

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Rep. Rex B. Hoy at
Chairperson

3:30 ~~am~~ p.m. on Tuesday, February 26, 1985 in room 521-S of the Capitol.

All members were present except:

Reps. Bryant, King, Turnquist, Cribbs, Lacy & Weaver - all excused

Committee staff present:

- Gordon Self - Revisor's Office
- Melinda Hanson - Legislative Research
- Emalene Correll - Legislative Research
- Helen Carlson - Secretary

Conferees appearing before the committee:

- Rep. Apt
- Mr. Steve Robertson, Health Insurance Assn., Chicago, Ill.
- Mr. John Peterson, Kansas Association of Professional Psychologists

The minutes of February 19th and 21st were approved.

Ms. Hanson explained HB 2302 saying that as the bill stands now, a very limited number of provisions of the insurance code must be applied to certain contracts of insurance delivered in or out of Kansas. Some of the conversion provisions from 1984 SB 704 require that a person covered under a group policy, who has been terminated for any reason, is entitled to continue the group coverage for a period of six months, and at the end of that time they are entitled to convert to an individual policy with coverage equal to 80% of that afforded under the group policy. Ms. Hanson said the effect of HB 2302 would be to require the continuation and conversion law to be effective in insurance contracts covering people living or working in Kansas.

Rep. Apt said she introduced the bill to close a loophole in Kansas law. She is asking that those providers, doing business in Kansas, with Home Office out of state, follow the same regulations as in Kansas.

Mr. Robertson stated they write insurance for some 340 companies in Kansas, and that under the present Kansas law a person has six months coverage under old group contract. At the end of the six month period the individual has the option to convert to individual policy with three options to choose from. Mr. Robertson said this bill would be very difficult for them to comply with as the laws would vary in different states and it would create additional expense. He also feels more people might go to self-insuring because of the complications this would cause. He does not feel this amendment is necessary and will not accomplish its intended purpose. He further stated that if the Committee considers passage of the bill he would like to see the words "or is employed" in line 30 stricken from the bill.

Mr. John Peterson said he had no position on the changes, but that he had strongly supported last year's House Bill 3064 which applied to contracts within or outside the state.

Ms. Hanson said the Kansas Insurance Dept. is being sued by the Missouri Blue Cross Blue Shield Plan which is challenging the constitutionality of the extra territoriality provisions of the K.S.A. 1984 Supp. 40-2,103. Large companies having Blue Cross-Blue Shield contracts all over the country find it very complicated to adjust to this law.

Meeting adjourned at 4:30 PM.

Rex B Hoy

