

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:30 p.m. on January 23, 2001 in Room 523-S of the Capitol.

All members were present except:

Committee staff present: Bill Wolff, Legislative Research
Ken Wilke, Legislative Revisor
Mary Best, Committee Secretary

Conferees appearing before the committee: None

Others attending: See Attached Guest List

This meeting was held to work **HB 2032**, of which hearings were held January 16, 2001. There was no further testimony given on the bill. There was, however, a balloon given to the committee. A copy of the balloon is (Attachment #1) attached hereto and incorporated into the Minutes by reference. The balloon inserted the date of impact study be given to the Speaker and President of the House and Senate, and took care of misspelled definitions. Representative Dreher made the motion to accept the balloon. Representative Edmonds seconded the motion. The motion carried and the bill was amended. Representative Kirk then introduced a balloon and a letter from Terry Bernatis, Health Benefits Administrator, dated February 11, 2000. A copy of this material is (Attachment #'s 2 & 3) attached hereto and incorporated into the Minutes by reference. Representative Kirk proposed inserting "attention deficit disorder, attention deficit hyperactivity disorder", in Section (b), adds a new section and changes the original wording for coverages to be included to show a date of "January 1, 2002, to July 1, 2001." The last change was to change the date in "(e) to replace January 1, 2002 to July 1, 2001." The letter from Ms Bernatis discussing mental health services coverage. Representative Boston directed questions to Representative Kirk regarding the purpose of her balloon. She again defined the purpose and made the motion to amend the bill with her balloon and Representative O'Brien seconded the motion. There was discussion between the Chair and the Revisor regarding the possibility of this exempting the test track. There was also discussion about the current mandate of first dollar coverage and if this would eliminate this coverage and return the policy to a deductible. Response was yes. Discussions were held with Representative Mayans who asked who would actually be surveyed as 86% of the people are not getting anything under this and 14% are with individual policies. Response was that 1/3 of the people are covered under this. The Chairman described what the bill attempts to do and Representative Kirk's information from Ms. Bernatis was came 1999 data health plan (State), covering 1/4th of the employees, that the data is incomplete and does not include new coverages. Data will always be incomplete as full parity was not implemented before January 2001. Other states have found significant differences: limitations, caps, exemptions. It is dangerous to issue a full mandate without having all of the data.

Chairman Tomlinson informed the committee that this bill asks for the best information that could possibly be gotten. Without the correct and complete information people are going to experience a rise in premium costs and be forced to drop their coverages, especially women and children. He stated they must weigh the impact on these people before going forward.

Further discussion was held on testing. Representative Kirk closed her motion and asked to recognized mental health illness as a physical illness, and stated that this would not mean higher costs for insurance. The vote was taken by a raise of hands, the motion failed, 10 to 1. Yes's were given by Representative's Kirk and Grant. The committee moved back to the bill. Representative Dreher made the motion to move the bill out favorably as amended and Representative Mayans seconded the motion. Representative Ostmeyer requested confirmation as to what the committee was now voting on, to which the Chairman made the clarifications. The Chairman reaffirmed to Representative Kirk that ADD/ADDHD would be included in the bill. The vote was taken and the motion passed.

House Committee on Insurance

January 23, 2001

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With no further business the meeting was adjourned. The time was 4:27 p.m.

The next meeting will be held January 25, 2001.

HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: Jan 23, 2001

NAME	REPRESENTING
Bill Sneed	H IAA
Bruce Witt	Preferred Health Systems
Kresta Schrag	PHS
Kevin Davis	Am Family Ins.
Amy Campbell	KMHC
MIKE LARKIN	KECH
Whitney Damron	KS Psychological Assn.
Colleen Mull	Kathy Damron + Assoc
Julie Hein	Hein + Weir
Terry Leatherman	KCCI
Anne Spiess	KAIFA
Jim Liu	Division of Budget
Jay Burnett	DJA
Steve Asley	DJA
Linda Ali-Burkey	KS Ins. Dept
Joyann Brumby	KS Ins. Dept.
Rabriel Van Hower	KAHP
LARRY MAGILL	KAIA
Sharon Huffman	KCDC

HOUSE BILL No. 2033

By Committee on Insurance

1-10

9 AN ACT concerning insurance; requiring a report to the legislature re-
10 garding providing coverage for certain mental illnesses.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) Notwithstanding the provisions of K.S.A. 40-2249a,
14 and amendments thereto, the state employees health care commission
15 established by K.S.A. 75-6501 *et seq.*, and amendments thereto, shall
16 deliver to the president of the senate and to the speaker of the house of
17 representatives, a report indicating the impact providing mental illness
18 benefits in excess of corresponding benefits required by K.S.A. 40-2,105,
19 and amendments thereto, has had on the state health care benefits pro-
20 gram. Such report shall include data for a period of 12 consecutive months
21 on the utilization and costs of providing first dollar coverage for such
22 benefits as required by K.S.A. 40-2,105, and amendments thereto. Such
23 report shall also include a recommendation whether such coverage should
24 continue for the state health care benefits program or whether additional
25 utilization and cost data is required. Such report shall identify specifically
26 the costs associated with the benefits provided for each of the conditions
27 identified in subsection (b).

28 (b) For the purposes of this act, "mental illness" means the following:
29 Schizophrenia, shizoffective disorder, shizophreniform disorder, brief
30 reactive psychosis, paranoid or delusional disorder, atypical psychosis, ma-
31 jor affective disorders (bipolar and major depression), cyclothymic and
32 dysthymic disorders, obsessive compulsive disorder, panic disorder and
33 pervasive developmental disorder, including autism, as such terms are
34 defined in the diagnostic and statistical manual of mental disorders, fourth
35 edition, (DSM-IV, 1994) of the American psychiatric association but shall
36 not include conditions not attributable to a mental disorder that are a
37 focus of attention or treatment.

38 Sec. 2. This act shall take effect and be in force from and after its
39 publication in the statute book.

on

March 1, 2002

*Noted Comm on Ins.
January 23, 2001
Attachment #1*

1-1

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attention deficit disorder, attention deficit hyperactivity disorder,

New Sec. 2. (A) Any individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, hospital and medical service corporation contract, fraternal benefit society or health maintenance organization which provides coverage for mental health ~~benefits~~ ^{July} and which is delivered, issued for delivery, amended or renewed on or after ~~January~~ ^{July} 1, 2001, shall include coverage for diagnosis and treatment of mental illnesses under terms and conditions no less extensive than coverage for any other type of health care.

(b) The provisions of this section shall be applicable to health maintenance organizations organized under article 32 of chapter 40 of the Kansas Statutes Annotated.

(c) The provision of this section shall not apply to any medicare supplement policy of insurance, as defined by the commissioner of insurance by rule and regulation.

(d) The provisions of this section shall be applicable to the Kansas state employees health care benefits program and municipal funded pools.

(e) From and after ~~January~~ ^{July} 1, 2001, the provisions of K.S.A. 40-2,105, and amendments thereto, shall not apply to mental illnesses as defined in this act.

New Sec. 3. The provisions of K.S.A. 40-2249a, and amendments thereto, shall not apply to this act.

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*House Comm on Ins.
January 23, 2001
Bill number 2033*

21

*NSC
JMS
1-30-01
ATTN: 2*

2. *Number of participants in the entire plan:*

85,836

3. *Definition of eligible mental illness related claims:*

For all fully insured health plans (all HMOs and PHSIC PPO), inpatient and outpatient treatment of biologically based mental illness have the same benefit and out of pocket limitations as medical conditions. Coverage will be subject to the prior authorization and medically necessary and appropriate guidelines of the individual health plan.

Biologically based mental illness includes the following conditions:

- a. Schizophrenia, schizo affective disorder, schizophreniform disorder, brief reactive psychosis, paranoid or delusional disorder, atypical psychosis;
- b. Major affective disorders (bipolar and major depression), cyclothymic and dysthymic disorders;
- c. Obsessive compulsive disorder;
- d. Panic disorder;
- e. Pervasive developmental disorder, including autism;
- f. Other childhood mental illnesses, including attention deficit disorder and attention deficit hyperactive disorder; or
- g. Borderline personality disorder.

4. *Deductible required for eligible mental health related services:*

Currently no health option has a deductible specifically for mental health related services. Any deductible amounts are applied to all health care services and are not mental health specific.

5. *Number of individuals meeting the necessary deductible for mental health related services:*

Not applicable

6. *Number of individuals submitting claims under mental health option:*

The estimate of the number of individual submitting claims under mental health parity options for all managed care programs is 980. Under the PPO option, 112 individuals had claims for mental health services.

7. *Number of individuals receiving eligible mental health services in the option:*

For managed care participants, it is assumed that all individuals submitting claims received services of some type related to mental health coverage. The number of individuals receiving services from HMO programs is approximately 980.

One hundred twelve individuals received services under the PPO option.

8. *Number of claims paid and attributable to eligible mental health services:*

We have limited information on the number of claims paid specifically for biological based mental health services because of limitations noted above. However utilization estimates are available based on information we do have. Analysis of reported information indicates the factor of paid claims per contract of .2786. If this ratio is applied to the total enrolled HMO membership of 12,227, the total estimated number of claims paid for all members in all plans it is 3,407.

The number of claims paid under the PPO program was 591.

9. *Dollars paid for claims attributable to eligible mental health services:*

The same methodology is applied to total dollars paid attributable to eligible mental health services as was used to estimate claims. The ratio of dollars paid per contract from the available information is \$27 per contract. If this is applied to the total HMO contracts of 12,227 the estimated dollars paid by HMOs for mental health parity is \$330,791.

The total claims paid for claims attributable to eligible mental health services for the PPO is \$34,000.

10. *The difference between the above numbers in what would have been submitted and/or paid under previous requirement for first dollar coverage or mental health services:*

It should be noted that the state Kansas benefit design prior to the implementation of biological based the health parity exceeded state-mandated requirements. Therefore the additional cost impact for biological based mental health parity upon the state of Kansas benefit structure was significantly less than if this benefit had been implemented on a program which conforms to the current minimum mandated benefits.

We estimate that the increased cost for what was provided in 1999 for biological based mental health parity benefits, compared to what was provided under the previous benefit schedule is approximately \$8.68 per contract annually.

February 11, 2000

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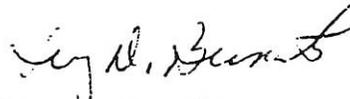
The additional cost for the PPO program is unknown since the PPO was established in 1999 with mental health parity as the base benefits. There was no previous benefit structure to use for comparison purposes.

11. Increased or decreased costs associated with inclusion of equal coverage option in managed-care plans of the Kansas Employee Health Care Plan:

Increased cost for the managed care contracts (12,227) is approximately \$106,076.

I believe this is the information you requested. If you need clarification or additional information, please contact me at 296-6280.

Sincerely,



Terry D. Bernatis
Health Benefits Administrator

cc: Honorable Don Steffes
Robert Tomlinson
Dan Stanley
Bryce Miller
Duane Nightingale
Kathleen Sebelius
Nelson Wong
Mike Jacobs