

MINUTES OF THE SENATE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS

The meeting was called to order by Sen. Neil H. Arasmith at  
Chairperson

9:00 a.m./~~p.m.~~ on March 23, 1983 in room 529-S of the Capitol.

All members were present except:

Sen. Harder - Excused

Committee staff present:

Bill Wolff, Legislative Research  
Bruce Kinzie, Revisor's Office

Conferees appearing before the committee:

Rep. Bob Vancrum  
Bill Schutte, Securities Commissioner's Office  
Don Schnacke, KIOGA  
Rep. David Heinemann  
Steve Robertson, Health Insurance Association of America  
Ron Todd, Kansas Insurance Department  
John Peterson, Kansas Association of Psychologists

The minutes of March 22 were approved.

The hearing began on HB 2185, regarding the exemption of oil and gas transactions from securities registration, with the testimony of Rep. Bob Vancrum in support of the bill. Rep. Vancrum said that the bill as amended by the House committee would allow oil and gas securities outside the state of Kansas to be available for sale under state Regulation D. He said that this bill is needed to clarify an existing statute.

Bill Schutte, Securities Commissioner's Office, gave testimony in support of HB 2185. He agreed with the chairman that the bill extends up to 35 Kansas residents the right to purchase securities on out of state oil and gas leases that are not required to be registered. Mr. Schutte gave the committee examples of this type of transaction to further explain the intent of the bill.

Don Schnacke, KIOGA, gave testimony in support of HB 2185. The hearing was concluded.

Sen. Pomeroy made a motion to report HB 2185 favorably. Sen. Werts seconded the motion. The motion carried.

The hearing began on HB 2255 dealing with employers doing business in Kansas and providing group health insurance to employees residing in Kansas providing newborn child coverage. Rep. David Heinemann gave his testimony in support of the bill. He explained to the committee that the bill came into existence as a result of an experience he had with a couple last summer who had had high medical expenses for their newborn child and found that their insurance would not cover the bills because the insurance policy was held outside the state of Kansas and did not provide this coverage. He said that HB 2255 would provide that the employer must supply insurance coverage for the newborn even if the policy is outside the state.

Steve Robertson, Health Insurance Association of America, began his testimony opposing HB 2255. He said that Kansas has developed a law that provides for coverage of the newborn which is on the books of every state. He opposes this bill because it would bring extraterritorial law into the state of Kansas which could cause several problems: It could have a snowball effect in that it may be extended to other medical areas. It would be expensive because the policy would have to conform to the strictest state's law which would cause high premiums. The employer may go to a self-insured plan which would result in the state collecting less premium taxes. The coverage for union employees would be different in each state which would cause the employer to have a fair employment problem. He concluded by saying that he does not oppose the existing law in Kansas for the newborn, but once that extraterritorial law gets on

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS,

room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 23, 1983

the books, it could be extended to other areas.

Committee discussion followed in which it was stated that the bill would not affect Kansas domiciled insurance companies but could later if other states follow Kansas' practice. It was also determined that more information was needed from Representative Heinemann who had left the hearing after his testimony.

Ron Todd, Kansas Insurance Department, gave testimony in support of HB 2255. He said that even if there is a law in all states allowing coverage for the newborn, this bill would do no harm. He added that complications would result if the concept expanded into other insurance areas. In response to a question as to the frequency of this type of complaint as reported by Rep. Heinemann, Mr. Todd said that he knew of no others. The chairman asked Mr. Todd to do further research on the case cited by Rep. Heinemann and to report the results to the committee.

John Peterson, Kansas Association of Psychologists, appeared to offer an amendment to HB 2255 which would include three other sections of Kansas law concerning three other health providers. (See Attachment I.) Sen. Pomeroy asked Mr. Todd if he would support the bill with this amendment, and Mr. Todd said that he would. In response to a question as to what the impact on the total cost of health care in Kansas would be, Mr. Peterson said that since it would be dealing with situations already covered, there would not be much cost.

Committee members agreed that more information is needed on the bill before action can be taken on it.

The next meeting will be held on March 24.

The meeting was adjourned.

SENATE COMMITTEE

ON

COMMERCIAL AND FINANCIAL INSTITUTIONS

OBSERVERS  
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
3/23/83	Stephen W Robertson	332 So Michigan Ave Chicago, Illinois	Health Ins. Assn of America
	Merwin Umholtz	Topeka	KUW
	Rep. Robert Vanneman	Overland Park	
	John Peterson	Topeka	Ks Assn of Mut Psychologists
	Robert G. Gardner	St. Lawrence	Mutual Cont Oil Co. of Mo
	Don Schmauck	Topeka	KIDG-A-
	William M Schulte	Topeka	Office of the Securities Commission
	Larry V. Christ	Topeka	Office of the Securities Commission
	Ron Todd	"	INS. Dept.

Proposed Amendment to House Bill 2255  
(as amended by the House Committee)

in line 26, by inserting after "K.S.A." , the following:  
"40-2,100, 40-2,101, 40-2,104 and"

*Attachment I*

**40-2,100.** Insurance coverage to include reimbursement or indemnity for services performed by optometrist, dentist or podiatrist. Notwithstanding any provision of any individual, group or blanket policy of accident and sickness, medical or surgical expense insurance coverage or any provision of a policy, contract, plan or agreement for medical service, issued on or after the effective date of this act, whenever such policy, contract, plan or agreement provides for reimbursement or indemnity for any service which is within the lawful scope of practice of any practitioner licensed under the healing arts act of this state, reimbursement or indemnification under such policy contract, plan or agreement shall not be denied when such services are performed by an optometrist, dentist or podiatrist acting within the lawful scope of their license.

History: L. 1973, ch. 194, § 1; July 1.

**40-2,101.** No policies, contracts or agreements for medical service shall deny reimbursement or indemnification for any service within scope of practice licensed under Kansas healing arts act. Notwithstanding any provision of any individual, group or blanket policy of accident and sickness, medical or surgical expense insurance coverage or any provision of a policy, contract, plan or agreement for medical service, issued on or after the effective date of this act, whenever such policy, contract, plan or agreement provides for reimbursement or indemnity for any service which is within the lawful scope of practice of any practitioner licensed under the Kansas healing arts act, reimbursement or indemnification under such policy contract, plan or agreement shall not be denied when such service is rendered by any such licensed practitioner within the lawful scope of his license.

History: L. 1973, ch. 195, § 1; July 1.

**40-2,102.** Insurance coverage for newly born children; notification of birth. All individual and group health insurance policies providing coverage on an expense incurred basis and individual and group service or indemnity type contracts issued by a profit or nonprofit corporation which provides coverage for a family member of the insured or subscriber shall, as to such family members' coverage, also provide that the health insurance benefits applicable for

children shall be payable with respect to a newly born child of the insured or subscriber from the moment of birth.

The coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.

If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within thirty-one (31) days after the date of birth in order to have the coverage continue beyond such thirty-one day period.

History: L. 1974, ch. 190, § 4; July 1.

**40-2,103.** Same; time when provisions required in policies. The requirements of this act [°] shall apply to all insurance policies and subscriber contracts delivered or issued for delivery in this state more than one hundred twenty (120) days after the effective date of the act [°].

History: L. 1974, ch. 190, § 5; July 1.

\* "This act," see, 40-2,102, 40-1809, 40-1909, 40-19a10.

**40-2,104.** Insurance coverage to include reimbursement for services performed by certified psychologist. Notwithstanding any provision of an individual or group policy or contract of health and accident insurance, delivered within the state whenever such policy or contract shall provide for reimbursement for any service within the lawful scope of practice of a duly certified psychologist within the state of Kansas, the insured, or any other person covered by the policy or contract shall be allowed and entitled to reimbursement for such service irrespective of whether it was provided or performed by a duly licensed physician or a duly certified psychologist.

History: L. 1974, ch. 189, § 1; July 1.

**40-2,105.** Insurance coverage for reimbursement of services rendered in treatment of alcoholism, drug abuse and nervous or mental conditions. Unless refused in writing, every insurer, which issues any group policy of accident and sickness, medical or hospital expense insurance which provides for reimbursement or indemnity