

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 6, 2008 in Room 136-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary
Jill Shelley, Kansas Legislative Research Department

Conferees appearing before the committee:

Dr. James Hamilton
Senator James Barnett
Dr. Andy Allison, Kansas Health Policy Authority
Cynthia Smith, Sisters of Charity of Leavenworth (written only)
Larrie Ann Lower (written only)

Others attending:

See attached list.

The Chair called the meeting to order.

Bill Introduction

Chad Austin, Kansas Hospital Association, introduced a bill dealing with utilization review and the notification requirements for hospitals to insurance carriers.

Senator Steineger moved introduction. Senator Barnett seconded. Motion passed.

Hearing on

SB 511- An act relating to health care; concerning the study on bariatric surgery for the morbidly obese and its effect on medical expenses and health care insurance.

Melissa Calderwood gave an overview of the bill stating this bill requires the Kansas Health Policy Authority to conduct a study on the topic of bariatric surgery for the morbidly obese in collaboration with the Insurance Commissioner. The bill identifies issues associated with the topic of morbid obesity and bariatric surgery including emerging research evidenced on the positive impact 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 plan, the affordability of coverage in small business employer group and 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 findings and present this report to the joint committee on health policy oversight on or before November 1, 2008. The joint committee would then issue bills based on the study's findings. All departments, boards, agencies, officers and institutions of the state and all subdivisions thereof shall cooperate with the Kansas Health Policy Authority in carrying out its duties pursuant to this act.

The bill also states the Kansas 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 came to this committee as a request from the Committee on Public Health and Welfare. The fiscal note indicates that the Kansas Health Policy Authority thinks that the studies required by the bill could be completed with existing staff and within current resources. There would be significant new expenditures if bariatric surgeries were covered in Medicaid or the State Employees Health Benefits Plan. The fiscal note

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stated the extent of these additional expenses cannot be estimated. The Insurance Department also provided a fiscal estimate and stated that the bill would not call for any additional personnel; however, an expenditure limitation increase of \$20,000 would be necessary to cover the cost of new software and additional actuarial services.

The Chair called Dr. James Hamilton to testify in support of SB 511. Dr. Hamilton said we need to stop thinking about obesity as a character flaw and start thinking of it as a disease. Dr. Hamilton said failure to recognize obesity as a disease will lead to failure in our efforts to combat the societal epidemic of this disease. He said diets don't work in the long term. He said the surgery is a safe, highly efficacious, cost-effective treatment for obesity in educated, highly motivated, psychologically stable patients. Dr. Hamilton said bariatric surgery reduces cardiovascular mortality by 56%; diabetes mortality by 92%; cancer mortality by 60%; and overall mortality by 405. Dr. Hamilton continued that bariatric surgery cures type II diabetes in 70% of patients. He added that bariatric surgery is cost-effective and is now a covered benefit for qualified Medicare recipients when surgery is performed at Bariatric Centers of Excellence. He said barriers to this treatment are a societal bias against the obese, failure of government and insurance to recognize obesity as a disease and, lack of insurance coverage for treatment, especially for bariatric surgery. He said he would not perform these surgeries if they were strictly for cosmetic reasons. We have to look at this not only as an obesity operation but a metabolic surgery. (Attachment 1)

Senator James Barnett testified that he was contacted by Justin Cessna of Wichita, Kansas. He said Justin suffers from morbid obesity and multiple complications, including sleep apnea syndrome, congestive heart failure, and diabetes. He said his physicians have advised him that his only hope for long-term survival is bariatric surgery. He said despite being employed and insured, Justin lacks insurance coverage for the procedure. Senator Barnett said Mr. Cessna has asked the Kansas legislature to assist him with this matter. He said successful passage of SB 511 would require a study by the Kansas Health Policy Authority regarding the risks and benefits of bariatric surgery. Senator Barnett said it would also carefully evaluate those patients who have indications for the surgery as well as those surgeons who should perform the surgery. He continued that when these procedures are performed in Centers of Excellence, the mortality rate is less than .3%. He said recent studies from the New England Journal of Medicine and Journal of the American Medical Association have demonstrated long-term cost savings and a 73% cure rate of Type 2 diabetes from bariatric surgery. Senator Barnett requested passage of SB 511. (Attachment 2)

Dr. Andy Allison, Kansas Health Policy Authority, testified supporting SB 511. Dr. Allison said prior to plan year 2008, all treatment for obesity was excluded from coverage under the State Employee Health Plan. Dr. Allison said Medicaid reimbursed for weight-loss medications but excluded coverage for bariatric surgery. He continued that the Health Care Commission considered coverage for bariatric surgery in 2006. He said consistent with KHPA initiatives in the area of prevention and wellness, HCC decided to cover preventive an non-invasive obesity treatment for 2008. Dr. Allison said obesity and overweight are an epidemic in the United States and in Kansas. He said there is increasing costs for chronic diseases due to overweight and obesity. Dr. Allison concluded stating the Kansas Health Policy Authority programs remain open to revisiting coverage for bariatric surgery. He said KHPA health reform recommendations address prevention, wellness, and value of medical homes. (Attachment 3)

Written testimony submitted by Sisters of Charity of Leavenworth Health System is attached. (Attachment 4)

Written testimony submitted by Larrie Ann Lower on behalf of Kansas Association of Health Plans is attached. (Attachment 5)

The meeting adjourned at 10:30 a.m.