

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 20, 2007 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Dr. Steven Waldman, Headache & Pain Center, Overland Park; Phil Harness, Doctors' Hospital; Jeff VanHorn, Heartland Spine & Specialty Hospital; Kevin Robertson, Kansas Dental Assn.; Mary Ellen Conlee, Via Christi Health System; Daryl Thornton, Kansas Medical Center, LLC; Charles Wheelan, Osteopathic Assn.; and Dr. Bert Oettmeier, DDS, Proponents. Brad Smoot, BCBS; Doug Wareham, KBA; Kenneth Daniel, Kansas Small Biz; Matt Goddard, Heartland Community Bankers; Derrick Sontag, NFIB; Marlee Carpenter, Kansas Chamber; Patrick Patterson, HCA; Dean Newton, Delta Dental; Larrie Ann Lower, KAHP, Opponents.

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

SB 175 - An act concerning health insurance; relating to assignment of insurance payments for covered services.

Melissa Calderwood gave an overview of the bill. She stated that this act shall be known as the expanded access to health care act. All policies and certificates providing benefits for medical care issued on or after July 1, 2007, must contain a provision permitting the insured to assign benefits for such care to the provider of the care. An assignment of benefits under this section does not affect or limit the payment of benefits otherwise payable under the policy or certificate. She stated when any insurance entity has notice of such assignment prior to such payment, any payment to the insured shall not release such entity from liability to the provider to which the benefits have been assigned, nor shall such payment be a defense to any action by the provider against that entity to collect the assigned benefits. She said this act shall take effect and be in force from and after its publication in the statute book.

Steven Waldman, M.D., testifying in support of SB 175 said this bill will benefit the patient while at the same time allowing Blue Cross Blue Shield the same rights as every other insurance company that does business in Kansas. This includes the right to offer the types of insurance they choose to sell and the right to pick which providers they want in their network. SB 175 simply requires Blue Cross Blue Shield to act like all other insurance companies and be required to honor valid and legal assignment of insurance benefits freely entered into between the patient and their healthcare provider. (Attachment 1)

Philip Harness, CEO, Doctors Hospital, LLC, testified in support of SB 175. Mr. Harness said this bill seeks to accomplish a public and consumer oriented purpose, that of honoring assignments by patients of their financial benefits under the "out of network" provisions of their health insurance policies. This has the unique effect of expanding access to the spectrum of health care in Kansas. Mr. Harness said the current state of affairs is proving harmful not only to health care providers, but also their Kansas patients. (Attachment 2)

Jeff VanHorn, CFO for Heartland Spine & Specialty Hospital in Overland Park, Kansas, testified in support of SB 175. Mr. VanHorn said that it was his sincere hope that the insurance industry will offer an alternative solution to this matter should they speak in opposition to this legislation. He said this problem is faced by numerous hospital facilities and physicians and that he was seeking a solution. (Attachment 3)

CONTINUATION SHEET

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Kevin Robertson, CAE, Kansas Dental Association, testified in support of SB 175 regarding the issue of insureds having the right and ability to assign their insurance benefits to a provider of medical care. The KDA requests that line 15 of the bill be amended after “medical” to include the words “or dental”. (Attachment 4)

Mary Ellen Conlee testified on behalf of Michael Wegner, Chief Financial Officer, Via Christi Regional Medical Center. Mary Ellen said SB 175 is about eliminating the bad debt and unnecessary legal action that the refusal of assignment of benefits policy has foisted on medical providers in Kansas. She said the courts have repeatedly found that the decision to allow insurers to engage in the practice of refusing to honor assignment, despite the unnecessary costs to providers, is a public policy decision and can only be corrected by the Kansas Legislature. (Attachment 5)

Written testimony of Daryl Thornton, Chief Operating Officer for the Kansas Medical Center, LLC; Charles L. Wheelen, Kansas Association of Osteopathic Medicine; and Dr. Bert W. Oettmeier, Jr., D.D.S., is attached supporting SB 175. (Attachments 6, 7, and 8)

Brad Smoot, Legislative Counsel for Blue Cross Blue Shield of Kansas and Blue Cross Blue Shield of Kansas City, testified in opposition to SB 175. Mr. Smoot said that providers who contract with BCBS agree to accept reimbursement as full payment. That means BCBS gets to have some say in what health care services cost. He said BCBSKS contracts with virtually all doctors and hospitals in Kansas. SB 175 is not a burning issue for those providers. More importantly, employers and employees are the beneficiaries of contract negotiations and provisions limiting balance billing. They would be the big losers if SB 175 were to pass. (Attachment 9)

Doug Wareham, Kansas Bankers Association, testified in opposition to SB 175. Mr. Wareham stated SB 175 would require non-contracting providers to be paid directly by the insurance company. That would clearly erode the providers’ incentive to contract with insurance companies. Thus, insurance companies wanting to maintain an adequate network of providers would be forced to increase their reimbursement to encourage participation, and that would result in even higher health insurance premiums for individual Kansans. (Attachment 10)

Mr. Kenneth L. Daniel, Kansas Small Biz, testified in opposition to SB 175. Mr. Daniel said this bill would result in providers insisting on a bigger chunk of the consumer’s dollar, but the consumer will be completely left out of the negotiation. He testified that another unacceptable aspect of this bill is that it can force insurance companies to pay twice or more for the same transaction simply because a complicated red tape procedure is not tracked. He said the cost of that red tape procedure and the double payments will run up health insurance costs with absolutely no benefit to the patient. (Attachment 11)

Written testimony of Matthew Goddard, Heartland Community Bankers Association; Derrick Sontag, Kansas State Director, NFIB; Marlee Carpenter, Vice President of Government Affairs, the Kansas Chamber; Patrick L. Patterson, Vice President, Managed Care, HCA; Dean Newton, Vice President, Sales and Marketing, Delta Dental of Kansas and Larrie Ann Lower, Kansas Association of Health Plans is attached in opposition to SB 175. (Attachments 12, 13,14, 15, 16, and 17)

Following discussion, the Chair closed the hearing.

Action on:

SB 255 - concerning insurance; pertaining to the use of lapsed rates.

Senator Schmidt moved to approve SB 255 as amended. Senator Barnett seconded. Motion passed.

Senator Barnett moved to advance the bill favorably as amended. Senator Schmidt seconded. Motion passed.

Action on:

SB 273 - concerning insurance; related to the prompt payment of certain claims.

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MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 20, 2007 in Room 234-N of the Capitol.

Senator Steineger moved to approve SB 273 as amended. Senator Brownlee seconded. Motion carried.

Senator Steineger moved to advance the bill favorably as amended. Senator Brownlee seconded. Motion carried.

The meeting adjourned at 10:30 a.m.