

MINUTES OF THE HEALTH AND HUMAN SERVICES COMMITTEE

The meeting was called to order by Chairperson Landwehr at 1:30 p.m. on March 15, 2011, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Jim Ward – excused

Representative Valdenia Winn - excused

Committee staff present:

Norm Furse, Office of the Revisor of Statutes

Katherine McBride, Office of the Revisor of Statutes

Martha Dorsey, Kansas Legislative Research Department

Dorothy Noblit, Kansas Legislative Research Department

Jay Hall, Kansas Legislative Research Department

Debbie Bartuccio, Committee Assistant

Conferees appearing before the Committee:

Kevin Davis, Kansas Insurance Department (Attachment 1)

Others attending:

See attached list.

SB 14 – Kansas uninsurable health insurance plan; life time limit; participation in plan by certain children.

Chairperson Landwehr opened the hearing on **SB 14**.

Kevin Davis, Director of Consumer Assistance and Government Affairs, Kansas Insurance Department, and Julie Holmes, Accident and Health Division, Kansas Insurance Department presented testimony in support of the bill. (Attachment 1)

The Kansas Health Insurance Association (KHIA) is the high risk health insurance pool established by the Kansas Legislature in 1992, pursuant to the Kansas Uninsurable Health Insurance Plan Act, K.S.A. 40-2117, *et seq.* The pool was established in order to provide coverage for individuals who have pre-existing conditions and are generally uninsurable in the voluntary market. It is managed by a Board of Directors established under the Act and has a part-time Executive Director. The board is composed of eleven members, including six health insurers, four members of the public and one agent. The Act directs the Commissioner of Insurance to oversee the operations of the pool. The day to day operations of the pool are administered by Benefit Management Inc, a third party administrator located in Great Bend. As of 2/28/2011, the KHIA pool had 1,667 enrollees. During the 2008 through 2010 plan years enrollment was as high as 1,914 and as low as 1,676.

The funding for the pool comes from two sources - the premiums paid by the enrollees and assessments on the health insurance companies doing business in Kansas. Under K.S.A. 40-2119 the KHIA Board is authorized to establish premiums for the pool at up to 150% of the standard rates in the Kansas market for individual coverage. For the 2011 plan year, premiums are set at 128% of the standard in the market. For the 2010 plan year the pool paid benefits in the amount of \$27.2 million, the total amount of premium collected was \$12.5 million, and the insurance company assessment was \$14 million.

SB 14 makes three changes to the KHIA pool. In October 2010 the KHIA Board requested that KID introduce a bill during the 2011 Legislative session to increase the maximum lifetime benefit for enrollees from \$2 million to \$3 million and to permit the Board to recommend changes in the lifetime benefit in succeeding years subject to the approval of the Commissioner of Insurance. This limit was raised from \$1 million to the current \$2 million in 2008. This increase in the lifetime benefit will allow the pool to continue to provide coverage for enrollees with ongoing serious health conditions. In 2010 one enrollee did reach the maximum limit and lost coverage in the pool. There are currently several members who have received benefits in excess of \$1.5 million and it is anticipated that they will breach the \$2 million limit in coming months. It is the desire of the Board to increase the maximum benefit limit to continue

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The minutes of the Health and Human Services Committee at 1:30 p.m. on March 15, 2011, in Room 784 of the Docking State Office Building.

coverage for these individuals.

Some of the eligibility requirements for the KHIA plan require the applicant to be a Kansas resident for 6 months, having applied for and being rejected for coverage due to a health condition by two carriers, have been quoted a rate more than the KHIA rate, or having been accepted for coverage but with an exclusion for a pre-existing condition. In late 2010, the majority of insurance companies that market individual coverage in Kansas advised KID that they would no longer issue individual coverage to children under the age of 19. As a result of this decision by the carriers it meant that individuals could no longer meet the requirement for being denied coverage by two carriers as no carriers were offering any plans for children under 19. KID staff held numerous meetings and conference calls with representatives of the insurers to discuss the loss of this product in the Kansas market and to seek alternative ways to make this type of coverage available to Kansas consumers. As a result of these discussions, KID determined that amending the eligibility requirements for the KHIA pool was the best way to make this type of coverage available to children under the age of 19 in the future. The bill amends the eligibility requirements in K.S.A. 40-2122 to permit children under the age of 19 to enroll in the pool when coverage is unavailable from private insurers in the county in which they reside. The amendment to K.S.A. 40-2124 amends the provisions related to pre-existing conditions exclusions and prohibits the application of such exclusions to coverage provided to children under the age of 19 who enroll pursuant to the amended eligibility provisions in 40-2122.

Basically this eliminates the requirement for children under 19 to have to meet the requirement of having to be rejected for coverage since there are now no companies offering coverage to actually reject them. Therefore they could seek coverage in the KHIA plan if they met the other eligibility requirements.

The Chair provided committee members the opportunity to ask questions. Concerning a question as to what happens to children when they age out of the system, he indicated they would continue to stay in the high risk pool as an adult as long as they continued to meet the requirements. Blue Cross in Johnson County is the only company at this time offering this type of insurance for children under the age of 19 in Johnson and Wyandotte counties. There is no carrier that offers this type of product for the remaining counties in Kansas. The third party administration of the plan is being done by Benefit Management Inc. in Great Bend, Kansas. There was a request for information concerning the effectiveness of the disease management program.

Concerning whether passage of this law would increase the assessment to the companies participating in the high risk pool, Bruce Witt, Director of Government Relations for Via Christi Health, confirmed that if there would be increased utilization, there could be higher assessments but it should not be significant. Concerning the question of the bill did not pass, would there be any other insurance option for these children, it was indicated they could go into the federal high risk pool, however, there is a six month waiting period to get into that pool.

The Chair expressed concern about the cap provision on page 3 and the fact that the raising of the cap would change from the authority of the Legislature to being under the authority of the Kansas Insurance Department. The Chair indicated she was contemplating entertaining on page 1, lines 27 thru 30, coming up with some type of language that should carriers go back to providing this service in these counties, that the children would be moved out of the high risk and go back to the private market. Mr. Davis responded he believed the language in the bill meets that requirement.

Following the completion of questions, the Chair closed the hearing on **SB 14**.

SB 14 – Kansas uninsurable health insurance plan; life time limit; participation in plan by certain children.

The Chair proceeded to work the bill.

The Chair made a motion to make an amendment starting on page 2, line 43 to delete the words starting with “In succeeding” through page 3, lines 1 through 6. The motion was seconded by Representative Crum. The Chair explained the reason was the belief it is good for the Legislature to have this discussion so that we keep an understanding of what is going on with the high risk pool, how it works, etc. This

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allows the caps to be increased by the Legislature rather than the Insurance Department. The motion carried.

Representative Crum made a motion to pass out SB 14 as amended. The motion was seconded by Representative Mast. The motion carried.

SB 76 – Representation of licensure, certification and credentials of doctors of physical therapy and physical therapist assistants.

The Chair proceeded to work the bill.

The Chair reminded committee members of the proposed amendment to the bill which was previously distributed to the committee members. (Attachment 2)

There was some discussion concerning dealing with the question of what does the title doctor mean on a more global level and in particular in a manner in which patients will understand when they hear the term doctor used by the person treating them.

Representative Flaharty made a motion to accept the amendment. The motion was seconded by Representative Hermanson. The motion carried.

Representative Bethell made a motion to pass out SB 76 as amended. The motion was seconded by Representative Weber. The motion carried.

SB 134 – Creating the licensure role of advanced practice registered nurse.

Revisor Norm Furse made a suggestion to the committee that consideration be given to changing the effective date to January 1, 2012 and to make technical changes as needed to match the new terminology. There was also a request to make a minor change in paragraphing to match what was done with the Senate floor amendment.

Representative Bethell made a motion to amend SB 134 with the suggested effective date changes as well as the technical amendments to be made by the Revisor staff. The motion was seconded by Representative Bollier. The motion carried.

Representative Bethell made a motion to pass out SB 134 as amended. The motion was seconded by Representative Mast. The motion carried.

The Chair shared that due to some questions that had been raised concerning SB 90, additional information will be acquired. The Behavioral Sciences Board will work on addressing those concerns and questions and the bill will be worked in the 2012 session.

The next meeting is scheduled for March 16, 2011.

The meeting was adjourned at 2:30 p.m.

DATE: 3-14⁵-11

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Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TESTIMONY ON

SB14

HOUSE HEALTH AND HUMAN SERVICES COMMITTEE

March 14, 2011

Madam Chair and Members of the Committee:

I am Kevin Davis with the Kansas Insurance Department and with me today is Julie Holmes of our Accident and Health Division who works directly with the high risk pool. Thank you for the opportunity to present testimony in support of SB14.

The Kansas Health Insurance Association (KHIA) is the high risk health insurance pool established by the Kansas Legislature in 1992, pursuant to the Kansas Uninsurable Health Insurance Plan Act, K.S.A. 40-2117, *et seq.* The pool was established in order to provide coverage for individuals who have pre-existing conditions and are generally uninsurable in the voluntary market. It is managed by a Board of Directors established under the Act and has a part-time Executive Director. The board is composed of eleven members, including six health insurers, four members of the public and one agent. The Act directs the Commissioner of Insurance to oversee the operations of the pool. The day to day operations of the pool are administered by Benefit Management Inc, a third party administrator located in Great Bend. As of 2/28/2011, the KHIA pool had 1,667 enrollees. During the 2008 through 2010 plan years enrollment was as high as 1,914 and as low as 1,676.

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with ongoing serious health conditions. In 2010 one enrollee did reach the maximum limit and lost coverage in the pool. There are currently several members who have received benefits in excess of \$1.5 million and it is anticipated that they will breach the \$2 million limit in coming months. It is the desire of the Board to increase the maximum benefit limit to continue coverage for these individuals.

Some of the eligibility requirements for the KHIA plan require the applicant to be a Kansas resident for 6 months, having applied for and being rejected for coverage due to a health condition by two carriers, have been quoted a rate more than the KHIA rate, or having been accepted for coverage but with an exclusion for a pre-existing condition. In late 2010, the majority of insurance companies that market individual coverage in Kansas advised KID that they would no longer issue individual coverage to children under the age of 19. As a result of this decision by the carriers it meant that individuals could no longer meet the requirement for being denied coverage by two carriers as no carriers were offering any plans for children under 19. KID staff held numerous meetings and conference calls with representatives of the insurers to discuss the loss of this product in the Kansas market and to seek alternative ways to make this type of coverage available to Kansas consumers. As a result of these discussions, KID determined that amending the eligibility requirements for the KHIA pool was the best way to make this type of coverage available to children under the age of 19 in the future. SB 14 amends the eligibility requirements in K.S.A. 40-2122 to permit children under the age of 19 to enroll in the pool when coverage is unavailable from private insurers in the county in which they reside. The amendment to K.S.A. 40-2124 amends the provisions related to pre-existing conditions exclusions and prohibits the application of such exclusions to coverage provided to children under the age of 19 who enroll pursuant to the amended eligibility provisions in 40-2122.

Basically this eliminates the requirement for children under 19 to have to meet the requirement of having to be rejected for coverage since there are now no companies offering coverage to actually reject them. Therefore they could seek coverage in the KHIA plan if they met the other eligibility requirements.

Thank you for the opportunity to appear in support of this bill. Ms. Holmes and I will be happy to stand for questions at the appropriate time.

Kevin R. Davis
Director of Consumer Assistance and Government Affairs
Kansas Insurance Department

PROPOSED AMENDMENT TO SB 76

1. Be amended by inserting a new subsection at the end of section 1 to read as follows:

(g) "Recognized by the board" means an action taken by the board at an open meeting to recognize letters, words, abbreviations or other insignia to designate any educational degrees, certifications or credentials, consistent with the provisions of this act, which a physical therapist may appropriately use to designate or describe oneself and which shall be published in the official minutes of the board.

Health & Human Services

Date: 3-15-11

Attachment: 2