

House Health and Human Services Committee

To: Chairperson Brenda Landwehr and the Honorable Members
of the House Health and Human Services Committee

Subject: HB 2259: Medicaid Reform

My name is Scott Day and I am a co-owner of Day Insurance Solutions, LLC, a health and life insurance agency located in Topeka, KS. I am here today to testify in favor of HB 2259.

Section 1: Medicaid is in dire need of reform. We need to reform the Kansas Medicaid Program to promote personal responsibility for health care services and appropriate utilization of health care benefits through the use of public-private cost sharing. Current plan designs promote medical utilization...a \$3 co-pay for non-emergency use of an ambulance does NOT curb medical utilization. Kansas should pursue a Medicaid waiver allowing the restructuring of the Medicaid plan to include a Personal Opportunity Account (POA).

Though Medicaid POA accounts limit the exposure to Medicaid recipients, they do expose them to more of the costs than our current program. And like HSA accounts, many interested parties can contribute to the accounts: Government; Recipients; Family; Charitable Organizations; Employers; and etc.

Section 2: "Recognizing that many Oklahomans do not have health care benefits or health care coverage, that many small businesses cannot afford to provide health care benefits to their employees, and that, under federal law, barriers exist to providing Medicaid benefits to the uninsured, the Oklahoma Legislature hereby establishes provisions to lower the number of uninsured, assist businesses in their ability to afford health care benefits and coverage for their employees, and eliminate barriers to providing health coverage to eligible enrollees under federal law."

The above statement was taken from the landmark Oklahoma Medicaid Program Reform Act of 2003...SENATE BILL NO. 1546,

which enabled small employers, and/or employed, uninsured adults with or without children to purchase employer-sponsored, state-approved private plans through a state premium assistance payment plan. This premium assistance plan was originally known as O-EPIC, but is now referred to as Insure Oklahoma. This program has proven that Premium Assistance can work, if designed correctly.

The key to this success is the Medicaid waiver that Oklahoma applied for to allow private market small group and individual plans to be offered in the program. The waiver allows plan designs that are almost identical to the private market plans we already have in Kansas. Employer Sponsored Insurance (ESI) plans are actually utilized in Oklahoma. The private market in Oklahoma was not changed at all in the implementation of Insure Oklahoma. Insurance carriers, agents, employers, the uninsured, & etc. all speak highly of the Insure Oklahoma program. Oklahoma implemented Premium Assistance and actually did no harm to the private market.

How did they accomplish this? There is NO Premium Assistance "State developed" plan. All "eligibles" are enrolled through private market plans...either ESI plans or individual plans. To this issue, I recommend that Section 2, line 29 delete the phrase "state approved" and be replaced with "eligible private market".

Conclusion: I support Premium Assistance if the Oklahoma model is used. The model that was passed in 2007, in my opinion, was an expansion of Medicaid...which I do not support. Our current Medicaid programs cannot be sustained. Personal responsibility must be introduced to these programs. POA accounts in Medicaid and private market plans (with actual deductibles) in the Premium Assistance model will provide insurance for those in need without continuing the unfettered abuse of these programs.