

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Dick Bond at 9:10 a.m. on March 16, 1995 in Room 529-S of the Capitol.

All members were present.

Committee staff present: Dr. William Wolff, Legislative Research Department  
Fred Carman, Revisor of Statutes  
June Kossover, Committee Secretary

Conferees appearing before the committee: William Lewis, Gubernatorial Appointee to PMIB  
John Wine, Gubernatorial Appointee as Securities Commissioner  
Richard Huncker, Kansas Insurance Department

Others attending: See attached list

Senator Steffes made a motion, seconded by Senator Clark, to approve the minutes of the meeting of March 15 as submitted. The motion carried.

The hearing was opened on the confirmation of William Lewis, Gubernatorial Appointee to the Pooled Money Investment Board. (Attachment #1) Mr. Lewis provided a brief history of his professional experience and, in response to Senator Bond's request, summarized his investment experience with Exxon Corporation and CGF Industries. Mr. Lewis also stated that, in his opinion, there should not be immediate withdrawal of state idle funds from the Municipal Investment Pool in response to the Attorney General's opinion that the State Treasurer did not have the authority to transfer state funds into the MIP. In response to Senator Bond's question, Mr. Lewis stated that the legislature should clearly define the State Treasurer's authority and that there appeared to be a mismanagement of cash flow and, perhaps, the MIP should be more conservatively managed.

Senator Steffes asked who was in charge of the PMIB, the board members or the treasurer, and Mr. Lewis advised that although the treasurer has the authority to invest, the board has the responsibility to see that value is maintained. The chairman closed the hearing, stating that the PMIB is very fortunate to have someone of Mr. Lewis' background and experience serving on the Board. Senator Praeger made a motion to recommend that the Senate confirm Mr. Lewis to the Pooled Money Investment Board. Senator Petty seconded the motion. The motion carried.

John Wine, Gubernatorial Appointee as Securities Commissioner, also appeared before the committee for confirmation hearing. (Attachment #2) Mr. Wine outlined his background in business law and shared his plans for the office of Securities Commissioner. In response to Senator Petty's question, Mr. Wine stated that the Office of the Securities Commission is less concerned about the soundness of derivatives than regulation of the extent of investment in derivatives. Senator Petty moved to recommend favorably the confirmation of John Wine as Securities Commissioner. Senator Corbin seconded the motion. The motion carried.

The hearing was reopened on HB 2343, requiring HMO contracts to cover adopted children. This bill was initially heard on March 8. Chairman Bond reminded the committee that several issues are involved with this legislation. The first involves putting HMO's into fee for service status. Representative Gilmore, the sponsor of the bill, has requested an amendment to include the expenses of the birth mother in the HMO payment to the adoptive parents. Following discussion, the committee elected not to amend the bill as requested by Representative Gilmore. It was noted that necessary technical amendments were approved in the meeting of March 8.

Richard Huncker, Kansas Insurance Department, proposed amending the bill to extend to the year 2000 the deadline for small group compliance with community rating bands. (Attachment #3) Mr. Huncker also stated that Blue Cross Blue Shield is the only carrier who has communicated a concern about rate increases thus far. Senator Praeger stated that since the legislature mandated compliance with community rating bands, the legislature should do everything possible to alleviate compression shock to prevent people from becoming uninsured because of sudden and drastic rate increases.

Senators Lee and Petty expressed concern that one entity might be given special consideration when others have complied with the laws regarding community rating.

The hearing on HB 2343 will be continued on Friday, March 17. The committee adjourned at 10:00 a.m.

SENATE FINANCIAL INSTITUTIONS & INSURANCE  
COMMITTEE GUEST LIST

DATE: 3/16/95

NAME	REPRESENTING
John Wine	Securities Commission
Bill Caton	PMIB
Carriann Richey	Golden Rule Insurance Co.
W. F. Lewis	PMIB
Michael Keating	Michael Keating
John Federico	Pete McKill + Assoc.
Bill Sneed	HEAR
Don Lyman	EC/ES of KA
L. M. (Bud) CORWIST	Ks Assoc of Life Ins Cos
Cheryl Dillard	HealthNet / Kansas City
Judy Krueger	Governor's Office
Danielle Nee	KCUA
Roger Trautve	FFC
Tom Wilder	Kan Dept of Insurance
Rich Huncher	Ks INS. Dept.
Jim May	KBA
Judi Stark	OSBC
Steve Ashley	Ks State Emp. Health Care Commission
STEVE KEARNEY	CIGNA

LARRY MAGILL

KAIA

Brad Snow

BUSS

**SENATE CONFIRMATION QUESTIONNAIRE**

Office of Governor Bill Graves

Please complete and return this form to the Governor's Appointments Office. Attach additional sheets if necessary.

Name: William E. Lewis

Home Address: 3743 S.W. Canterbury Town Road

City, State, Zip: Topeka, Kansas 66610-1505

Business Address: 312 Summerfield Hall, University of Kansas

City, State, Zip: Lawrence, Kansas 66045-2003

Home Phone: (913) 478-3340 Business Phone: (913) 864-7583

Date of Birth: September 3, 1944 Place of Birth: Kansas City, Missouri

Party Affiliation: Republican KBI Check: NA  In Process  Complete

Appointed as: member; Pooled Money Investment Board

Appointment Date: 2/20/95 Expiration Date: 6/30/98

Term Length: 4 yrs Statutory Authority: 75-4221a

Salary: \_\_\_\_\_ Predecessor: Mike Johnston (resigned + withdrew) from reapp.

Statutory Requirements: At least 5 years experience as investment or trust officer of a financial institution, corporation, or association — or a CPA.

**BACKGROUND**

1. List high school, college, or other education institution attended along with the date attended and degree conferred.

Education Institution	Dates	Degree
<u>University of Kansas</u>	<u>1968-1969</u>	<u>M.S. Business (Finance)</u>
<u>" "</u>	<u>1966-1968</u>	<u>B.S. Business Administration</u>
<u>" "</u>	<u>1962-1965</u>	<u>B.A. Mathematics</u>
<u>Paola High School</u>	<u>1958-1962</u>	<u>High School Diploma</u>

2. List memberships in business, trade and professional organizations for the past 10 years.

Organization	Dates
<u>Financial Executives Institute</u>	<u>1988-Present</u>

3. List any public offices you have been elected or appointed to, along with the dates of service.

Office Held	Dates
<u>None</u>	

*Senate 7/4  
3/16/95  
Attachment #1*

4. List any positions held with a foreign, federal or local government entity along with the dates of service.

Position	Government Entity	Dates
<u>None</u>		

5. List any lobbying activities you have been involved in during the past five years. This includes activities as a registered lobbyist or lobbying activities for which you were compensated.

Group	Compensation (yes/no)	Dates
<u>None</u>		

6. List experience or interests which qualify you for the position to which you have been appointed Masters degree in Finance; Management of finance staffs in large diversified organizations; Substantial experience in personal and corporate investing, recognizing risk/reward relationships.

7. Summarize business and professional experience. Financial management of Exxon subsidiaries in the United States and abroad. In addition managed, as the CFO, the financial operations, including the investing and financing, of a conglomerate with 14 operating subsidiaries in the U.S.

8. List any service in the United States military. Include dates of service, branch, date and type of discharge.

Branch	Discharge	Dates
<u>United States Army National Guard</u>	<u>Honorable</u>	<u>1968-1974</u>

9. Provide details of any arrest, charge or questioning by a federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance (excluding traffic violations for which a fine of \$100 or less was imposed).

None

10. List and provide details of any interests that may present a conflict of interest for this position. None

I, William E. Lewis, declare that this questionnaire is true, correct and complete to the best of my knowledge.

William E. Lewis  
Signature

February 11, 1995  
Date



FILED

MAR 06 1995

RON THORNTON  
SECRETARY OF STATE

KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by each person whose appointment to a state position is subject to Senate confirmation (K.S.A. 46-247 and 46-248). Failure to complete and return this statement may result in a fine of \$10 per day for each day it remains unfiled. Also, any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

A. IDENTIFICATION: PLEASE TYPE OR PRINT

LEWIS W I L L I A M E

Last Name First Name MI

LEWIS LAURA S

Spouse's Name

3743 SW CANTERBURY TOWN RD

Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number

TOPEKA KS 66610-1505

City, State, Zip Code

913\*\*478\*\*3390

Home Phone Number

913\*\*864\*\*7583

Business Phone Number

B. APPOINTED POSITION SUBJECT TO SENATE CONFIRMATION:

POOLED HOWEY INVESTMENT BD

List Name of Agency, Commission or Board

MEMBER

Position

\* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

\* 0846

C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income in, which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "C", check here .

BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	HELD BY WHOM	PERCENT OF OWNERSHIP INTERESTS
1.			___ ___ You ___ ___ Spouse ___ ___ Jointly	
2.			___ ___ You ___ ___ Spouse ___ ___ Jointly	
3.			___ ___ You ___ ___ Spouse ___ ___ Jointly	
4.			___ ___ You ___ ___ Spouse ___ ___ Jointly	
5.			___ ___ You ___ ___ Spouse ___ ___ Jointly	
6.			___ ___ You ___ ___ Spouse ___ ___ Jointly	
7.			___ ___ You ___ ___ Spouse ___ ___ Jointly	

D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.

If you have nothing to report in Section "D", check here .

NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.		
2.		
3.		

E. **RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE \_\_\_\_.  
 If you have nothing to report in Section "E"1, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	UNIVERSITY OF KANSAS	LAWRENCE, KS	EDUCATION
2.			

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.  
 If you have nothing to report in Section "E"2, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	MERCANTILE BANK	Topeka	BANKING -
2.			

F. **OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section. If you have nothing to report in Section "F", check here     

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.			
2.			
3.			
4.			
5.			

G. **RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "G", check here .

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.			
2.			
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H. **DECLARATION:**

I, WILLIAM E. LEWIS, declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

3/1/95  
Date

William E. Lewis  
Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES 0.

Return your completed statement to the Secretary of State, State House, Topeka, Kansas 66612.



# APPOINTMENTS QUESTIONNAIRE

Office of Governor Bill Graves

Please complete and return this form to the Governor's Appointments Office. Attach additional sheets if necessary.

Name: John R. Wine, Jr.

Home Address: 212 Woodlawn

City, State, Zip: Topeka, Kansas 66606

Business Address: 618 S. Kansas Ave., 2nd Floor

City, State, Zip: Topeka, KS 66603-3804

Home Phone: (913) 233-5455 Business Phone: (913) 296-3307

Date of Birth: 3-21-53 Place of Birth: Wichita, KS

Party Affiliation: Rep. KBI Check: NA  In Process  Complete

Appointed as: Kansas Securities Commissioner

Appointment Date: 1-9-95 Expiration Date: N/A

Term Length: N/A Statutory Authority: K.S.A. 75-6301

Salary: \$68,340 Predecessor: Jim Parrish

Statutory Requirements: "shall have special training and qualifications for such position." (K.S.A. 75-6301)

## BACKGROUND

1. List high school, college, or other education institution attended along with the date attended and degree conferred.

Education Institution	Dates	Degree
Wichita West High School	1968-1971	Diploma
Friends University	1971-1975	B.A.
Kansas Univ. School of Law	1975-1978	J.D.

2. List memberships in business, trade and professional organizations for the past 10 years.

Organization	Dates
Kansas Bar Association	1978 to present

3. List any public offices you have been elected or appointed to, along with the dates of service.

Office Held	Dates
Deputy Asst. Secretary of State	1981--1987
Asst. Secretary of State	1987--1993
General Counsel--Secretary of State	1993--1995

*Senate 714  
3/16/95  
Attachment #2*

4. List any positions held with a foreign, federal or local government entity along with the dates of service.

Position	Government Entity	Dates
Disaster Loan Counsel	S.B.A.--Wichita Office	1980--1981

5. List any lobbying activities you have been involved in during the past five years. This includes activities as a registered lobbyist or lobbying activities for which you were compensated.

Group	Compensation (yes/no)	Dates
N/A		

6. List experience or interests which qualify you for the position to which you have been appointed. My legal and management experience has been focused on business law for almost 15 years. See below.

7. Summarize business and professional experience. Attorney in general private practice; loan counsel for S.B.A.; legal counsel for Secretary of State; columnist and author on business law; and agency management experience with the Secretary of State.

8. List any service in the United States military. Include dates of service, branch, date and type of discharge.

Branch	Discharge	Dates
N/A		

9. Provide details of any arrest, charge or questioning by a federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance (excluding traffic violations for which a fine of \$100 or less was imposed).

N/A

10. List and provide details of any interests that may present a conflict of interest for this position. None

I, JOHN R. WINE, JR., declare that this questionnaire is true, correct and complete to the best of my knowledge.

Signature John R. Wine, Jr.

Date 2-10-95



FILED

APR 15 1994

BILL GRAVES

SECRETARY

KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND ETHICS

STATEMENT OF SUBSTANTIAL INTERESTS FOR GENERAL COUNSEL

FOR STATE AGENCY

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by a general counsel for a state agency (K.S.A. 46-247 and 46-248). Failure to complete and return this statement may result in a fine of \$10 per day for each day it remains unfiled. Also, any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing section "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

A. IDENTIFICATION:

PLEASE TYPE OR PRINT

WINE, JR JOHN R

Last Name

First Name

MI

ELLEN SUE WINE

Spouse's Name

212 WOODLAWN

Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number

TOPEKA KS 66606

City, State, Zip Code

913\*\*2933\*\*5455

Home Phone Number

913\*\*296\*\*0705

Business Phone Number

B. GENERAL COUNSEL FOR:

Secretary of State

List Name of Agency, Commission or Board

General Counsel

Position

\* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

\* 9247

C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income in, which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.  
 If you have nothing to report in Section "C", check here \_\_\_\_.

BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	HELD BY WHOM	PERCENT OF OWNERSHIP INTERESTS
1. SN County Farm Topeka Ks	Farm	Contract for deed	— — You — — Spouse <input checked="" type="checkbox"/> — Jointly	— — — — 100
2. SG County Farm Garden Plain KS	Farm	Remainder interest	— — You — — Spouse <input checked="" type="checkbox"/> — Jointly	— — — — 100
3. Business law writing home	free-lance writing	sole proprietorship	<input checked="" type="checkbox"/> — You — — Spouse — — Jointly	100 — — — —
4.			— — You — — Spouse — — Jointly	— — — — — —
5.			— — You — — Spouse — — Jointly	— — — — — —
6.			— — You — — Spouse — — Jointly	— — — — — —
7.			— — You — — Spouse — — Jointly	— — — — — —

D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.  
 If you have nothing to report in Section "D", check here .

NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.		
2.		
3.		

**E. RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE .  
If you have nothing to report in Section "E"1, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.			
2.			

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.  
If you have nothing to report in Section "E"2, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	St. Mary's High School - USD #321	St. Mary's KS	teacher
2.			

**F. OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section. If you have nothing to report in Section "F", check here \_\_\_\_.

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.	Kansas Children's Service League Wichita KS	director	John
2.	Kaw Valley Shoot to Retrieve Topeka KS	director	John
3.	Topeka Friends Meeting Topeka KS	director	John & Ellen
4.			
5.			

G. **RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. *The phrase "client or customer" relates only to businesses or combination of businesses.* In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

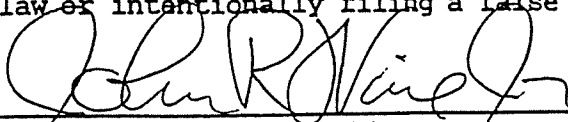
If you have nothing to report in Section "G", check here .

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.			
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H. **DECLARATION:**

I, John R Wine Jr., declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

4-15-94  
Date

  
Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES \_\_\_\_\_.

Return your completed statement to the Secretary of State, State House, Topeka, Kansas 66612.

2/6

**Kansas Insurance Department**  
Kathleen Sebelius, Commissioner  
420 SW 9th  
Topeka, Kansas 66612-1678 (913) 296-3071

TO: Senate Financial Institutions and Insurance Committee

FROM: Richard G. Huncker  
Accident & Health Supervisor

SUBJECT: Proposed Amendments to K.S.A. Supp. 40-2209h(6)

DATE: March 16, 1995

The purpose of this amendment is to revise the transition period allowed for small employer carriers to accomplish compliance with the modified community rating bands set form in K.S.A. 40-2209h(a)(1) and (2).

Specifically, K.S.A. 40-2209(a)(1) establishes restrictions to narrow the difference between the highest and lowest rates charged groups in different risk classifications or otherwise known as classes of business. K.S.A. 40-2209h(a)(2) establishes restrictions between the highest and lowest rates charged any group within a particular classification.

The proposed language is intended to address the groups who are below the lowest band and who may be subjected to extensive rate increases if a small employer carrier is required to comply with the language set forth in K.S.A. 40-2209h(a)(1) and (2) by the first renewal date on or after December 31, 1996.

Although our department does not stand here for or against this proposal, I would like to point out that to our knowledge Blue Cross and Blue Shield of Kansas is the only carrier who is confronted with this predica-

*Senate 7/41  
3/16/95  
Attachment #3*

ment. It appears 1,044 groups consisting of 6,829 enrolled contracts may be provided relief by the proposed language to extend the transition period to the group's renewal date on or after December 31, 2000.



in the base premium rate, if such change does not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new small employers;

(B) any adjustment, not to exceed 15% annually and adjusted pro rata for rating periods of less than one year, due to the claim experience, health status or duration of coverage of the employees or dependents of the small employer as determined from the small employer carrier's rate manual for the class of business; and

(C) any adjustment due to change in coverage or change in the case characteristics of the small employer, as determined from the small employer carrier's rate manual for the class of business.

(4) Adjustments in rates for claim experience, health status and duration of coverage shall not be charged to individual employees or dependents. Any such adjustment shall be applied uniformly to the rates charged for all employees and dependents of the small employer.

(5) A small employer carrier may utilize industry as a case characteristic in establishing premium rates, if the highest rate factor associated with any industry classification does not exceed the lowest rate factor associated with any industry classification by more than 30% for each year until the earlier of the first acquisition of coverage from a small employer carrier which did not previously provide coverage to that small employer or the first renewal date on or after December 31, 1996, and 15% each year thereafter.

(6) A premium rate for a rating period may exceed the ranges set forth in paragraphs (1) and (2) until the earlier of the first acquisition of coverage from a small employer carrier which did not previously provide coverage to that small employer or the first renewal date on or after December 31, 1996. In such case, the percentage increase in the premium rate charged to a small employer for a new rating period shall not exceed the sum of the following:

(A) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a health benefit plan into which the small employer carrier is no longer enrolling new small employers, the small employer carrier shall use the percentage change in the base premium rate, if such change does

New Section . K.S.A. 40-2209h  
is hereby amended to read as follows:

40-2209h. From and after January 1, 1993: (a) Premium rates applicable to Kansas residents for health benefit plans subject to this act shall be subject to the following provisions:

(1) The index rate for a rating period for any class of business shall not exceed the index rate for any other class of business by more than 20%.

(2) For a class of business, the premium rates charged during a rating period to small employers with similar case characteristics for the same or similar coverage, or the rates that could be charged to such employers under the rating system for that class of business, shall not vary from the index rate by more than 25% of the index rate.

(3) The percentage increase in the premium rate charged to a small employer for a new rating period may not exceed the sum of the following:

(A) The percentage change in the new business premium rate measured from the first day of the prior rating period to the first day of the new rating period. In the case of a health benefit plan into which the small employer carrier is no longer enrolling new small employers, the small employer carrier shall use the percentage change

If premium rates for a small employer covered by a small employer carrier prior to January 1, 1993 are below the lowest range as set forth in paragraphs (1) and (2), such small employer carrier must at least increase that small employer's rates commencing with renewals on or after December 31, 1995 to equally distribute the needed increase to get that small employer's rates within the range over the renewal opportunities remaining so that the small employer's renewal rates on or after December 31, 2000 would be within the ranges.

not exceed, on a percentage basis, the change in the new business premium rate for the most similar health benefit plan into which the small employer carrier is actively enrolling new small employers.

(B) Any adjustment due to change in coverage or change in the case characteristics of the small employer, as determined from the carrier's rate manual for the class of business.

(7) (A) Small employer carriers shall apply rating factors, including case characteristics, consistently with respect to all small employers in a class of business. Rating factors shall produce premiums for identical groups which differ only by amounts attributable to plan design and do not reflect differences due to the nature of the groups assumed to select particular health benefit plans.

(B) A small employer carrier shall treat all health benefit plans issued or renewed in a class of business in the same calendar month as having the same rating period.

(8) For the purposes of this subsection, a health benefit plan that utilizes a restricted provider network shall not be considered similar coverage to a health benefit plan that does not utilize such a network, if utilization of the restricted provider network results in substantial differences in claims costs.

(9) A small employer carrier shall not use case characteristics, other than age, gender, industry, geographic area, family composition, and group size without prior approval of the commissioner.

(10) The commissioner may establish regulations to implement the provisions of this section and to assure that rating practices used by small employer carriers are consistent with the purposes of this act, including:

(A) Assuring that differences in rates charged for health benefit plans by small employer carriers are reasonable and reflect objective differences in plan design, not including differences due to the nature of the groups assumed to select particular health benefit plans; and

(B) prescribing the manner in which case characteristics may be used by small employer carriers.

(b) A small employer carrier shall not transfer a small employer involuntarily into or out of a class of business. A small employer carrier shall not offer to transfer a small employer into or out of a class of business unless such offer is made

to transfer all small employers in the class of business without regard to case characteristics, claim experience, health status or duration of coverage.

(c) The commissioner may suspend for a specified period the application of subsection (a)(1) as to the premium rates applicable to one or more small employers included within a class of business of a small employer carrier for one or more rating periods upon a filing by the small employer carrier and a finding by the commissioner either that the suspension is reasonable in light of the financial condition of the small employer carrier or that the suspension would enhance the efficiency and fairness of the marketplace for small employer health insurance.

(d) Upon written application of the group policyholders, the commissioner may suspend the application of K.S.A. 40-2209g and 40-2209h and amendments thereto to any group whose fundamental structure or composition would otherwise be adversely affected.