

Testimony on:
Substitute Language for Senate Bill 309

presented to:
Senate Health Care Strategies Committee

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Senate Health Care Strategies Committee
March 19, 2007

Substitute Language for Senate Bill 309

Good afternoon Madame Chair and members of the Committee. My name is Marcia Nielsen, and I am the Executive Director at the Kansas Health Policy Authority. I appreciate having the opportunity to express our support for the enabling legislation embodied in the substitute language for SB 309. I would like to thank Senators Barnett and Wagle for their leadership on this important issue – that is, setting up a process to consider options for reforming our health system in Kansas.

First, I will briefly provide some background on the health reform process unfolding in Kansas this year, and then I will discuss how this enabling legislation sets out a road map for health reform over the course of the next year and in the years to come.

Background on Health Reform Process

Currently, nearly 11 percent of Kansans (or approximately 300,000) are uninsured. Although we have made great strides in recent years to help *children* get access to health care through increased enrollment in Medicaid and the State Children's Health Insurance Program, there is more that we can do for families. The Kansas Health Policy Authority Board has embraced making health and health care services affordable and accessible for all Kansans, as well as promoting health and wellness in order to improve health outcomes and manage rising health care spending. Although Kansas has a relatively low rate of those who are uninsured and a moderately high level of employer-sponsored health insurance, the majority of the uninsured in our state are low-wage full-time workers employed in small businesses. Small employers struggle to find affordable health insurance for their employees and there are very limited options for those in the non-group market.

In response to a request from the Governor and suggestions by legislators, the Kansas Health Policy Authority Board created the Health for All Kansans Steering Committee, comprised of legislators, KHPA Board members, the Governor's staff and other key stakeholders. The Health for All Kansans Steering Committee has been engaged in discussions aimed at developing meaningful, practical, Kansas-based health reform options. The Steering Committee has met four times to discuss literally dozens of reform options, including the kinds of insurance market reforms outlined for study in the substitute language for SB 309.

In each of our meetings, I have been impressed with the great energy put forward by the Committee to accomplish something this Legislative session. We have been building consensus on what we can do in the 2007 legislative session in terms of a short-term legislative package and enabling legislation that sets out a road map for broader health reform in the coming year. The committee's dedication to this endeavor is vital as we move forward in this process.

Health for All Kansans Steering Committee

In order to frame health reform in Kansas, the Steering Committee adopted guidelines for consideration in the development of health reform options, as outlined below.

- Every Kansan should have access to patient-centered health care and public health services ensuring the right care, at the right place, and the right price.
- Health promotion, education, and disease prevention should be integrated directly into these services.

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- The financing of health care and health promotion in Kansas should be equitable, seamless, and sustainable for consumers, providers, purchasers and government.
- Reforms to the health system in Kansas should be fiscally responsible, market-based, and promote individual responsibility.
- Reforms to the health system in Kansas must protect the health care safety net.

In addition, the Steering Committee has adopted the following timeframe for developing health reform options:

- April 1 through November, 2007: The KHPA will develop health reform options as outlined in the enabling legislation, in collaboration with the Advisory Councils. Analysis for these reform options will be provided by national experts with experience in state health reform. KHPA will update the Board, Governor, and legislative leadership on progress.
- By November 1, 2007: The KHPA staff will deliver the health reform options to the KHPA Board, Governor, legislative leadership (including the Oversight Committee) for their consideration. This package will include: two or three options; a feasible timeline; a cost analysis; an estimate on administrative costs (contract and staff expenses); and an economic analysis on the impact of these proposals to populations served.
- 2008 Legislative Session: The Governor and Legislature will consider health reform options for adoption by 2008 legislature.
- 2009 and 2010: KHPA to implement health reforms and continue to collaborate and refine policies with the Advisory Councils and Steering Committee.

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The enabling legislation offered in the substitute language for SB 309 outlines the process for the development of health reform options for consideration in the 2008 legislative session. The proposed legislation lays out a time frame for reform, priorities for the reform process, and the different concepts for study.

Pursuant to the substitute language, KHPA would report on or before November 1, 2007 to the Governor, Joint Committee on Health Policy Oversight (JCHPO), and legislative leadership with options for health care finance reform options for enactment during the 2008 legislative session. The report is slated to include analysis of the Kansas Health Insurance Connector, a model for a voluntary health insurance connector, and the draft legislation for the proposed health care finance reform options.

KHPA will work with the JCHPO in an ongoing basis to develop and analyze other possible options for policies designed to increase access to affordable health insurance and to promote health. Other priorities for developing these reforms will be financing health care and health promotion in a manner that is equitable, seamless, and sustainable for all parties involved, promoting market-based solutions that encourage fiscal and individual responsibility, protecting the health care safety net, and increasing portability and ownership of individual health care policies.

The substitute language for 309 charges KHPA with providing a function similar to a clearinghouse to identify and analyze policies. Through this function KHPA would facilitate pooling and purchasing of health insurance, thereby, increasing access for small businesses and individuals. An increase from KHPA's current resources would be necessary to perform this function. The focus on the individual will also aim to allow the utilization of pretax dollars for the purchase of health insurance and expand consumer responsibility for making health care decisions.

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KHPA is authorized by the language to obtain economic and actuarial analysis from outside entities with experience in the field of health care finance reform. The analysis will provide information on the economic impact of the reforms to be proposed for all parties involved and the number of uninsured Kansans that have the potential to gain coverage through the reforms.

To expand the availability of health services to low-income Kansans, KHPA shall collaborate with the United States Department of Health and Human Services to investigate the development and availability of federal affordable choices initiatives funding, waivers and funding opportunities created by the Federal Deficit Reduction Act of 2005 and waivers under the federal health insurance flexibility and accountability demonstration initiative. These federal programs shall be taken into account when providing the November report.

KHPA shall also work in collaboration with the Kansas Commissioner of Insurance to analyze the potential for reinsurance and state subsidies for reinsurance to reduce premium volatility in the small group market, increase predictability in premium trends, lower costs, and increase health insurance coverage in Kansas.

Involving Stakeholders

We recognize that transformative health reform in Kansas must be thoughtfully and carefully crafted, and include the perspective of many different stakeholders throughout the state. The KHPA Board last fall announced the creation of Advisory Councils to help develop health reform in Kansas, and we were elated to receive over 140 nominations. We announced on Feb. 20th the membership in three Advisory Councils—Purchaser, Provider, and Consumer Councils—that will provide feedback to the Steering Committee and the KHPA Board. We also created an At Large Health Reform Council in order to include the perspective of all those committed to the health reform efforts in Kansas. These councils will begin meeting at the end of March and the beginning of April. I am confident that they will serve as a quality venue to consider the impact of reform options on consumers, providers, purchasers and other stakeholders from around the state.

We are looking forward with these Advisory Councils, the Health for All Kansans Steering Committee, the Legislature, the Governor, and certainly, this committee to develop practical options for health reform that improves the health of Kansans. Thank you for the opportunity to present these comments. I would be happy to answer any questions the Committee may have.