

MINUTES OF THE HOUSE COMMITTEE ON LABOR AND INDUSTRY.

The meeting was called to order by Chairman David Heinemann at 5:10 p.m. on February 24, 1993, in Room 527-S of the Capitol.

All members were present except:

Committee staff present: Jerry Ann Donaldson, Legislative Research Department
Jim Wilson, Revisor of Statutes
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Chairman Heinemann stated that it was the goal of the committee to have a comprehensive workers compensation bill out of committee by Friday. He asked each subcommittee chairman to report the recommendations of their subcommittee on their assigned areas of the proposed bill.

Representative Lane, Chairman of Subcommittee No. 1, gave his report on medical and insurance issues stating that they had worked with all three bills--HB 2354, HB 2375, and HB 2432. The subcommittee recommended accepting the Director's Medical Fee Schedule of HB 2354, incorporating vocational rehabilitation from HB 2432 into the schedule. In regard to a Medical Advisory Panel they adopted HB 2354 making the panel advisory only, giving the Director the authority to implement the plan as in HB 2432. They recommended an 8-member panel. In accordance with HB 2354 the employer would make the first selection of health care provider. If the employee is dissatisfied with the employer's choice, he can appeal through the Director of Workers Compensation. The employer must then furnish a list of three additional health care providers for the employee to choose from. A clinic or professional association would be considered a single care provider; the three names must be from three different clinics. Concerning unauthorized medical compensation, allowance, the subcommittee recommended it be increased to \$500 as proposed in HB 2354. They added a conceptual addition that the \$500 was not to be used for an impairment rating. In regard to Utilization and Peer Review, Representative Lane commented there was conflict between HB 2432 and HB 2354 concerning open records. They proposed Section 10 in HB 2432 to specify that all reports or records are privileged as long as they are in the hands of the provider, but once they are in the hands of the Director they are open to the public.

Concerning Insurance Rating for Surcharge on Fund, they adopted the language in HB 2354 that the Director is authorized to reduce rates for good safety programs. The subcommittee did not address the issue of the Permanent Removal of State General Fund Entitlement from SB 241. The subcommittee changed the provision in HB 2354 regarding Assigned Risks to protect risks with less than \$1000 annual premium to \$2250 annual premium to match the assigned risk threshold. The subcommittee adopted the language in HB 2354 concerning both Credentials of Group-Funded Pool Representatives and an Advisory Council. See attached minutes from Subcommittee No. 1. (Attachments 1 and 2)

Representative Cornfield, Chairperson of Subcommittee No. 2, reported her subcommittee was still working on Vocational Rehabilitation. Concerning Informational and Educational Materials her subcommittee adopted it favorably as contained in HB 2121. They passed Accident Prevention Programs as stated in HB 2179. The subcommittee is still working on Workplace Safety. Drugs and Alcohol provisions in HB 2354 were adopted with one amendment on page 16, line 26, to include "within the previous twelve months." The subcommittee reached no consensus on Safety Guards. Her subcommittee was in full agreement on changing the wage base from \$10,000 to \$20,000.

Representative Donovan reported the conclusions of Subcommittee No. 3 for Chairman Hayzlett. The subcommittee adopted the language of HB 2354 in the area of fraud with one exception. If a claim is under \$500 it would still be addressed as a Class C misdemeanor; however, if it goes over \$500 it would become a

GUEST LIST

COMMITTEE: HOUSE LABOR AND INDUSTRY

DATE: 2-24-93

[illegible]

Approved: _____
Date

MINUTES OF THE HOUSE LABOR AND INDUSTRY SUBCOMMITTEE #1

The meeting was called to order by Chairperson Al Lane at 7:30 a.m. on February 22, 1993 in Room 531-N of the Capitol.

All members were present.

Committee staff present: Dianne Anderson, Committee Secretary

Chairperson Lane announced the consensus of the subcommittee to work on the assigned items rather than hold hearings. He requested input from all interested parties. The subcommittee assignments were as follows:

Medical Issues:	Fee Schedule Advisory Panel Choice of Physician Change of Physician Unauthorized Medical Utilization and Peer Review
Insurance Issues:	Experience-Based Rating for Surcharge on Fund Assigned Risk Credentials for Group Pool Representatives

Advisory Council

The issues of fee schedule and advisory panel were discussed. Joe Furjanic discussed unauthorized medical and suggested adding a clause to state that unauthorized medical cannot be used for impairment rating. He also recommended reinserting the wording *examination, diagnosis or treatment*. Bill Morrissey stated that he did not feel the changes in the bill would be what was desired.

Larry McGill favored employer choice of physician. Rep. Grant proposed providing an option of three, four or five employer selections for the employee to choose from. Rep. Lane suggested possibly eliminating unauthorized medical.

A motion was made by Rep. Packer and seconded by Rep. Mayans to adopt the language in HB 2354 for Medical Fee Schedule and Advisory Panel.

Rep. Grant questioned whether the schedule was adjusted geographically. Morrissey affirmed this and stated that the advisory panel would be advisory only and that the director would institute the schedule.

Rep. Lane requested the adoption of the fee schedule and advisory panel in House bills 2354, 2375 and 2432, stating that HB 2432 clarifies language regarding vocational rehabilitation. Bill Morrissey questioned what amount of authority the advisory panel would have and the committee discussed leaving the panel at eight members rather than increasing it to eleven. Rep. Garner stated that the language included vocational rehabilitation clarification. The motion to adopt the language in HB 2354 for Medical Fee Schedule and Advisory Panel was passed unanimously.

The committee then addressed the choice of physician, change of physician, and unauthorized medical compensation allowance issues. Rep. Lane and Bill Morrissey covered the current law. Rep. Lane noted that the major difference in HB 2375 is that the injured worker has the choice of physician. There was continued deliberation and the suggestion was made that the employer would provide up to five selected physicians for the employee to choose from, and unauthorized medical could be eliminated. Mr. Morrissey agreed with this suggestion, if the five physicians would be disassociated. Rep. Packer favored the employee's choice of physician, as the employee would be more responsive to a familiar doctor. It was determined that the Human Resources department would not have the ability to provide a list of physicians. Terry Leatherman led discussion on HB 2375 regarding first choice and the committee continued to discuss doctor lists.

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.

House Labor and Industry
Attachment 1
2-24-93

CONTINUATION SHEET

MINUTES OF THE HOUSE LABOR AND INDUSTRY SUBCOMMITTEE #1, Room 531-N
Statehouse at 7:30 a.m. on February 22, 1993.

Wayne Michaels stated that if insurance companies had the power to select physicians, he was opposed to employer choice. The committee discussed the deductible and continued to debate whether insurance companies should be allowed to select first choice. There was a general consensus that there should be potential for change of physician. KCCI is in favor of retaining employer choice of physician. The committee further discussed selection of second physician.

The meeting was adjourned at 9:00 a.m.

Approved: _____
Date

MINUTES OF THE HOUSE LABOR AND INDUSTRY SUBCOMMITTEE #1

The meeting was called to order by Chairperson Al Lane at 7:30 a.m. on February 23, 1993 in Room 531-N of the Capitol.

All committee members were present.

Committee staff present: Jerry Donaldson, Legislative Research
Dianne Anderson, Committee Secretary

Rep. Lane began the meeting by requesting discussion on the issue of choice of health care provider in cases of workers compensation. A motion was made by Rep. Packer to adopt the language in House bill 2354. In response to a question from Rep. Grant, Jerry Donaldson clarified the wording of the bill for the committee. She explained that initially the employer would choose the physician, but that the employee would have the choice of three selected physicians if dissatisfied with the one chosen. After further deliberation, the motion was passed unanimously.

Rep. Lane then introduced the topic of unauthorized medical, stating that the matter of change of health care provider had been settled with the previous motion. Rep. Lane recommended that the issue be resolved by modifying the wording of House bill 2354 as follows: The words *examination, diagnosis or* should be reinserted in line 7 on page 32, and a conceptual sentence such as *not to be used for impairment rating* should be inserted in the same sentence, possibly at the end. Bill Morrissey expressed confusion as to why the \$500.00 total liability could not be included in settlement negotiations as worded in lines 11 through 13. The committee was unable to explain and Rep. Lane stated that he would devise an amendment to change the confusing wording before the bill went to the floor. Rep. Packer made a motion to insert the above mentioned sentences in HB 2354 which passed unopposed.

Rep. Lane moved to the next issue, that of utilization and peer review. Bill Morrissey pointed out a conflict between House bills 2354 and 2432. HB 2432 states that reports of findings of utilization or peer review shall be open to the public, while HB 2354 does not. Mr. Morrissey proposed changing the wording in section 10 of HB 2432 to specify that all reports or records submitted to the contractor for utilization or peer review are privileged as long as they are in the hands of the contractor but that once they reach the office of the director, they would be open to the public. Rep. Packer moved to delete lines 23-31 on page 30 of HB 2354 and substitute them with lines 40-43 on page 22 and lines 1-9 on page 23 of HB 2432. The motion carried. Rep. Packer then moved to accept the utilization or peer review of HB 2354 and this motion also passed.

Rep. Lane introduced the issue of the advisory council and creation of the advisory council was discussed by the committee. Rep. Garner questioned the purpose of creating another government board. Mr. Morrissey responded by stating his belief that the creation of the advisory council would bring labor and management together. Rep. Packer moved to adopt the advisory council in section 6 of HB 2354 and the motion was carried.

Rep. Lane began discussion of experience based ratings for surcharges. Jerry Donaldson briefed the committee, stating that under HB 2354, the insurance commissioner is empowered to establish experience based rates for the surcharge on the state fund. Rep. Garner motioned to adopt section 45, lines 5-19 of HB 2354 and the motion was carried.

Senate bill 215 was the next topic of the committee. Rep. Lane led the discussion of the appropriation of money into the state fund which is paid back to the state at the end of the fiscal year. Mr. Morrissey pointed out the fiscal impact of SB 215 on carriers and self insurers in that they would lose investment income on the fund. He stated that there would also be an impact on insurance rates. Rep. Garner recommended leaving the matter to the Ways and Means and Appropriations committees, to which the committee agreed.

The next item was the matter of assigned risk on which Jerry Donaldson briefed the committee. Larry McGill favored changing the date in line 40, page 14 from 1997 to 1998. There was then discussion on moving the assigned risk from \$1,000.00 to \$2,250.00. Rep. Mayans motioned to adopt HB 2354 with the date change mentioned above and moving the threshold to \$2,250.00. There was discussion regarding whether this change would help small businesses. Mr. McGill stated that he believed that small businesses would come out ahead in the long term. The motion is carried.

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.

House Labor and Industry
Attachment 2
2.24-93

CONTINUATION SHEET

MINUTES OF THE HOUSE LABOR AND INDUSTRY SUBCOMMITTEE #1, Room 531-N
Statehouse, at 7:30 a.m. on February 23, 1993.

Rep. Lane began discussion of credentials of group funded pool representatives. There was discussion of licensing and certification of insurance agents and the impracticality of the certification requirement. Rep. Packer motioned to adopt section 52 of HB 2354 and the motion was carried.

The meeting was adjourned at 9:05 a.m.