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Statement of Sunee N. Mickle, Director of Government Relations
Blue Cross and Blue Shield of Kansas, Inc.
House Health and Human Services Committee
Regarding 2017 House Bill 2206
February 16, 2017

Good Afternoon Chairman Hawkins and Members:

BCBSKS and its more than 1600 Kansas employees, operating from 11 different communities, serve approximately 930,000 of your fellow Kansans, in 103 Kansas counties. We contract with 100% of the acute care medical facilities in the state, 99% of medical doctors, and 97% of other providers in our service area. This enables our members to have access to the health care services they need and deserve.

BCBSKS is a mutual insurance company, which means the company is owned by and operated for the benefit of our policyholders. Nearly \$2.6 billion was paid last year for over 18.9 million claims on their behalf. We handled these claims efficiently, averaging about 90% of our premium dollar in payments to providers, mostly in Kansas. With the remaining premium, we maintain reserves, pay employees and provide facilities, equipment and other routine operational costs, including more than \$77.9 million in federal, state and local taxes in 2015.

On behalf of our BCBSKS customers and policyholders, we must respectfully oppose HB 2206 as it is written because it requires parity of insurance company payments for telehealth services and face to face services when in many cases those services are not directly comparable. Since 1993, BCBSKS has been a strong supporter of telemedicine services and creating more opportunities for access to care for rural Kansans. We have been reimbursing specialists such as oncologists and psychologists for telemedicine consultations. This allows members in rural areas to have access to quality specialty care without leaving their community. We are currently working with large employers to offer primary care telemedicine services designed to fit their budget and the health care needs of their employees.

In May 2008, we began reimbursing for telemedicine facility fees, which are referred to as the originating site fee. Specialty providers can bill BCBSKS for consultations, office and other outpatient visits, individual psychotherapy, pharmacologic management, psychiatric diagnostic interview examinations, neurobehavioral status exams, individual medical nutrition therapy, and end stage renal disease related services. We also allow for additional telemedicine services to be billed when they are medically necessary and a covered benefit. In 2016, we paid for telemedicine services that were performed at over 30 unique originating sites by dozens of providers. Each of these originating sites and providers were reimbursed by BCBSKS multiple times for their services throughout the year.

Nevertheless, one thing I can assure you is that a mandate to require insurers to treat telemedicine services the same, or as HB 2206 states, "as equivalent services for purposes of reimbursement," destroys the opportunity for insurers to differentiate the value of having services performed by onsite medical professionals. Furthermore, it increases the cost for individuals and employers to have access to insurance.



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As of yesterday morning, we received new proposed rules from the federal government for the individual and small group health insurance market. These rules affect plans that are sold both on and off the Exchange. Our actuaries are reviewing the new proposed federal rules and trying to estimate how the mandated services and reimbursement requirements in HB 2206 fit with the new plan designs. Once we have a better idea of the impact, we will be happy to share our cost estimates with this Committee.

At this time, please allow me to introduce Dr. Michael Atwood, BCBSKS' Chief Medical Officer, to explain more about our concerns with HB 2206.

Thank you.