

Approved: April 1, 1994
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson William Bryant at 3:30 p.m. on March 22, 1994 in Room 527-S of the Capitol.

All members were present except: Representative Tom Bruns
Representative Robert Watson

Committee staff present: William Wolff, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Gary Reser, Governor's Office
Sharon Huffman, Commission on Disability Concerns
Cheryl Tatroe, Kansas Alliance for the Mentally Ill
Brad Smoot, Blue Cross/Blue Shield
Michael R. Todd, Health Care Reform Coalition
Larry Magill, KAIA
Gina McDonald, Kansas Association of Centers for Independent Living

Others attending: See attached list

HEARING ON HB 3076: Insurance plans for sickness and accidents, requirements

Gary Reser from the Governor's office explained the bill whose goals are universal coverage, cost containment, and affordable health care for Kansas citizens (Attachment 1). No individual would be denied insurance coverage based upon pre-existing conditions. The entire state would be considered community for the purpose of community rating. Employers currently providing health coverage must continue the coverage unless financially distressed.

Sharon Huffman, Kansas Commission on Disability Concerns, presented testimony supporting the bill (Attachment 2). Without comprehensive health care reform with universal and lifetime coverage, no exclusions for pre-existing conditions, and no caps on services, welfare reform will not be complete.

Cheryl Tatroe, Kansas Alliance for the Mental Ill, supports the bill and the existing mental health mandate (Attachment 3). The Alliance does recommend that neurobiological brain diseases such as schizophrenia, depression, and manic-depression receive the same coverage as other brain diseases such as Parkinson's, multiple sclerosis, and Alzheimer's.

Brad Smoot, Blue Cross/Blue Shield, presented testimony supporting the community rating relying on a phase in plan (Attachment 4). This bill would likely implement a plan whereby a group such as the state employee group would pay more in premiums so that other groups could pay less. It creates strong pressure on those groups to escape to self-insurance. They recommend the sale of stop-loss or reinsurance be prohibited. The bill also requires insurers to accept all applicants, both for group and nongroup coverage, but apparently permits them to use exclusionary riders for nongroup coverage. Rate compression and its negative effects on premiums were discussed.

Mike Todd, Health Care Reform Coalition, voiced two oppositions to the bill (Attachment 5):

1. Maximum lifetime benefit of \$500,000
2. The exclusion of periods for pre-existing conditions.

Larry Magill, KAIA, presented opposition to the bill for the following reasons (Attachment 6):

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
Room 527-S Statehouse, at 3:30 p.m. on March 22, 1994.

1. Cannot support an across-the-board 90-day pre-existing condition requirement. This would allow people to "game" the system.
2. Community rating is already in place but this bill would eliminate the ability to rate on the basis of territory, age, or sex.
3. Opposed to Section 10 which contains an employer mandate for those employers for are presently providing health insurance until January 1, 1998.
4. Opposed to Section 11 which appears to require guaranteed issue health insurance for all group and individual health policies.

Gina McDonald, Kansas Association of Centers for Independent Living, stated that the bill was very limited in scope and coverage and appears to be another band-aid solution to a crisis situation (Attachment 7). They are opposed to the \$5,000 annual deduction option and the \$500,000 lifetime cap. They also recommend the elimination of all pre-existing conditions clauses to ensure portability. They suggested including disability to the list of civil rights on Page 32.

ACTION ON SB 713: Vehicle insurance for self-insurers

Representative Cornfield moved that the bill be passed out favorable. Motion was seconded by Representative Neufeld. Motion carried.

ACTION ON SB 731: Establishing another class of real estate appraiser

Representative Minor moved that the amendment requested by the real estate appraisal board be approved and that the effective date be changed to publication in the Register. Motion was seconded by Representative Correll. Motion carried.

Representative Cox moved that the bill be passed out favorably as amended. Motion was seconded by Representative Correll. Motion carried.

ACTION ON SB 761: Collateral source benefits in certain actions for damages

Representative Cox moved that the bill be passed out favorably. Motion was seconded by Representative Cornfield. Motion carried.

ACTION ON HB 3076: Insurance plans for sickness and accidents, requirements

Representative Helgerson moved that the bill be passed out favorably. Motion was seconded by Representative Sebelius. The motion failed.

ACTION ON SB 680: Exemption for continuing education requirements for real estate brokers and salespersons licensed 10 or more years and 80 or more years of age

Representative Allen moved to remove the bill from the table. The motion was seconded by Representative Cornfield. Motion carried.

Representative Allen moved to have the bill reported favorably. Motion was seconded by Representative Gilbert. Motion carried.

Representative Gilbert moved that the minutes of March 10 be approved. Motion seconded by Representative Crabb. Motion carried.

The meeting adjourned at 5:00. No further meetings are scheduled.

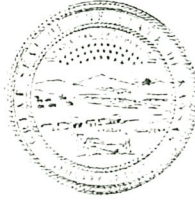
GUEST LIST

COMMITTEE: _____

DATE: 3/22/94

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
JIM McCUNE	TOPEKA	AARP
KAREN FRANCE	"	KAR
Gary Reser	Topeka	GOVERNOR
Brad Smoot	"	BEBS
Lori Callahan	"	Kammilo
Patty SLAUGHTER	TOPEKA	KMS
W. Gross	KC	Shawnee Mission Med Ctr
Therese Mason	Topeka	KTHA
Sharon Huffman	"	KCDC
Michael Robb	Lawrence	Health Care Reform Coalition
Cina McDonald	Topeka	KACIK
Ernest Dyer	Wichita	WHA
Danielle Noel	Topeka	HIAA
LARRY MAGILL	"	KAIA
Bob Corkins	"	KCCI
Lee Wright	Overland Park	Farmers Ins Group
SHELBY Smith	Wichita	KPMA
Nendell Strong	Topeka	AARP-CCTF
Leland Smith	Wichita	WIBA
Sheryl Tatroe	Topeka	Ks Alliance for Mentally Ill
Dick Brock	TOPEKA	INS. DEPT.
Sara McFarland	Overland Park	OP Chamber

STATE OF KANSAS



OFFICE OF THE GOVERNOR

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State Capitol, 2nd Floor
Topeka, KS 66612-1590

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1-800-432-2487
TDD# 1-800-992-0152
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TO: Members of the House Financial Institutions and Insurance Committee

FROM: Gary Reser
Governor *Gary Reser* Joan Finney's Legislative Liaison

DATE: March 22, 1994

SUBJECT: Testimony on House Bill 3076

Representative Bryant and members of the committee, thank you for the opportunity to appear today on behalf of the Governor and express her support for House Bill 3076.

The insurance components included in House Bill 3076 are complimentary to health care proposals contained in House Bill 3075.

The Governor is very supportive of the major goals of House Bill 3076, including universal coverage, cost containment, and affordable health care for Kansas citizens.

The waiting periods for pre-existing conditions and the portability provisions of House Bill 3076 are substantially the same as those found in Senate Bill 566 and Senate Bill 612, which were passed earlier by this committee.

No individual would be denied insurance coverage based upon pre-existing conditions under House Bill 3076. The entire state would be considered community for the purpose of community rating. In addition, an employer currently providing health coverage must continue the coverage unless financially distressed.

The Governor respectfully urges the committee to recommend House Bill 3076 favorable for passage.

Thank you again, Mr. Chairman.

House F&I
Attachment 1
3-22-94

KANSAS COMMISSION ON DISABILITY CONCERNS

1430 SW Topeka Blvd
Topeka, KS 66612-1877
(913)296-1722 (V) 296-5044 (TTY) 296-1984 (Fax)

TESTIMONY PRESENTED TO HOUSE FINANCIAL INSTITUTIONS AND INSURANCE

by

Sharon Joseph, Chairperson
March 22, 1994

House Bill 3076

Mr. Chair, members of the committee, thank you for this opportunity to testify in support of House Bill 3076.

Kansas Commission on Disability Concerns (KCDC) advocates for the rights of people with disabilities and promotes policies that are favorable for the independence of people with disabilities. One such policy that has been opened up for debate this legislative session is that of reducing or eliminating waiting periods for preexisting conditions that are currently allowed in health insurance plans. KCDC supports the proposals in HB 3076 to reduce the waiting period for preexisting conditions from one year to 90 days. We also support the proposal to consider the entire state as one community for the purpose of community rating. This policy could eliminate the cherry-picking that goes on in the insurance industry today. No longer would individuals with disabilities have to face the fear of losing a job or being denied employment due to the employer's perceived risk of increased insurance premiums.

KCDC also supports the provisions in New Sec. 10 that would guarantee insurance coverage to everyone after January 1, 1998. We understand the need for a phase-in period and would much rather see this policy adopted immediately, but trust your judgement and the expertise of those instrumental in drafting this piece of legislation. When considering any of the health care reform legislation before you, please keep in mind the following:

Many of you have heard the horror stories of people whose lives have been destroyed as a result of medical expenses. Imagine for a minute being the

Sharon F. D. J.
Attachment 2
3-22-94

KCDC Testimony
HB 3076
March 22, 1994

mother or father that has to choose between putting food on the table or taking a sick child to the doctor. Would you choose to watch your healthy children starve or your sick child suffer prolonged pain due to lack of medical treatment? These are not decisions that any American should have to make.

Individuals and families with chronic medical problems have been held hostage to a system of medical care that falls horribly short of adopting policies favorable for the independence of people with disabilities. Something is wrong with a society that forces families into bankruptcy because of high medical expenses that insurance companies refuse to pay. There has been much debate this year over welfare reform. Without comprehensive health care reform with universal and lifetime coverage, no exclusions for preexisting conditions and no caps on services welfare reform will not be complete. Individuals and families will be forced to remain on the welfare roles in order to receive even minimal medical care.

In closing I would like to read a letter submitted to our office that was addressed to Representative Slattery, but which could have just as easily and appropriately been addressed to any of you before me today. (Copy of letter is attached.)

PTP

MAR 21 1994

PTP

**PARENT TO PARENT
2234 GARFIELD AVE.
KANSAS CITY, KS 66104
(913)342-9833
(913)334-6150**

**DEDICATED TO HELPING
BRING FAMILIES TOGETHER**

March 7, 1994

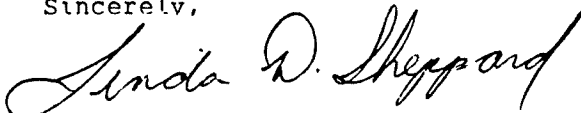
Ms. Sharon Hussman
Kansas Commission on
Disability Concerns
1430 SW Topeka Blvd.
Topeka, KS 66612

Dear Ms. Hussman:

I am writing to state my support for the work KCDC is doing in regards to health care reform. The Legislative Update is very informative.

Attached is a copy of the letter I sent to the Kansas delegation. Please feel free to use it in your efforts. If you need any other information, please contact me.

Sincerely,



Linda D. Sheppard
Coordinator

March 7, 1994

The Honorable Jim Slattery

United States House of Representatives
2243 Rayburn HOB
Washington, D.C. 20515

Dear Representative Slattery:

I am writing to urge you to support universal health care reform.

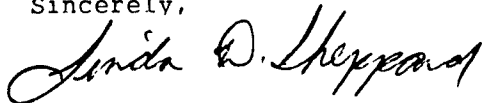
My friends and neighbors are hard-working, lower to middle class people, and they all have complaints with the current system. I have a son with multiple disabilities and belong to a support group for families with children with disabilities. I have heard their complaints about health care and know their concerns.

I lost a job ten years ago due to my son's chronic illness. Because of the time I needed to take off to care for my son, I became a liability to the company. I looked at my options, but when I was not granted a leave of absence, I had to quit. The stress at work and caring for my sick son was unbearable. I lost all medical benefits and my financial situation went from bad to worse. Because of our lack of medical benefits and my financial situation, there were times when my son was not afforded medical opportunities that would have made life less painful for him. Can you imagine watching your child suffer for this reason?

As a parent of a disabled child, I urge you not to endorse any plan that does not address the needs of individuals with disabilities.

Please, if you believe there are no problems with our current system, please contact me, and I'll be glad to provide you with more information. Thank you for your consideration of my concerns.

Sincerely,



Linda D. Sheppard
2234 Garfield Ave.
Kansas City, KS 66104
(913) 342-9833



KANSAS ALLIANCE FOR THE MENTALLY ILL

112 S.W. 6th • P.O. Box 675

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Assistant Director

Dottie Melchior

Administrative Secretary

Testimony

To: House Financial Institutions & Insurance

From: Terry Larson, Executive Director
Kansas Alliance for the Mentally Ill

RE: House Bill 3076

House Bill 3076 is one of the few bills introduced this session that addresses real health care reform for the people of Kansas. Though not perfect, it should be supported for the following reasons:

1. No person could be denied health insurance on account of pre-existing conditions.
2. The waiting period for coverage of pre-existing conditions is reduced from one year to 90 days.
3. Portability is assured.
4. It employs statewide community rating.
5. The existing state mandates are still in place, including mental health.

The Kansas Alliance for the Mentally Ill supports the existing mental health mandate. However, we also believe that major mental illnesses do not belong within that mandate. Rather, neurobiological brain diseases such as schizophrenia, depression and manic-depression should receive coverage the same as other brain diseases such as Parkinson's Disease, multiple sclerosis and Alzheimer's Disease. Major mental illnesses are no-fault diseases, and their symptoms are due to the brain not functioning the way it was supposed to. Comparisons can be made to diabetes and asthma whereby the pancreas and the lungs are not working the way they should.

House Bill 3076 could be the ideal vehicle to implement parity for mental illness.

Thank you.

Affiliated with the National Alliance for the Mentally Ill

House F&I

Attachment 3

3-22-94

EIGHTH & JACKSON STREET
MERCANTILE BANK BUILDING
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TOPEKA, KANSAS 66612
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(913) 234-3687 FAX

BRAD SMOOT
ATTORNEY AT LAW

10200 STATE LINE ROAD
SUITE 230
LEAWOOD, KANSAS 66206
(913) 649-6836

**STATEMENT OF BRAD SMOOT, LEGISLATIVE COUNSEL
FOR BLUE CROSS BLUE SHIELD OF KANSAS**

**PRESENTED TO THE KANSAS HOUSE
FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
REGARDING 1994 HOUSE BILL 3076, MARCH 22, 1994**

Blue Cross and Blue Shield of Kansas, and the Blue Cross and Blue Shield Association with which we are affiliated, have supported community rating as an essential step in health care financing reform for several years. As long ago as 1990, we proposed a system of flat community rating of group insurance coverage to the Kansas legislature, which relied on a three year phase-in.

Blue Cross Blue Shield supports the community rating concepts of HB 3076.

Community rating restores our original operating philosophy. Until the 1960s, we charged the same premium for the same coverage to all persons. Only a few years ago, we reluctantly abandoned community rating of small groups in the face of intense competitive pressures, and we have been supporting rate reform ever since.

Community rating under HB 3076 differs significantly from rate compression under SB 612 and current law. First, HB 3076 would apply to all insurance, not just small group insurance. It would likely mean that a group such as the state employee group would pay more in premiums so that other groups could pay less. In applying to larger groups, it creates strong pressure on those groups to escape to self-insurance. While under ERISA the legislature cannot prevent such efforts to self-insure, we suggested under SB 612 and must suggest here as well, that the sale of stop-loss or reinsurance be prohibited.

Second, current law and SB 612 do not encompass nongroup coverage. Currently, some insurers charge all nongroup insureds the same rate - that is, they community rate for the community of nongroup insureds - but adjust for risk through exclusionary riders

*Have F&S
Attachment 4*

3-22-94

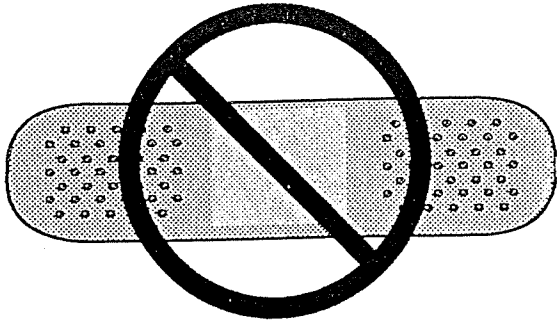
for existing conditions. Other insurers have a base (community) rate, do not use exclusionary riders, but charge substandard (higher) rates to persons with existing health conditions. In both cases, insurers reject persons with the worst health conditions from coverage. HB 3076 requires insurers to accept all applicants, both for group and nongroup coverage, but apparently permits them to use exclusionary riders for nongroup coverage. We have not had time to analyze what the actuarial impact of guaranteeing issuance of coverage in the nongroup market would mean under these circumstances.

Third, under rate compression, there can still be a wide variance in rates from one group to the next. Under current law and SB 612, a carrier begins by developing a base rate - a community rate - but then various adjustments are permitted. Rates for employers of similar case characteristics with the same coverage may vary by 25%, plus or minus, from the base rate. In addition, adjustments are allowed for age and sex composition of the group, industrial classification, and geography, so even larger differences may occur from group to group.

It is not easy to put Humpty Dumpty back together again. As we said in connection with 1992's SB 561 and this year's SB 612, whenever we seek to return insureds from an experience rating basis to a community rating basis, for every person who experiences rate relief, there will be another person who pays a higher premium. Simply put, some rates have to go up so that others may come down. In New York, which adopted a flat community rating law, probably the biggest outcry was from the young. Age and income tend to directly correlate, so those with the least income may be faced with the largest rate increases.

New York's legislation, and some elements of the President's Health Security Act, help illustrate that returning to community rating is not a simple affair. Both packages include "risk adjustment" mechanisms, the premise of which is that some carriers will, because they have been accepting worse risks than others and have a generally less healthy book of business at the commencement of community rating, have a higher community rate than other carriers and will therefore be unable to attract new insureds as readily. Risk adjustment mechanisms look at a carrier's book of business as a whole and try to equalize risk among carriers.

That said, Blue Cross Blue Shield believes that the purpose of health insurance is to provide a mechanism by which the burden of illness may be shared within the community, and that community rating with appropriate consideration for risk adjustment among carriers may again someday provide the most equitable method of allocating that burden.



**No more Bandaid attempts
at health care reform!**

Health Care Reform Coalition

**KANSAS HOUSE FINANCIAL INSTITUTIONS
AND INSURANCE COMMITTEE
House Bill No. 3076
March 22, 1994**

testimony by: Michael R. Todd
Health Care Reform Coalition
2011 Miller Dr.
Lawrence, KS 66046
(work) 913-841-0333
(home) 913-843-2428

Thank you, Chairman Bryant and members of the Financial Institutions and Insurance Committee, for allowing me to testify on House Bill No. 3076. I am Mike Todd and I am speaking on behalf of the Health Care Reform Coalition, a group of over 100 Kansas agencies that advocate for people with disabilities and seniors. I have included our Statement of Principles, which were presented to the Public Health and Welfare Committees of both Houses of the Legislature last month. This Statement expresses what we feel to be the most important features that any health care reform plan must include.

While we applaud the mandate that insurers eventually use community rating in setting premiums for health insurance in our state, we do oppose two specific points of this bill. Page 1, Section 1(b) states that "Coverage under the plan shall be subject to a maximum lifetime benefit of \$500,000 per covered individual." We cannot, and will not, endorse any health care reform endeavor that allows a maximum benefit for any amount of time. I have been in the position where my health insurance had paid out the maximum amount of benefits while I still faced a lengthy hospital stay. It is extremely disheartening to lie in a hospital bed and wonder how on earth you are going to pay the bills that are piling up. It also does not help the healing process. Benefit caps directly discriminate against people who use, or have used, benefits under their health insurance. This includes people with disabilities and older workers and policyholders.

We also cannot support the preexisting conditions exclusions set forth on pages 1, Section 1(c) and page 28, Section 6(b). We feel very strongly that to exclude persons based on preexisting conditions, for any amount of time, is unacceptable. It discriminates against those with current health conditions, forcing them to wait, in this case 90 days, for treatment. This will actually increase the cost to the insurer, for without treatment many health conditions will require more extensive, and expensive, treatment. This is not only more expensive in the long run, but inhumane to the individual with the condition. These are the very people that we should be covering with insurance, to allow them to

*House F&I Attachment 5
3-22-94*

access the treatment they need and save the system money.

The Health Care Reform Coalition appreciates the effort to bring about health care reform at the state level. However, this bill does not accomplish much. With the inclusions of denial of benefits for preexisting conditions and lifetime caps on benefits we cannot support House Bill No. 3076.

PRINCIPLES OF HEALTH CARE REFORM

Reflecting the Needs of People with Disabilities and All Citizens

Whereas one in every six Americans experiences a disability; and

Whereas the needs of people with disabilities provide a litmus test for the effectiveness of the health care system; and

Whereas the health care needs of people with disabilities are not currently being met;

We, the undersigned, being organizations that advocate for the needs of people with disabilities and/or groups with similar needs, do hereby declare our solidarity on the following basic principles that must be included in health care reform:

- Universal and lifetime coverage, with no exclusions for pre-existing conditions, no caps on services, and portability.
- Comprehensive coverage to include: long term care; acute and preventative services; community-based services; prescription drugs; habilitative services and equipment; personal assistance services; mental health coverage; and durable medical equipment.
- Cost containment, affordability, and community rating
- Choice of physicians
- Quality assurance
- Simplicity and efficiency
- Consumer involvement in all phases of development and implementation

Signed this 7th day of February, 1994.

Martha Galehart

Kansas Commission on
Disability Concerns

Lisa McDonald

Kansas Association of Centers for
Independent Living (KACIL)

Shirley Young

Kansas Rehabilitation Services

Len Rhys

Kansas Planning Council on
Developmental Disabilities

Lucille Parli

Kansas Association for the
Blind and Visually Impaired

Larry Larson

Kansas Alliance for the Mentally Ill

Patricia S. Sudel

Families Together, Inc.

Kay Bell

Topeka AIDS Project

Thomas W. Hump

Kansas Association of
Rehabilitation Facilities

Michael Dodd Jr.-P. Hance

Independence, Inc.

Michael Byington
Kansas Deaf-Blind Program

Marty Wooten
Southeast Kansas
Independent Living, Inc.

Joan Hall
Independent Living Center of
Southcentral Kansas, Inc.

Brian M Atwell
Living Independently in
Northwest Kansas, Inc.

Ray Potts
Full Citizenship, Inc.

Thomas L. Robinson
Western Kansas Association
on Concerns of the Disabled

James W. Blume
Developmental Services of
Northwest Kansas, Inc.

Mark D. Elmore
Johnson County Mental
Retardation Center

Red Polzin
Northview Developmental
Services, Inc.

Lorraine R. Barry
Rainbows United, Inc.

Les Reid
Achievement Services for
Northeast Kansas, Inc.

Don Pendergast
Arrowhead West, Inc.

Don A. Ordway
COF Training Services, Inc.

Gudie Heam
Kansas Blks Training Center
for the Handicapped

James A. Smith
Futures Unlimited, Inc.

Debbie Larson
Sheltered Living, Inc.

John H. White
Bethpage Mission of the
Great Plains, Inc.

Paul M. Wolf
Kansas Association of
Mental Health Centers

Glenn Jones
Accessing Southwest
Kansas, Inc.

Jan O'Rourke
The WHOLE PERSON, Inc.

Bruce W. Nancy
Kansas Commission for the
Deaf and Hard of Hearing

Lisa Paslay
The ARC of Kansas

Jim Fisher
The Capper Foundation

Gust B. Thompson
Cerebral Palsy Research
Foundation of Kansas, Inc.

Jan C. B.
Occupational Center of
Central Kansas, Inc.

Linda Lock
Brown County Developmental
Services, Inc.

Dr. Hay Allen J.
Wyandotte Developmental
Disabilities Services

Don L. KHS
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Willie E. Gay
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Laura Gault
Starkey, Inc.

Alise M. Hackney
Nemaha County Training
Center, Inc.

Edward H. Hough
STEPS, Inc.

Jack Shuman
Tri-Ko, Inc.

William T. Fecington
AAP Kansas State
Legislative Committee

Wanda A. D.
Families USA Foundation

Margaret S. Gordon
Older Women's League,
Lawrence

Edward P. Hutter
Douglas County/Lawrence
Advocacy Council on Aging

Debbie Emery
Health Care Access Inc.

Testimony on HB 3076
Before the House Financial Institutions and Insurance Committee
By: Larry W. Magill, Jr., Executive Vice President
Kansas Association of Insurance Agents
March 22, 1994

Thank you Mr. Chairman, and members of the committee for the opportunity to appear today in opposition to many of the provisions in HB 3076.

We do not oppose those provisions which duplicate the reforms in SB 566 and SB 612 before it was amended by the House FI&I Committee including:

1. A maximum 90-day preexisting waiting period on the Kansas uninsurable health insurance plan in SB 566.
2. The anti-job lock provisions in SB 612.
3. The increase in small employer group size under the reforms enacted under SB 561 from a maximum of 25 employees to 50 employees contained in SB 612.

However, the association does not support an across-the-board 90-day preexisting condition requirement as contained in HB 3076. By applying that restriction to individual and group health coverages, you are encouraging people to "game" the system. Why would a young family not wait until nearly six months into a pregnancy to purchase health insurance? When this happens, they are not paying their fair share and the other people in the health insurance system are making up the difference.

You cannot eliminate preexisting conditions clauses or reduce them to 90 days without universal, mandated coverage and not have people take advantage of the system. We do not support a mandate. Congress must first decide how this country is to pay for universal, mandatory health insurance before Kansas can act. States cannot enact a mandate without putting themselves in a non-competitive position vis-a-vis other states

Larry F. D. D.
Attachment 6

3-22-94

and driving jobs from Kansas.

We do not see the need for the community rating requirements contained in Section 7 of HB 3076. We already have community rating of a small employer group under the reforms enacted in SB 561 in 1992. One difference is that HB 3076 eliminates the ability to rate on the basis of territory, age or sex. By eliminating differences in territorial rates, you are effectively asking rural Kansans to subsidize urban Kansans. By eliminating age, you are encouraging young, healthy individuals to leave group plans for individual policies. You simply cannot eliminate age rating on a universal basis without a universal, mandatory health requirement. From a practical standpoint, HB 3076 does not define how the community rate will be determined.

We are opposed to Section 10 which contains an employer mandate for those employers who are presently providing health insurance until January 1, 1998. This discriminates against employers who are presently providing coverage for their employees and seems to lock employers in at paying the present percentage of health insurance costs. Because of dramatically increasing health care costs, many employers have had to scale back what they are able to pay for under group health plans. We do not believe this decision should be taken away from employers.

We are also opposed to Section 11, which appears to require guaranteed issue health insurance for all group and individual health policies. We are concerned this will dry up the market for individual and small employer groups under three employees, again in the absence of a mandate. In our view, universal guaranteed issue will only work under a mandatory health insurance system.

We urge the committee not to act favorably on HB 3076. We would be happy to provide additional information or answer questions.

KANSAS ASSOCIATION OF CENTERS FOR INDEPENDENT LIVING

3258 South Topeka Blvd. ~ Topeka, Kansas 66611 ~ (913) 267-7100 (Voice/TT)

TESTIMONY TO HOUSE COMMITTEE ON

FINANCIAL INSTITUTIONS AND INSURANCE

REPRESENTATIVE WILLIAM BRYANT, CHAIRPERSON

3-22-94

Member agencies:

ILC of Southcentral Kansas
Wichita, Kansas
(316) 838-3500 V/TT

Independence, Inc.
Lawrence, Kansas
(913) 841-0333

Independent Connection
Salina, Kansas
(913) 827-9383

LINK, Inc.
Hays, Kansas
(913) 625-6942 V/TT

Resource Center for
Independent Living
Osage City, Kansas
(913) 528-3105 V/TT

ILC of Northeast Kansas
Atchison, Kansas
(913) 367-1830 V/TT

The WHOLE PERSON, Inc.
Kansas City, Missouri
(816) 361-0304 V
(816) 361-7749 TT

Topeka Independent
Living Resource Center
Topeka, Kansas
(913) 267-7100 V/TT

A.S.K., Inc.
Dodge City, Kansas
(316) 225-6070 V/TT

SEK Independent Living
Parsons, Kansas
(316) 421-5502 V
(316) 421-6551 TT

Thank you for the opportunity to testify today. My name is Gina McDonald. I am the Executive Director of the Kansas Association of Centers for Independent Living (KACIL). KACIL is an advocacy organization that promotes the rights of people who experience disabilities.

I have also been working with a coalition of over 100 agencies concerned about health reform and how it will or will not impact people with disabilities.

I am speaking today concerning H.B. 3076. This bill appears to have some very positive aspects, and some areas of concern. Overall, it is very limited in scope and coverage, and appears to be another band aid solution to a crisis situation.

This plan says that it must offer at least one option which provides for a minimum annual deductible of \$5,000.00. This would make the plan unattainable for a majority of the staff of small businesses like independent living centers.

The maximum lifetime benefit of \$500,000.00 is problematic. One catastrophic illness or accident could virtually wipe out an individual's lifetime benefits. For people who experience head and/or spinal chord injury, this is unacceptable. Many individuals recover from accidents and want to return to employment. What options will they have for employment?

KACIL supports the concept of reducing the number of days that preexisting conditions can be excluded. By including the portability option that says there are no

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waiting periods for preexisting conditions if the individual were covered by another plan, and waiting the 90 days. However, KACIL would recommend elimination of all preexisting conditions clauses to ensure portability. In its current form, the bill further promotes disincentives for people with disabilities who are currently using a medical card. If they become employed, it doesn't appear that they could waive the 90 day waiting period. Therefore, if they want to become employed, they will not be covered for insurance for the first 90 days. This may make employment an unattainable goal.

KACIL supports the concept of community ratings, but we are confused as to whether policies will actually be community rated, or rated on experience of individuals and or groups.

On page 32, lines 27 through 32 define "community rating". The last line, "without regard to age, gender, health status or occupation" is civil rights language. It should also include disability. A person may be perfectly healthy, with regard to health status, but have a disability and be turned down, unless you include that language. For example, a person who is deaf could be healthy, but excluded because she is deaf.

KACIL does not oppose or support this bill. All Kansans, by natural aging process will become less able over the years. One in six of us will experience a disability. If we design a health care plan that meets the needs of people with disabilities, we will design a plan to cover all Kansans at all stages of their lives. This is another attempt to heal a major wound with a band aid.