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STATEMENT OF BRAD SMOOT
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BLUE CROSS BLUE SHIELD OF KANAS
HOUSE HEALTH & HUMAN SERVICES COMMITTEE
Regarding 2021 House Bill 2157
February 3, 2021

Madam Chair and Members:

Blue Cross Blue Shield of Kansas (BCBSKS) is a locally operated mutual insurance company with more than 1,600 Kansas-based employees. We serve approximately 930,000 Kansans in 103 Kansas counties. BCBSKS maintains offices in 11 communities around the state, with corporate headquarters in Topeka.

We are familiar with the purpose and language of HB 2157 which restricts the use of insurance tools to help reduce spiraling drug costs. An identical bill was introduced in the Senate in 2019 but failed to advance out of committee. We also appreciate the goals of the proponents with respect to this legislation and we even find some of the proposed limitations to be reasonable and in fact practice those same processes today without legislative direction. However, the government mandate that would be imposed by HB 2157 will make it even more difficult for many families, employers and even governmental entities to afford insurance premiums and pay cost sharing requirements of their insurance policies.

Allow me to highlight some of the larger issues presented by this bill rather than just the troublesome specifics of the language offered.

1. The Kansas Legislature wisely enacted K.S.A. 40-2248, 2249 and 2249a which require proponents of new mandates to provide a cost/benefit analysis of any health insurance mandate and a “test track” provision that requires the State Employees Health Plan (SEHP) to adopt the proposed mandate and report to lawmakers after a year on the costs related to the new requirements. You will note that the bill would subject the taxpayer funded SEHP to the limitations in the bill and the Budget Division has provided you a Fiscal Note on the projected impact. Also please remember that fully insured cities, counties, school districts and other taxpayer-supported employer health plans across the state will also be subject to mandate of HB 2157.
2. Attached to my statement is a pie chart showing the Kansas health insurance marketplace. The two wedges of the pie that cover Employment Based Fully Insured and Direct Purchase are covered by HB 2157. Also, a small slice of the Employment Based Self-Insured wedge covering the SEHP is also covered. The

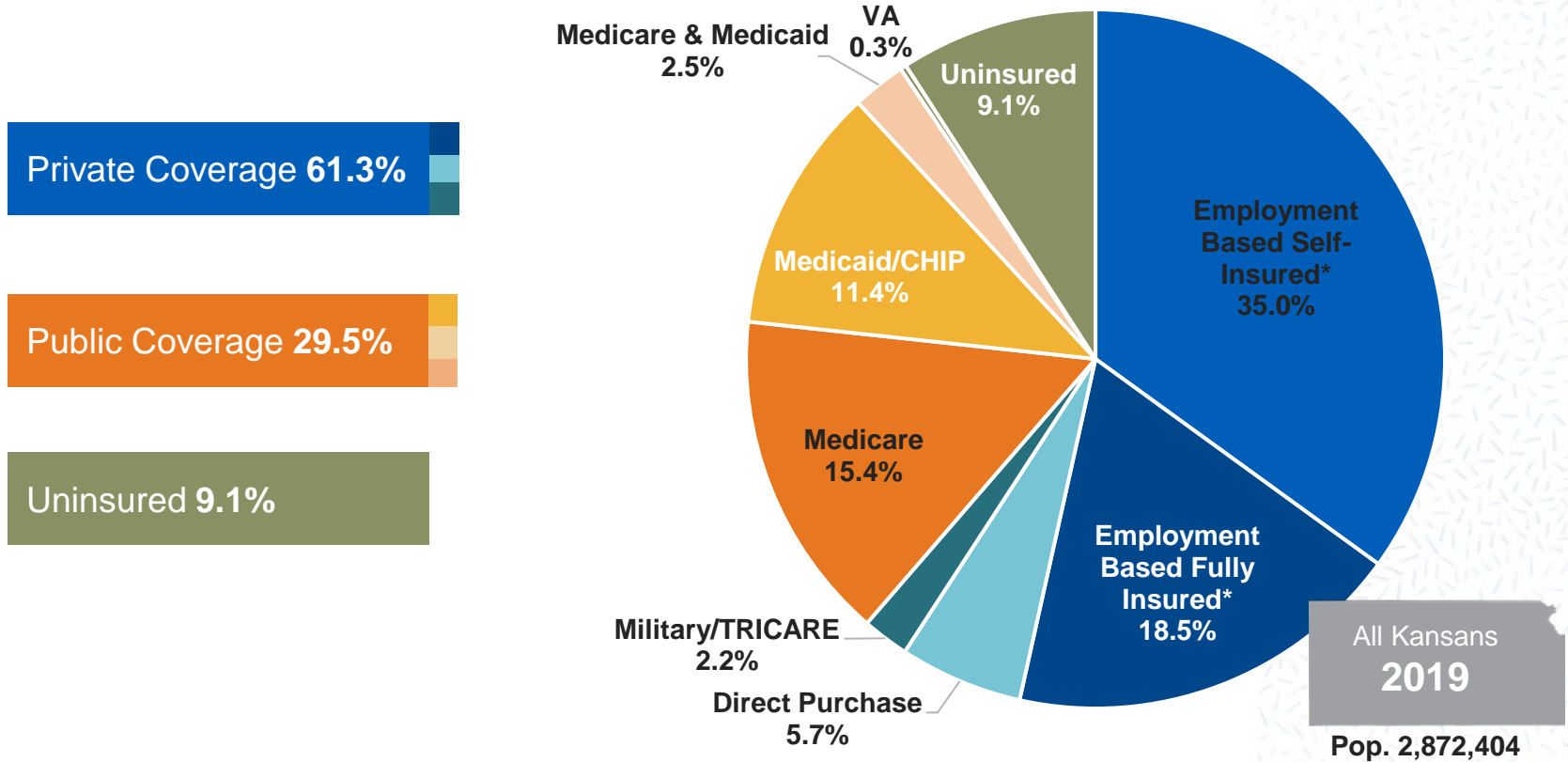
majority of Kansans are unaffected by this mandate. What this means for your constituents and providers is that there will be different standards for pharmacy therapy protocols – an even more unequal and confusing system than currently exists.

3. More and more health insurance depends on copays and deductibles to help keep policy premiums affordable to employers and families. As these out-of-pocket costs rise, measures that increase the cost of drugs, like limitations on step therapy, are a burden on the individual as well as the employer or other plan sponsor. We think our BCBSKS customers are more interested in steps that lower drug costs; not ones that will likely increase them.

As noted, BCBSKS regards drug therapy as a critical component of patient care for our insureds and we have installed numerous safeguards to help protect patient health while protecting their pocketbooks. These internal drug therapy appeals processes allow BCBSKS to resolve drug therapy appeals in more than 98% of cases within 72 hours. Many of the safeguards contained in HB 2157 are already industry practice but we would be pleased to sit down with advocates for HB 2157 to discuss what the actual problems are, our specific concerns about the wording of the bill and how we might jointly improve the process. In the interim, we must respectfully oppose HB 2157 as written. Thank you for your time and attention.



Sources of Health Insurance



Sources: Kansas Health Institute analysis of data from 2019 American Community Survey Public Use Microdata Sample

*Estimate based on data from Mark Farrah Associates