

MINUTES OF THE House COMMITTEE ON Insurance

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

3:30 XX/p.m. on March 27, 1986 in room 521-S of the Capitol.

All members were present except:

Rep. King, excused

Committee staff present:

Ms. Emalene Correll, Research Department
Ms. Melinda Hanson, Research Department
Mr. Gordon Self, Revisor's Office
Ms. Deanna Willard, Committee Secretary

Conferees appearing before the committee:

The meeting was called to order by the Chairman.

The minutes of the March 24, 25, and 26 meetings were approved.

Final action: HB 3089 - Nonprofit pharmacy service corporation act

Rep. Graeber moved that HB 3089 be recommended favorably; Rep. Gjerstad seconded the motion.

Rep. Sprague offered a substitute motion that the bill state that any Kansas licensed pharmacist shall be eligible to participate and that the revisor be allowed to do clean ups on the bill; Rep. Graeber seconded the motion. The motion carried.

The Kansas Pharmacists Association has requested that "capitation basis" be amended into Line 0034. Rep. Lowther moved that this be inserted. Rep. Graeber seconded the motion. Rep. Blumenthal expressed opposition to the concept of capitation on the basis that it would create a two-tier health care system. The motion failed.

Rep. Sprague moved that HB 3089 be recommended favorably as amended; Rep. Graeber seconded the motion. The motion carried.

Final action: SB 454 - Concerning credit property insurance

Mr. Tom Robison, Beneficial, was asked to summarize the bill; he said that it would allow a lender to sell household insurance on all items in the house. A proposed amendment was distributed by staff which would define the word "property." (Attachment 1.)

Rep. Weaver made a motion to table the bill; Rep. Cribbs seconded the motion. Rep. Weaver explained that she believes people will feel forced to buy the insurance to guarantee receiving a loan. The motion carried.

Final action: SB 667 - Concerning nonprofit dental service corporations

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance,
room 521-S, Statehouse, at 3:30 ~~a.m.~~/p.m. on March 27, 1986

Page Two

A letter written by Scott Kennedy, D.D.S. was distributed to the committee members at the request of the representative from the Kansas Dental Association. (Attachment 2.)

Rep. Neufeld made a motion to report the bill adversely; Rep. Turnquist seconded the motion.

The Chairman briefed the committee on the provisions of the bill; it requests capitation basis, seeks to drop the requirement that 50% of the licensed dentists in the state participate, changes the composition of the board of directors, and adds PPO's as a group with which the organization can contract.

Rep. Sprague offered a substitute motion to put the 50% requirement back into the bill; Rep. Gjerstad seconded the motion. The motion carried. The Chairman expressed the opinion that the bill wouldn't be much different than current law with this amendment; the amendment would eliminate selectivity.

Rep. Blumenthal made a motion to table the bill; Rep. Littlejohn seconded the motion. The motion carried.

The Chairman announced that the committee would be meeting again on Monday, March 31.

The meeting was adjourned at 4:00 p.m.

SENATE BILL No. 454

By Committee on Financial Institutions and Insurance

1-23

Proposed Amendments to Senate Bill No. 454

0017 AN ACT concerning credit property insurance; amending K.S.A.
0018 16a-4-301 and repealing the existing section.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. K.S.A. 16a-4-301 is hereby amended to read as
0021 follows: 16a-4-301. (1) A creditor may not contract for or receive a
0022 separate charge for insurance against loss of or damage to prop-
0023 erty unless:

0024 (a) The insurance covers a substantial risk of loss of or dam-
0025 age to property *all or part of which is* related to the credit
0026 transaction;

0027 (b) the amount, terms, and conditions of the insurance are
0028 reasonable in relation to the character and value of the property
0029 insured or to be insured; and

0030 (c) the term of the insurance is reasonable in relation to the
0031 terms of credit.

0032 (2) The term of the insurance is reasonable if it is customary
0033 and does not extend substantially beyond a scheduled maturity.

0034 (3) A creditor may not contract for or receive a separate
0035 charge for insurance against loss of or damage to property unless
0036 property is purchased pursuant to a credit card or in a transaction
0037 pursuant to open end credit, or unless the amount financed
0038 exclusive of charges for the insurance is ~~three hundred dollars~~
0039 ~~(\$300)~~ \$300 or more, and the value of the property is ~~three~~
0040 ~~hundred dollars~~ ~~(\$300)~~ \$300 or more.

0041 Sec. 2. K.S.A. 16a-4-301 is hereby repealed.

0042 Sec. 3. This act shall take effect and be in force from and
0043 after its publication in the statute book.

For purposes of this subsection, property means household goods and furnishings.

Attachment 1
House Insurance
3-27-86

SCOTT C. KENNEDY, D.D.S.
GENERAL DENTISTRY
SUITE 222 MEDICAL ARTS BUILDING WEST
10TH & GARFIELD
TOPEKA, KANSAS 66604

March 24, 1986

To: Members of the Kansas House of Representatives
Committee on Insurance

Mr. Chairman and Members of the Committee:

I am writing this letter in reference to Senate Bill 667. This bill, as proposed, could very adversely effect the relationship which the dentists of the state of Kansas have had with Delta Dental Plan of Kansas. From its inception, Delta Dental Plan of Kansas has been capitalized by the dentists of Kansas. Initially with direct cash payments upon becoming a participating dentist, and secondly, through the corporation withholding four percent of benefits payable to the dentist. These monetary amounts are to allow Delta to build a reserve fund.

Currently, any dentist licensed to practice in Kansas may become a participant in the Delta Dental Plan of Kansas. A high percentage of the dentists of Kansas have chosen to become participating providers. Should the fifty percent requirement be removed, as proposed by SB 667, Delta will have no reason to offer an open enrollment. As a participating dentist for over ten years, I am shocked by the apparent resolve of the corporate mangement of Delta Dental Plan of Kansas to support such legislation.

The annual meeting of Delta, according to their by-laws, consists of the participating dentists. These participating providers have not been informed by Delta that Delta's management has proposed these legislative changes. The participating dentists are unaware that Delta, the dental plan so closely allied and supported by the dentists of Kansas, is supporting this legislation.

Should Senate Bill 667 become statute, Delta Dental Plan of Kansas will, in essence, have no reason to be at all responsive to the dentists of Kansas. There will be no reason for Delta to have an open enrollment. The four dentist members of the board of directors will be elected by a selected few dentists at the annual meeting (or simply named to the board by the corporate officers). If this is the direction Delta Dental Plan of Kansas wishes to pursue, then I feel a full financial repayment of both the initial fees paid by the participating providers and the cumulative four percent withhold is in order.

The dentists of Kansas, through their elected representatives to the Executive Council of the Kansas Dental Association are vehemently opposed to the changes proposed in Senate Bill 667.

It is interesting that Delta did not choose to inform the participating dentists at either the annual meeting or through their newsletter that Delta was planning to introduce this legislation. I feel that this, and the opposition shown by the Executive Council of the Kansas Dental Association should give some insight into the fact that Delta is proposing a change which has greater ramifications than a mere "housekeeping," measure.

Sincerely,



Scott C. Kennedy, D.D.S.

Attachment 2
House Insurance
3-27-86