. Governor Hayden supported this recommendation. The costs of S.B. 516 would exceed the Governor's budget recommendation by at least \$2.6 million. These added costs would have to be underwritten by higher premiums for most state employees or by state government.

2. The U.S. Surgeon General has concluded: "Cigarette smoking is the single most important preventable environmental factor contributing to illness, disability, and death in the United States." S.B. 516 would prohibit a premium discount for nonsmokers and require the roughly 28,000 state employees who do not smoke to subsidize completely the extraordinary health care costs of the 7,000 state employees who do smoke. This subsidy would further encourage smoking among state employees.

3. Nearly 18,000 state employees who are eligible for health benefits earn less than \$17,000 per year. S.B. 516 would force these employees to pay \$1.5 million in higher premiums for their families (i.e., higher than the \$173.06 per month currently charged) or require state government to pick up this cost.

In sum, S.B. 516 in our opinion sends the wrong message to 28,000 state employees who do not smoke, to 18,000 state employees who are least able to afford higher health insurance premiums, and to thousands of state taxpayers who would likely have to pay for the costs of S.B. 516.