

Approved: Feb 23, 1995  
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Bill Bryant at 3:30 p.m. on February 16, 1995 in Room 527S of the Capitol.

All members were present except:

Committee staff present: Bill Wolff, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Representative Jim Garner

Others attending: See attached list

**Hearing on HB 2251-- Restricting use of genetic testing**

Representative Garner explained the Human Genome Project sponsored by the US government (Attachment 1). The purpose of the project is to identify and map every gene and its purpose in the human chromosomes. Some of the recently identified genes are those which show whether a person has a possibility of developing cancer or other diseases. The preventive bill would prohibit health insurers from:

1. Requiring individuals to take a genetic test.
2. Requiring individual to reveal results of any genetic test they may have obtained.
3. Conditioning health insurance coverage on genetic testing.
4. Considering genetic test results in determining health insurance rates.

The genetic code is an indicator for susceptibility and does not mean that the person may actually ever have the disease. Life insurance companies are not included in this bill.

The hearing was closed on the bill as no opponents appeared.

**Action on HB 2202-- Continuing education credit requirements for insurance agents**

The revisor presented a balloon amendment which would attempt to even out times when the insurance agents must renew their licenses through application and having received the prescribed continuing education credit hours (Attachment 2).

Representative Cox moved to accept the balloon amendment. The motion was seconded by Representative Correll. Motion carried.

Representative Cox moved to pass the bill out favorably as amended. Motion was seconded by Representative Landwehr. Motion carried.

**Action on HB 2280--Acceleration of life and annuity benefits**

The revisor presented a balloon amendment which would provide for waiver of surrender values on annuities under the following conditions: 1) terminal illness; 2) 30 day hospitalization; and 3) confinement to nursing home for 90 days (Attachments 3 and 4).

Representative Dawson moved to accept the amendment as proposed. The motion was seconded by Representative Humerickhouse. Motion carried.

Representative Donovan moved to pass the bill favorably as amended. Motion was seconded by Representative Gilbert. Motion carried.

**Action on HB 2072--Requiring universal explanation of benefit forms**

Wisconsin has introduced legislation which would require such forms and is working on an agreement with all agencies concerned.

Representative Dawson moved for introduction of a House Concurrent Resolution and that it be referred to the

Committee of the Whole. The Resolution would recommend it for further study by the Insurance Commissioner and for her to report back to the 1996 Legislature their findings (Attachment 5). The motion was seconded by Representative Welshimer. Motion carried.

Representative Samuelson moved that the minutes of the February 8 meeting be approved. Motion was seconded by Representative Donovan. Motion carried.

The meeting adjourned at 4:20 p.m. The next meeting is scheduled for February 20, 1995.



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TOPEKA

HOUSE OF  
 REPRESENTATIVES  
 TESTIMONY IN SUPPORT OF HB 2251

COMMITTEE ASSIGNMENTS  
 RANKING DEMOCRAT: JUDICIARY  
 MEMBER: SELECT COMMITTEE ON JUVENILE  
 CRIME  
 SELECT COMMITTEE ON HIGHER  
 EDUCATION  
 RULES AND JOURNAL  
 KANSAS JUDICIAL COUNCIL  
 CRIMINAL LAW ADVISORY COMMITTEE  
 NCSL ASSEMBLY ON FEDERAL ISSUES—LAW  
 AND JUSTICE COMMITTEE

Mr. Chairman and Members of the Committee:

Thank you for allowing me the opportunity to testify in support of HB 2251.

### BACKGROUND

In 1988, Congress funded a massive scientific research project to identify and map every gene and its purpose in the human chromosomes. The project is known as the "Human Genome Project." Without doubt this is a project equal in significance with the Apollo Moon Program in the 1960's, and the Manhattan Project in the 1940's.

The benefits of mapping the human genetic code will be extraordinary and will lead to many positive advances in medical science and the treatment of diseases. By 1994, over 45,000 human genes have been identified and mapped. ("Genes R US" State Legislature, Aug. 1994).

Among some of the recent identified genes are genes which show whether a person has a possibility of developing cancer or other diseases, such as Huntington's disease, myotonic dystrophy, breast cancer, colon cancer, Alzheimer's disease, and lateral sclerosis.

### WHAT DOES HB 2251 DO?

This bill simply prohibits health insurers (1) to require individual's to take a genetic test; (2) to require individual to reveal results of any genetic test they may have obtained; (3) to condition health insurance coverage on genetic testing; and (4) to consider genetic test results in determining health insurance rates.

*House F.D.D*  
*Attachment 1*  
*2-16-95*

This bill is based on recently enacted laws in Ohio (1993 HB 71, effective Feb. 9, 1994) and Wisconsin (Wisc. Stat. 631.89).

### **WHY IS THIS HB 2251 NEEDED?**

This bill is a preventive precautionous measure. It is not a reaction to anything currently going on. However, developments in the areas of genetic testing are happening rapidly. In the near future the costs of conducting genetic tests will drop dramatically and become cost effective for insurers to require. (See "Genes R Us at p.28).

With costs of testing decreasing and more information on detecting susceptibility of more diseases, the possibility of genetic testing by health insurers becomes more and more likely.

My concern is that with the availability of information on our genetic code, many individuals will become uninsurable. We must act to prevent the misuse of this valuable and newly discovered information.

It is much easier for the Legislature to take action now to prevent a future problem, instead of waiting to react to the potential problem of folks being denied health insurance based on their genetic make up once genetic testing becomes cost effective and more widespread.

### **CONCLUSION**

Again, Mr. Chairman, thank you for holding hearing on this bill and for the opportunity to appear and present testimony. I urge the members of this committee to take favorable action and pass HB 2251.

I will stand for any questions.

# Genes R Us

As scientists unravel the mysteries of life and reveal genetic links to diseases such as cancer and Alzheimer's, lawmakers wrestle with the ethical, social and moral implications that arise from applications of that research.

Dianna Gordon

**B**rave new world? Or basis for a new kind of discrimination?

Genetics is an explosive field, and scientists are making amazing discoveries almost daily as they plumb the mysteries of life itself.

Genetic technology has opened a new era of medicine, allowing doctors to achieve near miraculous cures. But the same insight into the genes that

Dianna Gordon is an assistant editor of *State Legislatures*.

yields those cures could result in discrimination as more accurate testing lets employers and insurers identify potential disease victims who levy a cost on both.

Right now a strand of hair or a drop of blood contains everything a researcher needs to determine whether a seemingly healthy person is at risk for any number of genetic diseases. It's information many employers and insurers want to know. It's information that can

disrupt lives.

As of this spring, a private company, Human Genome Sciences, mapped more than 45,000 human genes—microscopic combinations of chemicals that determine not only our hair color, eye color, how tall we will become and other physical attributes, but also how our bodies use food, the possibilities of developing cancer or whether we will die of a debilitating disease. In fact, other scientists have discovered one gene that, when mutated, may trigger as many as half of the major types of cancer.

"The future of medicine is genetic medicine," says Dr. Mary Ann Cutter, a specialist in medical ethics from the University of Colorado at Colorado Springs. Cutter was one of the people on a Colorado task force that proposed



restrictions on the dissemination and use of genetic test results. The recommendations resulted in the Colorado General Assembly's banning the use of genetic information by insurers.

### Laws for a New World

Thirteen states—Alabama, Arizona, Florida, Iowa, Louisiana, Maryland, Montana, New Jersey, North Carolina, Ohio, Rhode Island, Tennessee and Wisconsin—have passed genetic testing laws. Most of the laws—such as those in New Jersey, North Carolina and Louisiana—are narrowly drawn and attempt to prevent a repeat of the discrimination of the 1970s when people were denied insurance or jobs because they

tested positive as carriers of sickle cell anemia, a genetic disease found primarily in African Americans. Carriers do not necessarily manifest symptoms of the disease; they "carry" a bad gene and can pass it on to their children.

Testing for such "carriers" was instituted under the Sickle Cell Anemia Control Act—the first federal legislation concerned with genetic disorders, enacted by Congress in 1972. The act was intended to educate people about the disease and inform parents if they were carriers of the disease and what to expect for their children, who could be potential victims. However, the information was used in other ways.

Airlines grounded some black employees who, tests showed, carried the trait. Since the blood of a person suffering from sickle cell carries less oxygen, airlines feared employees would have fainting spells during plane depressurization.

Some insurance companies charged higher premiums to people screened as sickle cell carriers, and the U.S. military considered deferring carriers. It wasn't until 1981, in fact, that the Air Force Academy, as the result of a lawsuit, stopped excluding healthy cadets who possessed a genetic marker for the sickle cell trait.

### Temptation to Discriminate

With the help of state statutes outlawing discrimination on the basis of sickle cell genetic tests as well as increased knowledge about carriers and genetic diseases, that particular type of

discrimination ended. Advocates of this legislation believe, however, that employers and insurers can still be tempted to discriminate against people found to have genes that could lead to physical disorders.

Tracing bad genes has become the focus of numerous state and federal programs. Right now, newborns are screened in all 50 states for at least two genetic diseases. More people are encouraged to have genetic tests run when certain inheritable traits are found in their families or when they have a child who has a major genetic fault. In some cases, genetic tests can inform a person of a potential health problem and allow early treatment. In general, tests can run

*Right now a strand of hair or a drop of blood contains everything a researcher needs to determine whether a seemingly healthy person is at risk for any number of debilitating diseases.*

between \$700 and \$800, excluding newborn screening which has become less expensive. It is predicted that, with continuing advances in technology and science, costs will drop to between \$100 and \$150 in the next five to seven years—making mandatory genetic testing by companies or insurers cost effective.

### Ohio Limits Insurers

In Ohio, a law sponsored last year by Representative Wayne Jones prohibits insurers from requiring potential clients to submit to genetic tests as a condition of coverage. Nor can companies deny insurance based on genetic test results. "This is a national issue," Jones points out, "and we're a little bit ahead of the curve."

Jones, who also helped rewrite the state's health laws in 1992, says his interest in genetics was piqued when a woman from his district, whose father had been diagnosed with Huntington's disease (an inherited condition that causes mental and physical deterioration usually between the ages of 40 and 50), was denied insurance because of the 50 percent chance she had inherited the disease.

That woman, Theresa Morelli, told Ohio legislators that scientific advances that allow people to know of their genetic predispositions and risks won't

help anyone "if the price is to lose insurability."

During testimony on the legislation, a personal injury lawyer from Akron told of a client who had been denied workers' compensation on a claim for a heart condition because the board believed his problems were the result of "genetic arteriosclerosis," which contributes to heart disease.

A former Ohio deputy commissioner of insurance, Jones points to those examples as reasons he introduced the legislation. Insurance representatives testifying on the bill assured legislators that genetic test results were not routinely used by the industry. They did not, however, want that potential underwriting tool denied them should they decide to use it. The insurers also emphasized during Ohio testimony the potential for clients to "game" the system, buying large amounts of health or life insurance against a disease they know they have and that will manifest itself later in life.

"The insurance industry put on a full-fledged, awesome attack," Jones recalls. "I think they wanted to stop this bill because, as genetic testing is refined, [insurers] could use it to screen out basically all risks by discriminating against people wanting to buy policies."

Ohioans for Genetic Fairness, a coalition of representatives from the state associations for epilepsy, diabetes, arthritis, cystic fibrosis, sickle cell anemia and Huntington's disease, supported the bill.

The new law also sets up a task force to study the evolving field of genetics and its ethical, legal and moral implications.

Wisconsin adopted a similar law in 1992, and, like Ohio's, it applies to health and disability insurance, not life insurance, in order to keep people from "gaming" the insurance companies.

### Genetics in the Workplace

Parts of the Wisconsin law, as well as statutes in Iowa and Rhode Island, apply to employers who might use genetic tests as a basis for hiring or firing workers.

The Office of Technology Assessment, a congressional research arm, said that in 1990 several Fortune 500 companies either were using or had used employee genetic monitoring or screening.

With genetic monitoring, employees

# CONFERENCE CALENDAR

## SEPTEMBER

11-14

Sunday-Wednesday  
Leadership Staff Annual  
Training Seminar (LSS)  
St. Petersburg, Florida  
(Stouffer Vinoy Resort)

25-October 1

Sunday-Saturday  
National Legislative Services &  
Security Association (NLSA)  
Reno, Nevada  
(Harrah's Casino Hotel)

## OCTOBER

1-6

Saturday-Thursday  
American Society of Legislative  
Clerks and Secretaries (ASLCS)  
Professional Development Seminar  
Monterey, California  
(Hyatt Regency Monterey)

13-15

Thursday-Saturday  
Professional Development Seminar for  
Senior Legislative Research and Committee Staff  
Hartford, Connecticut  
(Goodwin Hotel)

## NOVEMBER

2-5

Wednesday-Saturday  
Senior Legislative Drafting Seminar  
Jacksonville, Florida  
(Sea Turtle Inn)

3-5

Thursday-Saturday  
Legislative Research Librarians Staff Section  
(LRL) Annual Professional Development Seminar  
Denver, Colorado  
(Westin Hotel)

10-12

Thursday-Saturday  
Assembly on the Legislature  
Salt Lake City, Utah  
(Little America)

## DECEMBER

7-11

Wednesday-Sunday  
Management Development Seminar  
for Legislative Staff  
Hilton Head, South Carolina  
(Hilton Head Hotel)

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DEPARTMENT. (303) 830-2200

are periodically tested in order to evaluate changes in genetic material such as chromosome damage or evidence of increased mutations that might have occurred in the course of employment. Such changes may be due to exposure to hazardous substances and could indicate increased risk of future illness.

In genetic screening, job applicants or employees can be tested to see if they have a predisposition to an occupational illness or general inheritable conditions that could affect future job performance and company health insurance costs.

With genetic tests becoming cheaper and more accurate, policymakers fear they will become more widespread and could lead to discrimination in the workplace. They point to the speed with which businesses incorporated polygraph, drug and HIV testing.

Representative Richard Running, who sponsored the Iowa law banning mandatory genetic tests in the workplace, says his efforts were spurred by information that "a few companies were using genetic testing" to determine which potential or current employees might become unfit for work or might incur higher medical costs and absences because of a genetic fault.

"Although it wasn't happening yet in Iowa, I wanted to prevent discrimination on a genetic basis," he explains. "And I thought it was a good time to get legislation passed before genetic tests became a predominant business practice. Once something like that is made part of a hiring procedure, it's hard to eliminate."

Believing a bill dealing with both employment and insurance might fail since "the [insurance] industry is very powerful in this state," Running concentrated on genetic testing for employment, but hopes to "add insurance [restrictions] in the future." Iowa's law does allow employees to request genetic testing.

Legislation passed in Rhode Island in 1992 also prohibits employers from requiring genetic tests.

As for other state actions:

- Arizona and Oregon were the first to pass genetic testing legislation by amending existing laws in 1989 to include restrictions on the use of genetic

information. Arizona added "genetic" to its list of conditions that insurers may not consider when assessing applications or determining rates. Oregon added genetic screening to its list of tests employers may not require as conditions of initial or continued employment.

- Montana passed legislation in 1991 prohibiting discrimination in insurance underwriting on the basis of genetic condition.

- In 1992, Florida created a new section in its code requiring informed consent for genetic analysis and confidentiality of test results.

- The California Legislature passed sweeping legislation in 1991 that would have prohibited employers and insurers from using genetic tests to deny jobs or insurance coverage. The bill was opposed by business, and vetoed by Governor Pete Wilson.

Statutory protection from genetic discrimination is still in its infancy. Only a handful of

states have addressed the issues of privacy, discrimination and unauthorized use of genetic test results.

Today, many state laws regarding genetic testing refer only to its use in prenatal or newborn screening or in proving parentage. DNA testing in criminal cases also has been accepted in the courts of 38 states.

Although Representative Jones of Ohio introduced slightly restrictive legislation on genetic testing—limiting how test results can be used—he is excited about the field. "The Human Genome Project [initiated by the federal government to map all human genes] may well be making some of the most important discoveries ever. There are a lot of important issues around this that aren't being exposed as they should be. There are the good things like making lifestyle changes if you have a gene that leads to cancer or making important parenting decisions based on genetic facts.

"But people testified during the hearings on the bill that they were afraid to take a genetic test because they would be, basically, branded," he says.

"In Ohio, we have a start in looking at the ethics and responsibilities that go with this awesome new science." ■

*"People testified during the hearings on the bill that they were afraid to take a genetic test because they would be, basically, branded."*



# Scientists isolate gene flaws tied to leukemia, breast cancer

The Associated Press

WASHINGTON — Researchers investigating the genetic mutations that make some people more susceptible to cancer have isolated specific gene flaws for leukemia and for breast and kidney cancer.

In studies published Tuesday in the *Journal of the American Medical Association*, scientists report that they have moved closer to being able to identify at a very early age patients who have inherited specific genes that might lead to cancer later in life.

The discoveries could lead to laboratory blood tests that would enable the patients to be counseled on their cancer liability and help clinicians make decisions about early treatment or about procedures that could prevent the disease, experts said at a news conference.

Researchers at nine centers who are searching through the DNA of the BRCA1 gene, which is known to increase susceptibility to breast and ovar-

ian cancer, have now found 57 mutations related to the diseases.

Mark H. Skolnick of the University of Utah School of Medicine said the BRCA1 gene may have as many as 200 mutations that lead to the cancers.

"The gene is very large, and these mutations are spread across the whole gene," he said. "There is no clustering."

Of the 57 mutations, Skolnick said, only three seem to be common.

The mutations were found in about 7 percent of 1,086 breast and ovarian cancer patients tested at U.S. and British laboratories.

Once all the mutations have been identified, a process that might take two years, researchers will determine which of these genetic flaws can lead to cancer and which are neutral, Skolnick said.

Then, he said, researchers will be able to develop tests that identify patients with a high risk of breast or ovarian cancer.

# Genetic change in men seen as trigger for prostate cancer

**Finding may be step toward learning cause, tool for early detection.**

The Baltimore Sun

BALTIMORE — Researchers at the Johns Hopkins Oncology Center have identified a genetic change occurring in a man's lifetime that appears to trigger prostate cancer by knocking out a cell's ability to resist cancer-causing chemicals in the environment.

Further research is needed to

determine the discovery's full significance, but scientists said Monday that the finding might provide an important step toward understanding what causes the most frequently diagnosed cancer among American men.

The scientists noticed the genetic change while studying 91 human prostate cancers — tissues obtained from autopsies and biopsies of men who suffered from the disease. The defect was found in all of the samples analyzed.

William G. Nelson, assistant professor of oncology and urology, said the alteration shuts

down a cell's ability to manufacture an enzyme that is a part of the body's natural cancer-fighting mechanism. Without the enzyme the cell is more likely to turn cancerous and spawn a larger tumor.

"If continued research confirms this hypothesis, tests for the enzyme could serve as an early diagnostic marker for prostate cancer," Nelson said. Many physicians think that early detection is crucial in treating cancer.

Details of the finding were reported in Monday's edition of *Proceedings of the National Academy of Sciences*.

# HOUSE BILL No. 2202

By Committee on Financial Institutions and Insurance

1-26

9 AN ACT relating to insurance; concerning continuing education credit  
10 requirements for insurance agents; amending K.S.A. 1994 Supp. 40-  
11 240f and repealing the existing section.

12  
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 1994 Supp. 40-240f is hereby amended to read as  
15 follows: 40-240f. (a) For purposes of this section:

16 (1) "Biennial due date" means March 31, 1991, and March 31 of each  
17 odd-numbered year thereafter. *Effective January 1, 1997, the term shall*  
18 *mean the date of birth of the licensed agent who is required to complete*  
19 *C.E.C.'s and report the completion of such C.E.C.'s to the commissioner*  
20 *pursuant to this section.*

21 (2) "Approved subject" or "approved course" means any educational  
22 presentation involving insurance fundamentals, insurance law, insurance  
23 policies and coverage, insurance needs, insurance risk management, in-  
24 surance agency management or other areas, which is offered in a class,  
25 seminar or other similar form of instruction, and which has been approved  
26 by the commissioner under this section as expanding skills and knowledge  
27 obtained prior to initial licensure or developing new and relevant skills  
28 and knowledge.

29 (3) "C.E.C." means continuing education credit. One C.E.C. is 50 to  
30 60 minutes of each clock hour of instruction or the C.E.C. value assigned  
31 by the commissioner. The C.E.C. values shall be assigned in whole units.  
32 The commissioner shall assign a C.E.C. value to each approved subject  
33 on a case-by-case basis.

34 (4) "Biennium" means the period beginning on the effective date of  
35 this section and ending on March 31, 1991, and each two-year period  
36 thereafter. *Effective January 1, 1997, the term shall mean the period start-*  
37 *ing on the date of birth of the licensed agent who is required to complete*  
38 *C.E.C.'s and report the completion of such C.E.C.'s to the commissioner*  
39 *pursuant to this section and each two-year period thereafter.*

40 (5) "Inactive agent" means a licensed agent who presents evidence  
41 satisfactory to the commissioner which demonstrates that such agent will  
42 not do any act toward transacting the business of insurance for not less  
43 than two but not more than six years from the date such evidence is

, except that such due date shall not be earlier than two years from the date of the agent's initial licensure

for those agents who were born in an odd-numbered year, the term shall mean the period starting with the agent's biennial due date in 1997

, for those agents who were born in an even-numbered year, the term shall mean the period starting with the agent's biennial due date in 1998 and each two-year period thereafter

Attachment 2  
2-16-95

# HOUSE BILL No. 2280

By Committee on Financial Institutions and Insurance

2-2

9 AN ACT relating to insurance; concerning acceleration of life and annuity  
10 benefits; amending K.S.A. 40-401 and repealing the existing section.

11  
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 40-401 is hereby amended to read as follows: 40-  
14 401. Any 10 or more persons, a majority of whom are citizens of this state,  
15 may associate in accordance with the provisions of this code and form an  
16 incorporated company, upon either the stock or mutual plan, to make  
17 insurance upon the lives of persons and every insurance appertaining  
18 thereto or connected therewith and to grant, purchase or dispose of an-  
19 nuities. Such companies may incorporate in their policies provisions or  
20 conditions for the waiver of premiums or for the granting of an annuity  
21 to the insured, or for special surrender values or other benefits in the  
22 event the insured shall from any cause become unemployed or totally and  
23 permanently disabled. ~~Such policies may also provide for acceleration of~~  
24 ~~life or annuity benefits in advance of the time they would otherwise be~~  
25 ~~payable subject to such reserve and other regulatory standards as the~~  
26 ~~commissioner may prescribe by rules and regulations; and~~ ~~[Any]provision~~  
27 ~~providing for acceleration of life or annuity benefits for persons who~~  
28 ~~would be otherwise permanently confined to a nursing home must provide~~  
29 ~~an option permitting care in the person's residence.~~ Any such company  
30 may provide for the payment of a larger sum if death is caused by accident  
31 than if it results from any other causes. Prior to the payment of any  
32 accelerated benefit, the insurer shall receive from any assignee or irrev-  
33 ocable beneficiary of the policy a signed acknowledgment of concurrence  
34 for the payment. For the purposes of this section, "totally and perma-  
35 nently disabled" means disabled continuously for a period, such period  
36 to be specified in any such provision, of not less than 60 days nor more  
37 than one year, except this provision shall not apply to and specifically  
38 excludes group life insurance. Such company may make insurance on the  
39 health of individuals, against accidental personal injury, disablement or  
40 death and against loss, liability or expense on account thereof. Such com-  
41 pany so transacting such health and accident insurance business, or either  
42 kind, shall maintain statutory and separate reserves for such business,  
43 shall issue such contracts only in separate policies except as otherwise

Such companies may also incorporate in their annuity contracts provisions or conditions for waiver of surrender values if the annuitant or the annuitant's spouse is confined to a nursing home, adult care facility or long-term care facility for a period of 90 days or more, is confined to a hospital for a period of 30 days or more or is diagnosed with a terminal illness.

, except that any

Attachment 3  
2-16-95  
Shawcross

# HOUSE BILL No. 2280

By Committee on Financial Institutions and Insurance

2-2

9 AN ACT relating to insurance; concerning acceleration of life and annuity  
10 benefits; amending K.S.A. 40-401 and repealing the existing section.

11  
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 40-401 is hereby amended to read as follows: 40-

14 401. Any 10 or more persons, a majority of whom are citizens of this state,  
15 may associate in accordance with the provisions of this code and form an  
16 incorporated company, upon either the stock or mutual plan, to make  
17 insurance upon the lives of persons and every insurance appertaining  
18 thereto or connected therewith and to grant, purchase or dispose of an-

19 nnuities. Such companies may incorporate in their policies provisions or  
20 conditions for the waiver of premiums or for the granting of an annuity  
21 to the insured, or for special surrender values or other benefits in the  
22 event the insured shall from any cause become unemployed or totally and  
23 permanently disabled. Such policies may also provide for acceleration of

24 life or annuity benefits in advance of the time they would otherwise be  
25 payable subject to such reserve and other regulatory standards as the  
26 commissioner may prescribe by rules and regulations; and Any provision  
27 providing for acceleration of life or annuity benefits for persons who  
28 would be otherwise permanently confined to a nursing home must provide

29 an option permitting care in the person's residence. Any such company  
30 may provide for the payment of a larger sum if death is caused by accident  
31 than if it results from any other causes. Prior to the payment of any  
32 accelerated benefit, the insurer shall receive from any assignee or irrev-

33 ocable beneficiary of the policy a signed acknowledgment of concurrence  
34 for the payment. For the purposes of this section, "totally and perma-  
35 nently disabled" means disabled continuously for a period, such period  
36 to be specified in any such provision, of not less than 60 days nor more  
37 than one year, except this provision shall not apply to and specifically  
38 excludes group life insurance. Such company may make insurance on the

39 health of individuals, against accidental personal injury, disablement or  
40 death and against loss, liability or expense on account thereof. Such com-  
41 pany so transacting such health and accident insurance business, or either  
42 kind, shall maintain statutory and separate reserves for such business,  
43 shall issue such contracts only in separate policies except as otherwise

:

(a) In

;

(b) in their policies provisions

, except that any

;

(c) in their annuity contracts provisions or conditions for waiver of surrender values if the annuitant or the annuitant's spouse is confined to a nursing home, adult care facility or long-term care facility for a period of 90 days or more, is confined to a hospital for a period of 30 days or more or is diagnosed with a terminal illness; or

(d) in their policies provisions

In line 31, begin a new paragraph with the word "Prior"

Sharon F. Wolf Attachment 4  
2-16-95

HOUSE RESOLUTION NO. \_\_\_\_\_

By Committee on Financial Institutions and Insurance

A RESOLUTION requesting the commissioner of insurance to conduct a study to determine the feasibility of devising universal accident and sickness explanation of benefits and remittance advice forms and requiring the use of such forms.

Be it resolved by the House of Representatives of the State of Kansas: That the House of Representatives requests the commissioner of insurance to conduct a study to determine the feasibility of devising universal accident and sickness explanation of benefits and remittance advice forms and requiring the use of such forms; and

Be it further resolved: That the commissioner of insurance report the findings of such study to the House of Representatives prior to the 10th day of the 1996 regular session of the Legislature; and

Be it further resolved: That the Chief Clerk of the House of Representatives transmit an enrolled copy of this resolution to the commissioner of insurance.

*House Filed*  
*Attachment 5*  
*2-16-95*

House Concurrent Resolution No. \_\_\_\_\_

A CONCURRENT RESOLUTION calling upon on the Kansas commissioner of insurance to study methods of establishing standardization and accountability of remittance advice and explanation of benefit forms and make recommendations to the legislature.

**WHEREAS**, it is the goal of the Kansas legislature to address the issue of the constant increase in health care costs to the residents of this state; and

**WHEREAS**, a significant factor contributing to the rising cost of health insurance is the increased utilization of remittance advice and explanation of benefit forms; and

**WHEREAS**, responding to remittance advice and explanation of benefit forms requires that health care providers devote substantial time and personal resources; and

**WHEREAS**, remittance advice and explanation of benefit forms incur substantial administrative costs to both providers and payors of health care services; and

**WHEREAS**, insurers and administrators employ wide ranging and various criteria, standards and practices on remittance advice and explanation of benefit forms; and

**WHEREAS**, this lack of uniformity of remittance advice and explanation of benefit forms causes confusion, added costs and sometimes inequitable and unfair delivery of health benefits to Kansas consumers: Now, therefore,

*Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein:*  
That the Commissioner of Insurance conduct a study of remittance advice and explanation of benefit forms practices affecting consumers and providers of health care services in this state and report to the 1996 legislature recommendations which may include the establishment of uniform standards criteria and procedures which insurers and administrators must follow when issuing remittance advice and explanation of benefit forms.