

Approved March 18, 1986
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:00 a.m./~~p.m.~~ on March 5, 1986 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statutes

Conferees appearing before the committee:

Don Horttter, Delta Dental Plan
Ron Todd, Kansas Insurance Department

The minutes of March 4 were approved.

The hearing began on SB 667 dealing with nonprofit dental service corporations. Don Horttter, Delta Dental Plan, testified in support of the bill saying that it is a house-keeping measure that makes the dental bill identical to the hospital and medical services bills. He informed the committee that the insurance department had found tha an amend-ment is needed in the bill due to an oversight on his part. It would be a new Section I. (See Attachment I.)

The chairman asked for a definition of "capitation" which is included in the amendment. Mr. Horttter explained that each dentist who agrees to participate in the program gets a flat fee to care for individuals or families. He likened it to a dental HMO.

The chairman noted that staff would need to amend the title and repealer.

Sen. Burke asked why the bill applies to nonprofit corporations only. Mr. Horttter said that those for profit are under a different section.

Mr. Horttter continued saying that the other changes are an attempt to keep it public service oriented and consumer controlled.

Ron Todd, Kansas Insurance Department, stated that the department had worked with Delta Dental on the language in the bill and has no problems with the bill. It does not change any policy.

Sen. Strick asked for an explanation of the term "nonprofit" noting that dentists do make a profit. Mr. Horttter said that although the dentist does make a profit, the corporation itself cannot make a profit. If the corporation does make a profit, it must be returned to the insureds, and the dentist's fees must be reasonable and customary.

Sen. Burke made a motion to adopt the proposed amendment and that staff make the appropriate addition to the title and repealer. Sen. Werts seconded, and the motion carried.

Sen. Burke made a motion to report SB 667 favorably as amended. Sen. Harder seconded, and the motion carried.

At this time, the chairman expressed his thanks and appreciation to the insurance sub-committee for the long hours they have spent on the study of the availability of and cost of liability insurance.

Sen. Kerr made a motion to discuss further SB 636 dealing with detached auxiliary banking services. Sen. Werts seconded the motion. The chairman was uncertain of the voice vote and called for a show of hands. The motion failed on a tie vote.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
3/5/86	Richard Harmon	Topeka	KS Life Assoc.
3/5/86	Ed Poling	Wichita	Delta Dental
3/5/86	Ron Gessl	Wichita	Delta Dental
3/5/86	Don Hostler	Topeka	Delta Dental
3/5/86	Jan Freely	Manhattan	A. A. U. W. / ^{KS Farm} Bureau Insurance
3/5/86	RON Todd	Topeka	Ins. Dept.
3/5/86	Chantal Niemstedt	Marion	Marion High School
3/5/86	Diane Bernhardt	Marion	Marion High School
3/5/86	April Ogden	Marion	Marion High School
3/5/86	Nancy Carr	Marion	Marion High School
3/5/86	Rhonda Casey	Marion	Marion High School
3-5-86	Jul Wright	Topeka	KS Credit Union League

K.S.A. 40-19a02 is hereby amended to read as follows:
40-19a02. Organization; purposes; function as administrative agent for group programs. Nonprofit corporations may be organized for the purpose of entering into contracts with participating dentists to provide or administer professional service for subscribers on such bases as may be designated in the corporation's contracts with purchasing groups, individuals and government agencies. Such corporations may provide service or indemnity benefits. Compensation for professional services shall be either on a scheduled basis, capitation basis or on the basis of usual, customary and reasonable charges. Inherent in the authority provided hereby is the right of any such corporation to function as an administrative agent with respect to any group dental care program installed by a private organization for its employees or members, or with respect to any dental care program initiated by any local, state or federal governmental body.

S. FII 3/5/86
Attachment I