

SENATE BILL No. 540

By Joint Committee on Health Policy Oversight
(By Request of the Kansas Health Policy Authority)

2-4

10 AN ACT concerning health insurance; establishing a voluntary health
11 insurance clearinghouse; authorizing policies for young adults; defining
12 very small employers; enacting the Kansas small business health policy
13 committee act; amending K.S.A. 40-2218 and K.S.A. 2007 Supp. 40-
14 2118, 40-2202, 40-4701, 40-4702, 40-4704, 40-4707, 74-50,301 and 74-
15 50,302 and repealing the existing sections; also repealing K.S.A. 2007
16 Supp. 40-4703, 40-4705 and 40-4706.

17

18 *Be it enacted by the Legislature of the State of Kansas:*

19 New Section 1. (a) Every insurer authorized to issue a policy of ac-
20 cident and sickness insurance as defined in K.S.A. 40-2201 and amend-
21 ments thereto, or group sickness and accident insurance as defined in
22 K.S.A. 40-2209 and amendments thereto, may provide group insurance
23 policies to very small employers.

24 (b) For the purposes of this section, the term “very small employer”
25 means an employer who employs at most 10 employees. The term very
26 small employer also shall include a sole proprietor.

27 New Section 2. (a) Every insurer authorized to issue a policy of ac-
28 cident and sickness insurance as defined in K.S.A. 40-2201 and amend-
29 ments thereto, or group sickness and accident insurance as defined in
30 K.S.A. 40-2209 and amendments thereto, shall provide young adult pol-
31 icies which:

32 (1) Provide benefit packages limited to the specific needs of young
33 adults; and

34 (2) provide reduced premiums based on the limited benefits pack-
35 ages offered.

36 (b) For the purposes of this section, the term “young adult” means
37 an individual who has attained the age of 18 but has not attained the age
38 of 26.

39 Sec. 3. K.S.A. 2007 Supp. 40-2118 is hereby amended to read as
40 follows: 40-2118. As used in this act, unless the context otherwise re-
41 quires, the following words and phrases shall have the meanings ascribed
42 to them in this section:

43

- 1 (a) “Administering carrier” means the insurer or third-party admin-
2 istrator designated in K.S.A. 40-2120, and amendments thereto.
- 3 (b) “Association” means the Kansas health insurance association es-
4 tablished in K.S.A. 40-2119, and amendments thereto.
- 5 (c) “Board” means the board of directors of the association.
- 6 (d) “Church plan” means a plan as defined under section 3(33) of the
7 Employee Retirement Income Security Act of 1974.
- 8 (e) “Commissioner” means the commissioner of insurance.
- 9 (f) “Creditable coverage” means with respect to an individual, cov-
10 erage of the individual under any of the following:
- 11 (1) A group health plan;
- 12 (2) health insurance coverage;
- 13 (3) part A or part B of Title XVIII of the Social Security Act;
- 14 (4) title XIX of the Social Security Act, other than coverage consisting
15 solely of benefit under Section 1928;
- 16 (5) chapter 55 of Title 10, United States Code;
- 17 (6) a medical care program of the Indian Health Service or of a tribal
18 organization;
- 19 (7) a state health benefit risk pool;
- 20 (8) a health plan offered under Chapter 89 of Title 5, United States
21 Code;
- 22 (9) a public health plan as defined under regulations promulgated by
23 the secretary of health and human services; and
- 24 (10) a health benefit plan under section 5(e) of the Peace Corps Act
25 (22 U.S.C. 2504(d)).
- 26 (g) “Dependent” means a resident spouse or resident unmarried
27 child under the age of ~~19~~ 26 years, a child who is a student under the age
28 of ~~23~~ 26 years and who is financially dependent upon the parent, or a
29 child of any age who is disabled and dependent upon the parent.
- 30 (h) “Excess loss” means the total dollar amount by which claims ex-
31 pense incurred for any issuer of a medicare supplement policy or certifi-
32 cate delivered or issued for delivery to persons in this state eligible for
33 medicare by reason of disability and who are under age 65 exceeds 65%
34 of the premium earned by such issuer during a calendar year.
- 35 (i) “Federally defined eligible individual” means an individual:
- 36 (1) For whom, as of the date the individual seeks coverage under this
37 section, the aggregate of the periods of creditable coverage is 18 or more
38 months and whose most recent prior coverage was under a group health
39 plan, government plan or church plan;
- 40 (2) who is not eligible for coverage under a group health plan, Part
41 A or B of Title XVII of the Social Security Act, or a state plan under Title
42 XIX of the Social Security Act, or any successor program, and who does
43 not have any other health insurance coverage;

- 1 (3) with respect to whom the most recent coverage was not termi-
2 nated for factors relating to nonpayment of premiums or fraud; and
- 3 (4) who had been offered the option of continuation coverage under
4 COBRA or under a similar program, who elected such continuation cov-
5 erage, and who has exhausted such continuation coverage.
- 6 (j) “Federally defined eligible individuals for FTAA” means an indi-
7 vidual who is:
- 8 (1) Legally domiciled in this state; and
- 9 (2) eligible for the credit for health insurance costs under section 35
10 of the internal revenue code of 1986.
- 11 (k) “FTAA” means federal trade adjustment assistance under the fed-
12 eral trade adjustment assistance reform act of 2002, public law 107-210.
- 13 (l) “Governmental plan” means a plan as defined under section 3(32)
14 of the Employee Retirement Income Security Act of 1974 and any plan
15 maintained for its employees by the government of the United States or
16 by any agency or instrumentality of such government.
- 17 (m) “Group health plan” means an employee benefit plan as defined
18 by section 3(1) of the Employee Retirement Income Security Act of 1974
19 to the extent that the plan provides any hospital, surgical or medical ex-
20 pense benefits to employees or their dependents (as defined under the
21 terms of the plan) directly or through insurance, reimbursement or
22 otherwise.
- 23 (n) “Health insurance” means any hospital or medical expense policy,
24 health, hospital or medical service corporation contract, and a plan pro-
25 vided by a municipal group-funded pool, or a health maintenance organ-
26 ization contract offered by an employer or any certificate issued under
27 any such policies, contracts or plans. “Health insurance” does not include
28 policies or certificates covering only accident, credit, dental, disability
29 income, long-term care, hospital indemnity, medicare supplement, spec-
30 ified disease, vision care, coverage issued as a supplement to liability in-
31 surance, insurance arising out of a workers compensation or similar law,
32 automobile medical-payment insurance, or insurance under which ben-
33 efits are payable with or without regard to fault and which is statutorily
34 required to be contained in any liability insurance policy or equivalent
35 self-insurance.
- 36 (o) “Health maintenance organization” means any organization
37 granted a certificate of authority under the provisions of the health main-
38 tenance organization act.
- 39 (p) “Insurance arrangement” means any plan, program, contract or
40 any other arrangement under which one or more employers, unions or
41 other organizations provide to their employees or members, either di-
42 rectly or indirectly through a group-funded pool, trust or third-party ad-
43 ministrator, health care services or benefits other than through an insurer.

1 (q) “Insurer” means any insurance company, fraternal benefit society,
2 health maintenance organization and nonprofit hospital and medical serv-
3 ice corporation authorized to transact health insurance business in this
4 state.

5 (r) “Medicaid” means the medical assistance program operated by
6 the state under title XIX of the federal social security act.

7 (s) “Medicare” means coverage under both parts A and B of title
8 XVIII of the federal social security act, 42 USC 1395.

9 (t) “Medicare supplement policy” means a group or individual policy
10 of accident and sickness insurance or a subscriber contract of hospitals
11 and medical service associations or health maintenance organizations,
12 other than a policy issued pursuant to a contract under section 1876 of
13 the federal social security act (42 USC 1395 et seq.) or an issued policy
14 under a demonstration project specified in 42 USC 1395ss(g)(1), which
15 is advertised, marketed or designed primarily as a supplement to reim-
16 bursements under medicare for the hospital, medical or surgical expenses
17 of persons eligible for medicare.

18 (u) “Member” means all insurers and insurance arrangements partic-
19 ipating in the association.

20 (v) “Plan” means the Kansas uninsurable health insurance plan cre-
21 ated pursuant to this act.

22 (w) “Plan of operation” means the plan to create and operate the
23 Kansas uninsurable health insurance plan, including articles, bylaws and
24 operating rules, adopted by the board pursuant to K.S.A. 40-2119, and
25 amendments thereto.

26 Sec. 4. K.S.A. 2007 Supp. 40-2202 is hereby amended to read as
27 follows: 40-2202. (a) No policy of accident and sickness insurance shall
28 be delivered or issued for delivery to any person in this state unless:

29 (1) The entire money and other considerations therefor are expressed
30 therein;

31 (2) the time at which the insurance takes effect and terminates is
32 expressed therein;

33 (3) it purports to insure only one person, except that a policy may
34 insure, originally or by subsequent amendment, upon the application of
35 an adult member of a family who shall be deemed the policyholder, any
36 two or more eligible members of such family, including husband, wife,
37 dependent children or any children under a specified age which shall not
38 exceed ~~nineteen~~ 25 years and any other person dependent upon the
39 policyholder;

40 (4) the style, arrangement and over-all appearance of the policy give
41 no undue prominence to any portion of the text, and unless every printed
42 portion of the text of the policy and of any endorsements or attached
43 papers is plainly printed in lightfaced type of a style in general use, the

1 size of which shall be uniform and not less than 10-point with a lower-
2 case unspaced alphabet length not less than 120-point (the “text” shall
3 include all printed matter except the name and address of the insurer,
4 name or title of the policy, the brief description if any, and captions and
5 subcaptions);

6 (5) the exceptions and reductions of indemnity are set forth in the
7 policy and, except those which are set forth in K.S.A. 40-2203 and amend-
8 ments thereto, are printed, at the insurer’s option, either included with
9 the benefit provision to which they apply, or under an appropriate caption
10 such as “Exceptions,” or “Exceptions and reductions,” provided, that if
11 an exception or reduction specifically applies only to a particular benefit
12 of the policy, a statement of such exception or reduction shall be included
13 with the benefit provision to which it applies;

14 (6) each such form, including riders and endorsements, shall be iden-
15 tified by a form number in the lower left-hand corner of the first page
16 thereof;

17 (7) it contains no provision purporting to make any portion of the
18 charter, rules, constitution, or bylaws of the insurer a part of the policy
19 unless such portion is set forth in full in the policy, except in the case of
20 the incorporation of, or reference to, a statement of rates or classification
21 of risks, or short-rate table filed with the commissioner of insurance; and

22 (8) any provision purporting to base the payment of benefits on
23 “usual, customary and reasonable charges” or a standard of similar import
24 is specifically defined and the determination of payable benefits is de-
25 veloped from a statistically valid sample which: (A) Equitably recognizes
26 geographic variations; (B) is produced at least every six months; and (C)
27 is collected on the basis of the most current codes and nomenclature
28 developed and maintained by recognized authorities.

29 (b) If any policy is issued by an insurer domiciled in this state for
30 delivery to a person residing in another state, and if the official having
31 responsibility for the administration of the insurance laws of such other
32 state shall have advised the commissioner of insurance that any such pol-
33 icy is not subject to approval or disapproval by such official, the commis-
34 sioner of insurance may by ruling require that such policy meet the stan-
35 dards set forth in subsection (a) of this section and in K.S.A. 40-2203 and
36 amendments thereto.

37 Sec. 5. K.S.A. 40-2218 is hereby amended to read as follows: 40-
38 2218. (a) The commissioner of insurance shall issue rules and regulations
39 to establish standards for benefits under each of the following categories
40 of coverage in individual policies, other than conversion policies issued
41 pursuant to a contractual conversion privilege under a group policy, of
42 accident and sickness insurance or subscriber contracts:

43 (1) Basic hospital expense coverage;

- 1 (2) basic medical-surgical expense coverage;
 2 (3) hospital confinement indemnity coverage;
 3 (4) major medical expense coverage;
 4 (5) disability income protection coverage;
 5 (6) accident only coverage; and
 6 (7) specified disease or specified accident coverage.

7 (b) *Each policy referenced in subsection (a) shall:*

8 (1) *Not terminate coverage of an unmarried dependent by reason of*
 9 *the dependent's age before the dependent reaches the age of 26 and shall,*
 10 *upon application, provide coverage for all unmarried dependents up to*
 11 *age 26.*

12 (2) *Provide that the cost of coverage for unmarried dependents from*
 13 *age 19 to age 26 shall be included in the premium on the same basis as*
 14 *other dependent coverage.*

15 ~~(b)~~ (c) Nothing in this section shall preclude the issuance of any policy
 16 or contract which combines two ~~(2)~~ or more of the categories of coverage
 17 enumerated in paragraphs (1) through (6) of subsection (a).

18 ~~(c)~~ (d) No policy or contract shall be delivered or issued for delivery
 19 in this state which does not meet the prescribed standards for the cate-
 20 gories of coverage listed in paragraphs (1) through (7) of subsection (a)
 21 which are contained within the policy or contract unless the commissioner
 22 finds such policy or contract, including those affording supplemental cov-
 23 erage, will fulfill a reasonable public need and such policy or contract
 24 meets the requirements set forth in K.S.A. 40-2215, *and amendments*
 25 *thereto*, or unless the outline of coverage required by K.S.A. 40-2219, *and*
 26 *amendments thereto*, clearly sets forth wherein such policy does not pro-
 27 vide the standards for benefits promulgated by the commissioner.

28 ~~(d)~~ (e) The commissioner shall prescribe the method of identification
 29 of policies and contracts based upon coverages provided.

30 Sec. 6. K.S.A. 2007 Supp. 40-4701 is hereby amended to read as
 31 follows: 40-4701. As used in K.S.A. 40-4701 through 40-4707 and amend-
 32 ments thereto:

33 ~~(a) "Carrier" means any insurance company, nonprofit medical and~~
 34 ~~hospital service corporation, nonprofit optometric, dental, or pharmacy~~
 35 ~~service corporation, municipal group-funded pool, fraternal benefit so-~~
 36 ~~society or health maintenance organization, as these terms are defined by~~
 37 ~~chapter 40 of the Kansas Statutes Annotated, and amendments thereto,~~
 38 ~~that offers health benefit plans covering eligible employees of one or more~~
 39 ~~small employers in the state.~~

40 (a) "Eligible employee" means an employee who works on a full-time
 41 basis, with a normal work week of 30 or more hours, and includes a sole
 42 proprietor, a partner of a partnership or an independent contractor, pro-
 43 vided such sole proprietor, partner or independent contractor is included

1 *as an employee under a health benefit plan of a small employer but does*
2 *not include an employee who works on a part-time, temporary or substi-*
3 *tute basis.*

4 (b) “Health committee” means the Kansas *small* business health pol-
5 icy committee as specified in K.S.A. 40-4702, and amendments thereto.

6 (c) ~~“Dependent” means the spouse or any child of an eligible~~
7 ~~employee.~~

8 ~~—(d) “Eligible employee” shall have the meaning ascribed to it in~~
9 ~~K.S.A. 40-2209d and amendments thereto.~~

10 ~~—(e) “Health benefit plan” means any hospital or medical expense pol-~~
11 ~~icy, health, hospital or medical services corporation contract, and a plan~~
12 ~~provided by a municipal group-funded pool, or a health maintenance~~
13 ~~organization contract offered by any employer or any certificate issued~~
14 ~~under any such policy, contract or plan.~~

15 (f) ~~“Kansas business health partnership” or “health partnership”~~
16 ~~means a nonrisk bearing nonprofit corporation that has responded to a~~
17 ~~request for a proposal by the health committee and has been selected by~~
18 ~~the health committee to provide health insurance through multiple un-~~
19 ~~affiliated participating carriers to small employers and their eligible~~
20 ~~employees.~~

21 ~~—(g) “Low wage or modest wage employee” means any eligible em-~~
22 ~~ployee whose family income does not exceed 200% of the poverty level.~~

23 ~~—(h) “Small employer” shall have the meaning ascribed to it in K.S.A.~~
24 ~~40-2209d and amendments thereto.~~

25 (d) “Small employer” means any person, firm, corporation, partner-
26 ship or association eligible for group sickness and accident insurance pur-
27 suant to subsection (a) of K.S.A. 40-2209, and amendments thereto, ac-
28 tively engaged in business whose total employed work force consisted of,
29 on at least 50% of its working days during the preceding year, of at least
30 two and no more than 50 eligible employees, the majority of whom were
31 employed within the state. In determining the number of eligible employ-
32 ees, companies which are affiliated companies or which are eligible to file
33 a combined tax return for purposes of state taxation, shall be considered
34 one employer.

35 (e) “Very Small Group” means employers who employ 1 to 10 em-
36 ployees and shall include sole proprietors.

37 Sec. 7. K.S.A. 2007 Supp. 40-4702 is hereby amended to read as
38 follows: 40-4702. (a) ~~The governor of the state of Kansas shall appoint a~~
39 ~~committee which shall be known as the Kansas business health policy~~
40 ~~committee, whose purpose is to explore opportunities and encourage em-~~
41 ~~ployer participation in health plans developed by the committee for low-~~
42 ~~and modest wage employees of small employers There is hereby estab-~~
43 ~~lished within the Kansas health policy authority the Kansas small business~~

1 *health policy committee.*

2 (b) The Kansas *small* business health policy committee, hereinafter
3 referred to as the health committee, shall consist of:

4 (1) The secretary of the department of commerce or the secretary's
5 designee;

6 ~~(2) the secretary of the department of social and rehabilitation serv-~~
7 ~~ices or the secretary's designee;~~

8 ~~(3) the commissioner of insurance or the commissioner's designee;~~

9 ~~(4) (3) one member appointed by the president of the senate;~~

10 ~~(5) (4) one member appointed by the speaker of the house of~~
11 ~~representatives;~~

12 ~~(6) (5) one member appointed by the minority leader of the senate;~~

13 ~~(7) (6) one member appointed by the minority leader of the house~~
14 ~~of representatives; and~~

15 ~~(8) (7) three members at large from the private sector appointed by~~
16 ~~the governor; and~~

17 ~~(8) one member designated by the Kansas health policy authority.~~

18 The secretary of each state agency represented on this committee shall
19 provide such staff and other resources as the health committee may
20 require.

21 (c) (1) The initial meeting of the health committee shall be convened
22 within 60 days after the effective date of this act by the ~~governor~~ *Kansas*
23 *health policy authority* at a time and place designated by the ~~governor~~
24 *Kansas health policy authority.*

25 ~~(2) Meetings of the health committee subsequent to its initial meet-~~
26 ~~ing shall be held and conducted in accordance with policies and proce-~~
27 ~~dures established by the health committee shall be held and conducted~~
28 ~~in accordance with the Kansas open meetings act and acts amendatory~~
29 ~~thereof and supplemental thereto.~~

30 (3) Commencing at the time of the initial meeting of the health com-
31 mittee, the powers, authorities, duties and responsibilities conferred and
32 imposed upon the health committee by this act shall be operative and
33 effective.

34 ~~(d) The health committee shall develop and approve a request for~~
35 ~~proposals for a qualified entity to serve as the Kansas business health~~
36 ~~partnership, hereinafter referred to as health partnership, which shall~~
37 ~~provide a mechanism to combine federal and state subsidies with contri-~~
38 ~~butions from small employers and eligible employees to purchase health~~
39 ~~insurance in accordance with guidelines developed by the health~~
40 ~~committee.~~

41 ~~(e) The health committee shall evaluate responses to the request for~~
42 ~~proposals and select the qualified entity to serve as the health partnership.~~

43 ~~(f) The health committee shall:~~

1 ~~—(1) Develop, approve and revise subsidy eligibility criteria provided~~
2 ~~that:~~
3 ~~—(A) Low wage and modest wage employees of small employers shall~~
4 ~~be eligible for subsidies if:~~
5 ~~—(i) The small employer has not previously offered health insurance~~
6 ~~coverage within the two years next preceding the date upon which health~~
7 ~~insurance is offered; or~~
8 ~~—(ii) the small employer has previously offered health insurance cov-~~
9 ~~erage and a majority of such small employer's employees are low wage~~
10 ~~or modest wage employees as defined in K.S.A. 40-4701, and amend-~~
11 ~~ments thereto;~~
12 ~~—(B) any small employer's eligible employee with a child who is eligible~~
13 ~~for coverage under the state childrens' health insurance program estab-~~
14 ~~lished by K.S.A. 38-2001 et seq., and amendments thereto, or in the state~~
15 ~~medical assistance program shall be eligible automatically for a subsidy~~
16 ~~and shall be included in the determination of eligibility for the small~~
17 ~~employer and its low and modest wage employees; and~~
18 ~~—(C) at least 70% of the small employer's eligible employees without~~
19 ~~group health insurance coverage from another source are insured through~~
20 ~~the partnership; and~~
21 ~~—(2) determine and arrange for eligibility determination for subsidies~~
22 ~~of low wage or modest wage employees; and~~
23 ~~—(3) develop subsidy schedules based upon eligible employee wage~~
24 ~~levels and family income; and~~
25 ~~—(4) be responsible for arranging for the provision of affordable health~~
26 ~~care coverage for eligible employees of small employers and evaluating~~
27 ~~and creating the opportunity to improve health care provided by plans in~~
28 ~~the small group health insurance program.~~
29 ~~—(g) The health committee shall oversee and monitor the ongoing op-~~
30 ~~eration of any subsidy program and the financial accountability of all sub-~~
31 ~~sidy funds. If, in the judgment of the health committee, the entity selected~~
32 ~~to serve as the health partnership fails to perform as intended, the health~~
33 ~~committee may terminate its selection and designation of that entity as~~
34 ~~the health partnership and may issue a new request for proposal and~~
35 ~~select a different qualified entity to serve as the health partnership.~~
36 ~~—(h) The health committee is hereby authorized to accept funds from~~
37 ~~the federal government, or its agencies, or any other source whatsoever~~
38 ~~for research studies, investigation, planning and other purposes related~~
39 ~~to implementation of the objectives of this act. Any funds so received~~
40 ~~shall be deposited in the state treasury and shall be credited to a special~~
41 ~~revenue fund which is hereby created and shall be known as the health~~
42 ~~committee insurance fund and used in accordance with or direction of~~
43 ~~the contributing federal agencies. Expenditures from such fund may be~~

1 made for any purpose in keeping with the responsibilities, functions and
 2 authority of the department. Warrants on such fund shall be drawn in
 3 the same manner as required of other state agencies upon vouchers ap-
 4 proved by the Kansas health policy authority, or the authority's designee,
 5 upon receiving prior approval of the health committee.

6 ~~(i) The health committee is authorized to develop policies for the~~
 7 ~~administration of the subsidy program and for the use of additional federal~~
 8 ~~or private funds to subsidize health insurance coverage for low and mod-~~
 9 ~~est wage employees of predominantly low wage small employers. The~~
 10 ~~health committee shall be responsible for setting benefit levels and es-~~
 11 ~~tablishing performance measures for health plans providing health care~~
 12 ~~coverage for this program that include quality, preventative health and~~
 13 ~~other supplementary measures. The health committee shall limit access~~
 14 ~~to the program subsidy to the projected annualized expenditure.~~

15 ~~—(j) The health committee is hereby authorized to organize, or cause~~
 16 ~~to be organized, one or more advisory committees. No member of any~~
 17 ~~advisory committee established under this subsection shall have previ-~~
 18 ~~ously received or currently receive any payment or other compensation~~
 19 ~~from the health partnership. The membership of each advisory committee~~
 20 ~~established under this subsection shall contain at least one representative~~
 21 ~~who is a small employer and one representative who is an eligible em-~~
 22 ~~ployee as defined in K.S.A. 40-4701, and amendments thereto, and one~~
 23 ~~representative of the insurance industry.~~

24 ~~—(k) The health committee shall report on an annual basis on the fol-~~
 25 ~~lowing subjects:~~

- 26 ~~—(1) Quality assurance measures;~~
- 27 ~~—(2) disease prevention activities;~~
- 28 ~~—(3) disease management activities; and~~
- 29 ~~—(4) other activities or programs the committee decides to include.~~

30 Sec. 8. K.S.A. 2007 Supp. 40-4704 is hereby amended to read as
 31 follows: 40-4704. The health partnership shall develop and offer two or
 32 more health benefit plans to small employers. In any health benefit plan
 33 developed under this act, any carrier may contract for coverage within
 34 the scope of this act notwithstanding any mandated coverages otherwise
 35 required by state law. Except for preventative and health screening serv-
 36 ices, the provisions of K.S.A. 40-2,100 to 40-2,105, inclusive, 40-2114 and
 37 subsection (i) of 40-2209 and 40-2229 and 40-2230, and 40-2,163, 40-
 38 2,164, 40-2,165 and 40-2,166, and amendments thereto, shall not be man-
 39 datory with respect to any health benefit plan developed under this act.
 40 In performing these duties, the health partnership shall:

- 41 ~~—(a) Develop and offer two or more lower-cost benefit plans such that:~~
- 42 ~~—(1) Each health benefit plan is consistent with any criteria established~~
 43 ~~by the health partnership;~~

- 1 ~~—(2)— each health benefit plan shall be offered by all participating carriers~~
2 ~~except that no participating carrier shall be required to offer any~~
3 ~~health benefit plan, or portion thereof, which such participating carrier~~
4 ~~is not licensed or authorized to offer in this state;~~
5 ~~—(3)— no participating carrier shall offer any health benefit plan devel-~~
6 ~~oped under this act to any small employer unless such small employer is~~
7 ~~covered through the health partnership.~~
8 ~~—(b)— Develop and make available one or more supplemental health~~
9 ~~benefit plans or one or more other benefit options so that the total pack-~~
10 ~~age of health benefits available to all children eligible for the state chil-~~
11 ~~dren's health insurance program established pursuant to K.S.A. 68-2001~~
12 ~~et seq., and amendments thereto, meets, at a minimum, standards estab-~~
13 ~~lished by the federal health insurance program.~~
14 ~~—(c)— Offer coverage to any qualifying small employer.~~
15 ~~—(d)— Offer eligible employees of participating small employers a choice~~
16 ~~of participating carriers where feasible.~~
17 ~~—(e) (1)— Include centralized and consolidated enrollment, billing and~~
18 ~~customer service functions;~~
19 ~~—(2)— use one standard enrollment form for all participating carriers;~~
20 ~~and~~
21 ~~—(3)— submit one consolidated bill to the small employer.~~
22 ~~—(f)— Issue or cause to be issued a request for proposals and contract~~
23 ~~with a qualified vendor for any administrative or other service not per-~~
24 ~~formed by the health committee or provided to the health committee~~
25 ~~under subsection (b) of K.S.A. 40-4702, and amendments thereto.~~
26 ~~—(g)— Issue a request for proposals and selectively contract with carriers.~~
27 ~~—(h)— Establish conditions of participation for small employers that con-~~
28 ~~form with K.S.A. 40-2209b et seq., and amendments thereto, and the~~
29 ~~health insurance portability and accountability act of 1996 (Public Law~~
30 ~~104-191).~~
31 ~~—(i)— Enroll small employers and their eligible employees and depend-~~
32 ~~ents in health benefit plans developed under this act.~~
33 ~~—(j)— Bill and collect premiums from participating small employers in-~~
34 ~~cluding any share of the premium paid by such small employer's enrolled~~
35 ~~employees.~~
36 ~~—(k)— Remit funds collected under subsection (h) to the appropriate~~
37 ~~contracted carriers.~~
38 ~~—(l)— Provide that each low-or-modest wage employee shall be permit-~~
39 ~~ted to enroll in such employee's choice of participating carrier where~~
40 ~~available.~~
41 ~~—(m)— Develop premium rating policies for small employers.~~
42 ~~—(1)— In consultation with the health committee, the health partnership~~
43 ~~shall ensure, to the maximum extent possible, that the combined effect~~

1 of the premium rating and subsidy policies is that subsidized eligible
2 employees and the dependents of such subsidized eligible employees can
3 afford coverage.

4 ~~—(2) Any rating policy developed under this subsection may vary with~~
5 ~~respect to subsidy status of eligible employees and the dependents of~~
6 ~~such eligible employees.~~

7 ~~—(n) Be authorized to contract for additional group vision, dental and~~
8 ~~life insurance plans, and other limited insurance products.~~

9 ~~—(o) Take whatever action is necessary to assure that any eligible em-~~
10 ~~ployee or dependent of such eligible employee who receives health ben-~~
11 ~~efit coverage through the health partnership and who is eligible for the~~
12 ~~state medical assistance program shall remain eligible to participate in the~~
13 ~~state health insurance premium payment program.~~

14 ~~—(p) Coordinate with the department of social and rehabilitation serv-~~
15 ~~ices to assure that any funds available for the coverage of infants and~~
16 ~~pregnant women under the state medical assistance program are also~~
17 ~~available for the benefit of eligible infants and pregnant women who re-~~
18 ~~ceive health benefit coverage through the health partnership as an eligible~~
19 ~~employee or dependent of such eligible employee.~~

20 ~~—(q) Work with the department of social and rehabilitation services~~
21 ~~office of medical policy and medicaid to develop a single employee ap-~~
22 ~~plication that may be used by the health plan and the medicaid and state~~
23 ~~children's health insurance program to determine eligibility.~~

24 ~~—(r) Screen employee applications for subsidy eligibility and depend-~~
25 ~~ent children for medicaid and state children's health insurance program~~
26 ~~premium support eligibility. The health committee shall have the following~~
27 ~~duties: (a) Develop a voluntary health insurance clearinghouse. In per-~~
28 ~~forming this duty the health committee shall:~~

29 ~~(1) Assist small employers and very small groups in accessing health~~
30 ~~insurance and tax-preferred health insurance premiums through cafeteria~~
31 ~~plans authorized by 26 U.S.C. 125; and~~

32 ~~(2) develop and implement a website designed to provide information~~
33 ~~for small employers, employees and very small groups on health insurance~~
34 ~~products and cafeteria plans authorized by 26 U.S.C. 125.~~

35 ~~In performing and operating the voluntary health insurance clear-~~
36 ~~inghouse the health committee shall be limited to assisting small employers~~
37 ~~and very small groups by providing information only.~~

38 ~~(b) Encourage and expand the use of cafeteria plans authorized by~~
39 ~~26 U.S.C. 125, by small employers and very small groups by operating~~
40 ~~the small employer cafeteria plan development program as outlined within~~
41 ~~sections 10 and 11 and amendments thereto.~~

42 ~~(c) Perform any and all duties as directed by the Kansas health policy~~
43 ~~authority board, including but not limited to, reporting to the Kansas~~

1 *health policy authority board whenever requested by the board, and in-*
2 *vestigating and analyzing the applicability of the use of reinsurance.*

3 (d) *Report to the Kansas health policy authority board and Kansas*
4 *commissioner of insurance on September 1, 2008, and annually thereafter.*
5 *The report shall set forth in detail the operations and transactions con-*
6 *ducted by the health committee pursuant to this act. The annual report*
7 *shall specifically account for the ways in which the purposes of this act*
8 *have been carried out, and the recommendations shall specifically note*
9 *what changes are necessary to better address the purposes described in*
10 *this act.*

11 Sec. 9. K.S.A. 2007 Supp. 40-4707 is hereby amended to read as
12 follows: 40-4707. K.S.A. 40-4701 through 40-4707 *and sections 10 and*
13 *11, and amendments thereto, shall be known as the Kansas small business*
14 *health partnership policy committee act.*

15 Sec. 10. K.S.A. 2007 Supp. 74-50,301 is hereby amended to read as
16 follows: 74-50,301. (a) In order to encourage and to expand the use of
17 cafeteria plans authorized by 26 U.S.C. 125, by small employers, there is
18 hereby established the small employer cafeteria plan development
19 program.

20 (b) Subject to the provisions of appropriations acts and in accordance
21 with the provisions of this act, the ~~secretary of the department of com-~~
22 ~~merce~~ *Kansas small business health policy committee* may provide grants
23 to small employers for the purpose of establishing a cafeteria plan au-
24 thorized by 26 U.S.C. 125. The provisions of this section shall not apply
25 to any small employer who has a cafeteria plan established prior to the
26 effective date of this act.

27 (c) The ~~secretary of commerce~~ *Kansas small business health policy*
28 *committee* shall develop and implement marketing strategies to ensure
29 that small employers are aware of the state program and to demonstrate
30 the benefits of establishing a cafeteria plan to both the employer and
31 employee.

32 (d) The ~~secretary of commerce~~ *Kansas small business health policy*
33 *committee* may contract with third party administrators of cafeteria plans
34 authorized by 26 U.S.C. 125, for the purpose of helping in the develop-
35 ment and implementation of the provisions of this section.

36 (e) There is hereby established in the state treasury the small em-
37 ployer cafeteria plan development program fund. The secretary of com-
38 merce shall administer such fund and expenditures from the small em-
39 ployer cafeteria plan development program fund for the purpose of
40 providing grants in accordance with this section. All expenditures from
41 the small employer cafeteria plan development program fund shall be
42 made in accordance with appropriations acts upon warrants of the direc-
43 tor of accounts and reports issued pursuant to vouchers approved by the

1 ~~secretary of commerce or the designee of the secretary~~ *designee of the*
2 *Kansas small business health policy committee.*

3 (f) On or before the 10th day of each month, the director of accounts
4 and reports shall transfer from the state general fund to the small em-
5 ployer cafeteria plan development program fund interest earnings based
6 on:

7 (1) The average daily balance of moneys in the small employer caf-
8 eteria plan development program fund for the preceding month; and

9 (2) the net earnings rate for the pooled money investment portfolio
10 for the preceding month.

11 (g) For the purpose of this section “small employer” means any em-
12 ployer that employs 50 or less employees.

13 (h) ~~The secretary of commerce~~ *On behalf of the Kansas small business*
14 *health policy committee, the Kansas health policy authority* may adopt
15 rules and regulations to implement the provisions of this section.

16 (i) The provisions of this section shall expire on July 1, ~~2009~~ 2010.

17 Sec. 11. K.S.A. 2007 Supp. 74-50,302 is hereby amended to read as
18 follows: 74-50,302. (a) ~~The secretary of commerce~~ *Kansas small business*
19 *health policy committee* is hereby authorized to make grants or no interest
20 loans for the purpose of financing the initial costs associated with the
21 forming and organizing of associations to assist members of the associa-
22 tion to obtain access to quality and affordable health care plans. Such
23 grants or loans may be used to pay for actuarial or feasibility studies.

24 (b) Such grants and loans shall be made upon such terms and condi-
25 tions as the secretary of commerce may deem appropriate, except that:
26 (1) Such loans shall be made interest free and with recourse, and (2) the
27 association shall provide a match for such grant or loan. Such grants and
28 loans shall be made from funds credited to the association assistance plan
29 fund.

30 (c) There is hereby established in the state treasury the association
31 assistance plan fund. ~~The secretary of commerce~~ *Kansas small business*
32 *health policy committee* shall administer such fund and expenditures from
33 the association assistance plan fund for the purpose of providing grants
34 and no interest loans in accordance with this section. All expenditures
35 from the association assistance plan fund shall be made in accordance
36 with appropriation acts upon warrants of the director of accounts and
37 reports issued pursuant to vouchers approved by the ~~secretary of com-~~
38 ~~merce or the designee of the secretary~~ *designee of the Kansas small busi-*
39 *ness health policy committee.*

40 (d) On July 1, 2007, the director of accounts and reports shall transfer
41 \$500,000 from the state general fund to the association assistance plan
42 fund.

43 (e) On or before the 10th day of each month, the director of accounts

- 1 and reports shall transfer from the state general fund to the association
2 assistance plan fund interest earnings based on:
- 3 (1) The average daily balance of moneys in the association assistance
4 plan fund for the preceding month; and
- 5 (2) the net earnings rate for the pooled money investment portfolio
6 for the preceding month.
- 7 (f) For the purpose of this section:
- 8 (1) "Association" means a small business or an organization of persons
9 having a common interest; and
- 10 (2) "small business" means any business that employs 50 or less
11 employees.
- 12 (g) ~~The secretary of commerce~~ *On behalf of the Kansas small business*
13 *health policy committee, the Kansas health policy authority* may adopt
14 rules and regulations to implement the provisions of this section.
- 15 (h) Any health care plans offered through any association funded in
16 whole or in part with grants or loans pursuant to this section shall be
17 underwritten by an insurance company or health maintenance organiza-
18 tion that holds a valid Kansas certificate of authority as verified by the
19 commissioner of insurance and any such association shall be subject to
20 the provisions of K.S.A. 40-2209, 40-2209a through 40-2209p and 40-
21 2222, and amendments thereto.
- 22 Sec. 12. K.S.A. 40-2218 and K.S.A. 2007 Supp. 40-2118, 40-2202,
23 40-4701, 40-4702, 40-4703, 40-4704, 40-4705, 40-4706, 40-4707, 74-
24 50,301 and 74-50,302 are hereby repealed.
- 25 Sec. 13. This act shall take effect and be in force from and after its
26 publication in the statute book.