

SESSION OF 2008

SUPPLEMENTAL NOTE ON SENATE BILL NO. 511

As Amended by House Committee on
Insurance and Financial Institutions

Brief*

SB 511, as amended, would require the Kansas Health Policy Authority (KHPA) to conduct a study on the topic of bariatric surgery for the morbidly obese and other insurance issues, including providing coverage for hearing aids and related expenses. The bill identifies issues associated with the topic of bariatric surgery for morbid obesity: emerging research evidence of the positive health impact (of the surgery) for the morbidly obese; qualification of the patients and surgeons when the surgery is appropriate or necessary; and cost analysis with insurance and Medicaid reimbursement.

The bill also would require the Kansas Health Policy Authority, in collaboration with the Insurance Commissioner, to conduct a study on the impact of extending coverage for bariatric surgery in the State Employee Health Benefit Program, the affordability of coverage in small business employer group and the high risk pool, and the possibility of reinsurance or state subsidies for reinsurance. The Kansas Health Policy Authority would be required to submit a report on its finding and present this report to the Joint Committee on Health Policy Oversight on or before November 1, 2008. The Joint Committee, the bill states, may introduce bills based on the study findings. The report also would be required to be submitted to the Senate Financial Institutions and Insurance Committee and the House Insurance and Financial Institutions Committee on or before February 1, 2009. All departments, boards, agencies, officers and institutions of the state would be required to cooperate with KHPA in carrying out the duties outlined in the bill.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill also states that the Legislature recognizes that failure to combat the medical and societal epidemic of obesity will result in higher mortality rate for the individuals with obesity and disastrous economic impact of medical expenses.

The bill also would require the Kansas Health Policy Authority, in collaboration with the Insurance Commissioner, to study the impact of providing coverage for hearing aids and related expenses to any individual or group policy of accident and sickness insurance that provides medical, surgical or hospital coverage, to the State Health Care Benefits Program and to any municipal self-funded pool. The Kansas Health Policy Authority would be required to submit a report on its findings to the Senate Committee on Financial Institutions and Insurance and the House Committee on Insurance and Financial Institutions on or before February 1, 2009. As is required with the previous studies under the bill, all departments, boards, agencies, officers and institutions would be required to cooperate with KHPA in carrying out its duties. The study of coverage for hearing aids and related expenses is to, at minimum, comply with the provisions of KSA 40-2249, a statute governing the reporting requirements for assessing the impact of a proposed mandated health coverage.

Background

SB 511 was introduced by the Senate Committee on Public Health and Welfare at the request of Senator Barnett who testified about the difficulties conferee Justin Cessna discussed before a Public Health and Welfare Committee hearing. Mr. Cessna suffers from morbid obesity and multiple complications including sleep apnea syndrome, congestive heart failure, and diabetes and his physicians have advised that his only hope for long-term survival is bariatric surgery. Senator Barnett also noted recent studies from the New England Journal of Medicine and the Journal of the American Medical Association have demonstrated long-term cost savings and a 73 percent cure rate of Type 2 diabetes from bariatric surgery. A local surgeon who also has had gastric bypass testified about

the benefits of bariatric surgery and the current barriers to treatment. Other proponents of the bill included the Kansas Health Policy Authority, the Sisters of Charity of Leavenworth Health System and the Kansas Association of Health Plans.

The Senate Committee on Financial Institutions and Insurance recommended an amendment to the bill to specify that the report required to be submitted by the Kansas Health Policy Authority to the Joint Committee on Health Policy Oversight also be submitted to the Senate Committee and the House Committee on Insurance and Financial Institutions on or before February 1, 2009. The other amendments are technical in nature.

The House Committee on Insurance and Financial Institutions amended the bill to include a study by the Kansas Health Policy Authority, in conjunction with the Insurance Commissioner, of the impact of providing insurance coverage for hearing aids and related expenses.

The fiscal note prepared by the Division of the Budget indicates that the Kansas Health Policy Authority states that the studies required by the bill could be completed with existing staff and within current resources. However, the fiscal note continues, there would be significant new expenditures if bariatric surgeries were covered in Medicaid or the State Employee Health Benefits Plan. The extent of those expenditures cannot be estimated. The Kansas Insurance Department states that the bill would not cause the need for additional personnel. However, an expenditure limitation increase of \$20,000 (All Funds) would be necessary to cover the cost of new software and additional actuarial services. No fiscal note was available on the study to be conducted on hearing aid coverage.