

Approved: March 24, 2006

## Minutes of the House Health and Services Committee

The meeting was called to order by Chairman Jim Morrison at 1:30 P.M. on March 21, 2006, in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Mary Galligan, Kansas Legislative Research Department  
Renaë Jefferies, Office of the Revisor of Statutes  
Gary Deeter, Committee Secretary

Conferees appearing before the committee:

Representative Kenny Wilk  
Scott Day, Day Insurance Solutions, Ozawkie, Kansas  
Beverly Gossage, HSA Specialist, Co-Director, Health Division of Olympic Financial Marketing  
Chip Wheelen, Executive Director, Kansas Association of Osteopathic Medicine  
Chad Austin, Vice President, Government Relations, Kansas Hospital Association

Others attending:

See attached list (not available on electronic copy).

The minutes for 3-15 and 3-20, 2006, were approved.

The Chair invited members to consider [SB 528](#).

Following a member's comments about the bill creating a duplication of services and employing discriminatory language, a motion was made to table the bill. The motion passed 9-7.

The Chair opened the hearing on [HB 3011](#).

Scott Day, Day Insurance Solutions, Ozawkie, Kansas, testified as a proponent for the bill. ([Attachment 1](#)) He said spiraling health costs need to be addressed, commenting that the bill goes beyond HSAs (Health Savings Accounts) to introduce transparency to medical pricing and to bring competition to the medical field. He gave examples of various prices for the same medical procedure, the difficulty of obtaining consistent charges for a given procedure, and the fact that different insurance companies negotiate different rates for a procedure. He noted a new trend introduced by HSAs, the cash-paying patient, who often can negotiate a lower cost for a service. He commented on the

closed system of some medical practices, which control ancillary services and therefore pricing for laboratory work and other evaluation procedures. He noted that some insurance companies are using Medicare rates as the basis for their payments, forcing the consumer to remain within a preferred provider network.

Beverly Gossage, HSA Specialist and Co-Director, Health Division of Olympic Financial Marketing, spoke in support of the bill. ([Attachment 2](#)) She said the bill will unleash consumer/market-driven pricing and create competition; she commented that presently costs are not clearly designated, citing a prescription drug which varied in price from \$18 to over \$100 in the Kansas City area. She mentioned a California law similar to the bill, noting that it erred in giving retail prices, not net prices, further commenting that a common medical coding system would help consumers make valid comparisons in pricing. She stated that HSAs had helped lower premiums up to 40% for health insurance and had enabled consumers to more accurately evaluate health-care costs.

The following provided written testimony in support of the bill: Ira Stamm, Clinical Psychologist, American Board of Professional Psychology, ([Attachment 3](#)) and Wayne Nelson, National President, Communicating for Agriculture and the Self-Employed. ([Attachment 4](#))

Chip Wheelen, Executive Director, Kansas Association of Osteopathic Medicine, spoke in opposition to the bill. ([Attachment 5](#)) He stated that the bill will not serve the consumer well because most family physicians offer a diverse and complex range of services, the prices of which vary widely depending upon the needs of the patient. He said collecting pricing information and providing a website for the information can be done without statutory imposition.

Representative Kenny Wilk testified as a proponent. He said the increased use of HSA accounts has accelerated the need for information about medical pricing practices, and he called the bill an important step in helping consumers make knowledgeable decisions in relation to medical services. Acknowledging the complexity of medical coding, he encouraged interested parties to collaborate in creating a pricing index. Responding to a question, Representative Wilk said that providing information about patient outcomes was not a part of the bill, but perhaps should be. To another question, he noted that the newly created Kansas Health Policy Authority had expressed interest in the concepts of the bill and the topic might be considered by an interim committee.

Chad Austin, Vice President, Government Relations, Kansas Hospital Association, testified as an opponent. ([Attachment 6](#)) He said that, although the KHA is opposed to the bill, it recognizes the need for consumers to have pricing transparency. He noted that medical coding is too diverse and complex to be listed on a website, but that the Center for Medicare and Medicaid Services (CMS) provides helpful information. Further, he said KHA is working with a task force which is considering hospital pricing policies, noting that data transparency is also of interest to the Kansas Health Policy Authority.

Cynthia Smith, Advocacy Counsel, Sisters of Charity of Leavenworth Health System,

provided written testimony as an opponent to the bill. ([Attachment 7](#))

Conferees responded to members' questions. Mr. Day replied that he wanted to see less dependence upon health insurance networks and more dissemination of information about medical services pricing. He acknowledged that health insurance companies would oppose this type of legislation, since it would limit a company's ability to negotiate its own rates. He agreed that the bill does not address quality assessment of medical services, only pricing. Ms. Gossage said legislation in Wisconsin mandated creation of a website to provide pricing information regarding medical procedures.

A fiscal note was provided for members. ([Attachment 8](#))

The Chair closed the hearing on **HB 3011**.

Representative Hill referenced the sub-committee report on [HB 2820](#) (now **SB 217**). ([Attachment 9](#)) He said the initiative for tracking prescription drugs started with **HB 2397**, which was adapted to create **HB 2820**, which had a hearing on March 1. After meeting with all the stakeholders, Representative Hill said the agreements were rolled into **SB 217**. He stated that provisions of the bill had been divided so that the complexities of the distribution documentation mechanism ("pedigree") could be studied further. Thus the bill requires the Kansas Board of Pharmacy to develop licensure requirements for drug wholesalers, to study and recommend to the legislature an effective pedigree system, and to address the use of technology for effective tracking of drugs through the delivery system.

A motion was made, seconded and passed to adopt the sub-committee report.

A motion was made and seconded to recommend **SB 217** as amended as favorable for passage.

Members discussed the changes in the bill, noting that in spite of the complexities of the subject, the bill itself was straightforward. The motion passed.

Representative Mast reported on the work of the sub-committee on **HB 2852** and **HB 2853**. She said the sub-committee deleted the words *expungement* and *juvenile records* from the bill and recommended using rules and regulations to work out other details of the bill. However, she said the sub-committee agreed that introducing the bill at the next legislative session was the best plan.

A motion was made and seconded to remove **SB 528** from the table and reconsider it. The motion passed 10-8.

A motion was made and seconded to recommend **SB 528** as favorable for passage.

A motion was made and seconded to amend the bill to stipulate that all information being collected remain absolutely confidential and not subject to subpoena or discovery.

Discussion centered on the amendment's accord with HIPAA (Health Insurance Portability and Accountability Act) and the importance of gathering data while protecting the identify of individuals. The motion failed 10-11.

A motion to amend was made and seconded to strike the lines referring to disability status (page one, lines 36-39). The amendment passed, 11-7.

A motion was made and seconded to pass the bill favorably as amended. During further discussion, other references to disability were identified. A motion to amend was made and seconded to strike the language on page 3, sub-section 3 beginning on line 19 through the remainder of the sub-section. Discussion centered on why or how a baby's abnormalities could be identified at birth. The motion failed, 9-11.

A motion was made and seconded to strike references to the disability of the mother (page 3, line 19), deleting the words "and any disability of the mother" and deleting the disability definition in lines 22-24. The motion to amend passed, 11-7.

The motion to recommend the bill for passage as amended passed 12-7. Representatives Flaharty, Garcia and Storm were recorded as voting no.

The meeting was adjourned at 3:28 p.m. No further meeting was scheduled.