

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Scott Schwab at 3:30 pm on Monday, March 16, 2015, 152-S of the Capitol.

All members were present

Committee staff present:

Iraida Orr, Legislative Research Department
Melissa Calderwood-Renick, Legislative Research Department
David Wiese, Office of Revisor of Statutes
Diane Brian, Kansas Legislative Committee Assistant
Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

Jennifer Sourk, Midwest Health, Inc.
Cindy Luxem, Kansas Health Care Association and Kansas Center for Assisted Living
Charles Wheelen, Health Care Stabilization Fund Board of Governors
Lee Wright, Farmers Group Insurance

Others in attendance:

[See Attached List](#)

Hearing on: SB117 — Allowing certain health care providers and health care systems to qualify to become self-insurers through the health care stabilization fund.

Eileen Ma gave an overview of the bill and hearing was opened by the Chair.

The following conferees spoke in support of the bill and responded to questions from the committee.

Jennifer Sourk, General Counsel, stated that a change is needed to allow parity under the current law that will allow adult care facilities an opportunity to self-insure under the same set of rules that are currently in place for other Health Care Providers. Midwest Health is not asking the Health Care Stabilization Fund to change its high threshold and standards it puts upon Health Care Providers in order to be approved for self-insurance, but are asking for the opportunity to demonstrate Midwest Health's ability to meet the standards of the HCSF and be approved to continue self-insure as it has for the last 10 years ([Attachment 1](#)).

Cindy Luxem, President and CEO, stated that this piece of legislation seeks to balance the rules of the Health Care Stabilization Fund. Specifically, under current rules if hospitals or doctors meet certain criteria, they are allowed to self-insure as long as they meet similar criteria ([Attachment 2](#)).

There was no testimony in opposition to the bill.

Charles Wheelen, appeared before the committee with neutral testimony. He stated the this bill would add new language to allow a health care system consisting of two or more assisting living facilities,

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nursing facilities, or residential health care facilities to aggregate their basic professional liability insurance premiums for purposes of eligibility to become self-insured in accordance with K.S.A. 40-3414 as amended. There are some concerns that if the health care provider or health care system does not engage in responsible claim handling, the HCSF could become liable for any and all unresolved claims ([Attachment 3](#)) .

There were no additional conferees and the Chair closed the hearing on **SB117**.

Hearing on: SB54 — Updating methods of mailing notice of termination of coverage of motor vehicle liability insurance policies.

Eileen Ma gave an overview of the bill and the hearing was opened by the Chair.

The following conferees appeared before the committee and responded to questions:

Lee Wright spoke in support of the bill. He stated that the IMB tracking method is better in detail down to date and time the piece of mail represented was scanned for mailing through the U.S. Postal Service machine that gets identified by number. Each piece of mail is assigned a barcode tracker that is also identified on the form. It still shows the policy number and the insured's name and address that is reflected on the Certificate of Mail ([Attachment 4](#)).

Written testimony in support of bill was submitted by:

David Monaghan, American Family ([Attachment 5](#))

There were no opponents or neutral conferees, and the Chair closed the hearing on **SB54**.

Final action on:

SB47-Establishing principle-based reserves and updating the standard nonforfeiture law for life insurance companies. Eileen Ma gave an overview of the bill.

Representative Hawkins moved to pass the bill favorably, seconded by Representative Dove.

Chairman Schwab suggested it be placed on the consent calendar, there was no objection.

Representative Hawkins withdrew his motion and Representative Dove agreed.

Representative Hawkins moved the bill to be passed favorably and placed on the consent calendar, seconded by Representative Dove. There was no discussion and motion carried.

Final action on:

SB76-Requiring certain insurers and insurance groups to maintain a risk management framework through an internal risk self-assessment. Eileen Ma gave an overview of the bill.

Representative Bruchman moved to pass bill favorably out of committee, seconded by Representative Anthimides. There was no discussion and motion carried.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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After the completion of final actions, Representative Schwab directed staff to obtain authorization from Post Audit to make copies of contracts between the state and CVS Caremark.

Next meeting is scheduled for March 18, 2015.