

Approved: February 11, 1997  
Date

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Don Steffes at 9:00 a.m. on February 5, 1997 in Room 529-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee: Patrick Morris, KAIA  
Terry Boyd Karlin, ABK Insurance Agency  
Art Palmer, Kansas Guaranty Life Insurance  
Tom Wilder, Kansas Insurance Department  
Dave Hanson, Ks Assoc of Property & Casualty

Others attending: See attached list

The minutes of the January 29 meeting were distributed. Senator Becker moved for the approval of the minutes. The motion was seconded by Senator Barone. Motion carried.

**HEARING ON SB 94 --Agents, nonresident agents and insurance brokers**

Patrick Morris, Executive Director of the Kansas Association of Insurance Agents, presented testimony regarding the Open Records Act as it applies to release of information on insurance agents, applicants for licensure, and insurance brokers (Attachment 1). The Kansas Insurance Department is required by law to give out the agent's social security number, home address, home phone number, and birth date if it is requested, even by phone. The KAIA is requesting that legislation be drafted to not give out such information if the agent in question has requested that such information be restricted.

Terry Boyd Karlin, an independent insurance agent and owner of ABK Insurance Agency, informed the Committee of her personal experiences after such information had been handed out by the Insurance Department (testimony contained in Attachment 1). Ms. Karlin began to receive volumes of mail solicitations at her home rather than at her business address. After checking with the Kansas Insurance Department, she was informed that under the Open Records Act they are required to give out such information if it is being requested by someone checking on the authenticity of the agent but such inquiries are not to be made available or sold to people compiling a mailing list. The Department does not approve or feel comfortable giving out such information but they are not legally allowed to deny such a request. She solicited the help of KAIA in drafting legislation which would allow agencies such as KID to deny access to information on agents regarding date of birth, home address, home telephone number, and social security number.

The fiscal note presented with the testimony stated such provisions could be handled with existing resources at KID. The long-range fiscal effect beyond FY 1998 would be less than \$500 annually (Attachment 2).

Committee concerns were that this may not be enforceable unless the existing language in SB 94 was rewritten to include exact instructions on how such public requests should be made, consent or restriction granted by the agent, who could have access to such information, etc. The revisor reminded the Committee of the Open Records Act which allows 40-50 exemptions regarding the granting of such information requests. Problems could exist in drafting legislation unless an amendment was added to the Open Records Act rather than adding a separate statute other than that involving insurance agents.

The hearing was continued until clarifying language could be developed and presented to the Committee.

**CONTINUED HEARING ON SB 12 - Health care and other medical benefits provided under medical benefit plans for beneficiaries of federal medicaid benefits**

A fiscal note (considered to be very conservative) containing a break down of costs of implementation and savings was presented (Attachment 3).

Subcommittee Chairwoman Senator Praeger reported on the two balloon amendments which were developed by the Subcommittee, SBG, and SRS. The first balloon amendment would require the Secretary of SRS to reimburse each medical benefit plan provider that provides the needed information be paid for the actual cost of supplying such information (Attachment 4). It also put restrictions on the use of the gathered material and

CONTINUATION SHEET

MINUTES OF THE Senate Committee on Financial Institutions & Insurance, Room 529-S Statehouse, on February 5, 1997.

disallowed any medicaid provider to recover any additional amount collected by SRS from a medical benefit plan.

The second balloon amendment protects the provider of such information and excludes any policy, contract, plan or agreement designed solely to provide dental or vision care (Attachment 5).

The hearing was closed.

Senator Feleciano moved to adopt both balloon amendments with the exception of the exclusion of a policy designed solely to provide dental or vision care. Motion was seconded by Senator Praeger. Motion carried.

Senator Feleciano moved that the bill be passed out of committee as amended. Motion was seconded by Senator Clark. Motion carried.

**CONTINUED HEARING ON SB 15 -- Kansas public employees deferred compensation plan**

Art Palmer, Kansas Life and Health Insurance Guaranty Association, reported the Board of Directors had met and recommended an amendment which would cover the Compensation plan but limit that coverage to the limitation of the Act applicable to other annuity contracts (Attachment 6). This would cover only \$100,000 per individual account.

The hearing was closed.

Senator Praeger moved for the adoption of the amendment as presented. Motion was seconded by Senator Becker. Motion carried.

Senator Praeger moved that the bill be passed out as amended. Motion was seconded by Senator Feleciano. Motion carried.

**CONTINUED HEARING ON SB 55 -- Risk-based capital**

Tom Wilder of the Kansas Insurance Department gave an update and explanation of the positive impact of this bill on domestic companies in the state. Dave Hanson, representing the Property and Casualty Insurance companies of Kansas, agreed with Mr. Wilder's assessment of the proposed legislation (Attachment 7).

The hearing was closed.

Senator Feleciano moved that the bill be reported favorably. Senator Praeger seconded the motion. Motion carried.

**HEARING ON SB 57 -- Group life insurance, persons who may be insured**

Tom Wilder, Kansas Insurance Department, informed the Committee that this bill would allow insurance companies to issue policies where the individual can insure their spouse, their children or their spouses' children or their parents or spouses' parents regardless of whether they are dependent on the employee (Attachment 8). At this time the one being insured under such group life must be dependent upon the employee financially and under age 21 or in school. A very similar bill was introduced last year but failed in the Senate as it used the words "domestic partner" rather than spouse. An amendment which would add grandchildren and spouses' grandchildren, grandparents, and spouses' grandparents was discussed.

The hearing was closed.

Senator Clark moved that amendment which included adding grandchildren be added to the proposed legislation. Motion was seconded by Senator Feleciano. Motion carried.

Senator Clark moved that the bill be passed out of Committee as amended. Motion was seconded by Senator Biggs. Motion carried.

The meeting was adjourned at 10:00 a.m. The next meeting is scheduled for February 6, 1997.

# SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

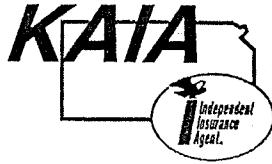
DATE: 2/5/97

NAME	REPRESENTING
William Sneed	Am Vectors
Meg Henson	KS Medical Society
Megan Griggs	CIGNA
TAD KRAMAR	SECURITY BENEFIT
Ann Koci	SRS.
Mike Meacham	CCK
Colleen Hill Denton	Prudential
Jenese Steenau	State Farm
Susan Baber	Heim + Weir
Kevin Damin	Am. Family
Art Palmer	KS Life Insurance Co
Tom Wilder	KANSAS Insurance Dept -
Bill Mitchell	Alliance
Pat Morris	KS. Assoc. of Ins. Agents
Teri Boyd Karlin	ABK INS Agency
John Radebaugh	KCOA
Roger Franke	BK W
Sharon Pafnode	Leg. Post Audit
JOHN FEDERICO	Pete McBill + Assoc

SENATE FINANCIAL INSTITUTIONS & INSURANCE  
COMMITTEE GUEST LIST

DATE: \_\_\_\_\_

NAME	REPRESENTING
Matt Goddard	HCBA
Tom Bell	KHA
Dred Smoot	BEBS



## Testimony regarding Senate Bill 94

Presented by Patrick J. Morris

Executive Vice President of the Kansas Association of Insurance Agents  
(February 5, 1996 - Senate Financial Institutions and Insurance Committee)

Thank you Mr. Chairman and members of this committee for allowing the introduction of this bill, and for the opportunity to appear at the hearing today on Senate Bill 94. I am Pat Morris, the Executive Vice President of the Kansas Association of Insurance Agents, an association that represents over 600 independent agency members across Kansas who employ nearly 3,500 people, most of whom are licensed agents.

The subject matter of this measure, the release of specific, personal, and confidential information provided by agents who wish to be licensed by the Kansas Insurance Department is of great concern to our association. Based on the initiative of Teri Boyd Karlin - one of our agent members that you will hear from in just a minute - and other members around the state, we asked our legal counsel to draft legislation that would allow licensed agents, brokers, and applicants for those licensed positions to request of the Insurance Department that four pieces of personal information not be released without consent or for legal purpose - social security number, birthdate, and home address and phone number. We understand the legitimate purpose that the Department has in collecting that information and realize that the Department now uses the social security number for an agent identification number, but would like to see some restrictions on its release to outside parties if the agent or broker requests that the information be restricted.

*Senate FDs D  
Attachment 1  
Feb. 5, 1997*

Ms. Karlin will tell you in detail of her experience in discussing this matter with the Department. Also, our counsel had discussions with the Attorney General's office regarding the Insurance Department's interpretation of the Open Records Act (which they asserted was correct) and our original intention of adding another exception to the Open Records Act. After these discussions, we concluded that a very narrow and specific focus would be necessary to address this problem. Therefore, we concentrated on the insurance statutes and have attempted in this proposal to give the Insurance Commissioner flexibility in implementing procedures to address this concern. The onus in this measure is on the insurance agent or broker to contact the department and affirm that they do not want these pieces of information released, not on the Department to provide this for all agents and brokers.

Assistant Insurance Commissioner Kennedy stated in his letter to Ms. Karlin on June 5, that "(U)unfortunately, as long as the Open Records Act in this state is structured as it is, there is not much we can do about it." We at KAIA are also sympathetic to this concern, and have attempted to draft reasonable, narrow, and specific exceptions to allow agents and brokers the opportunity to restrict the release of this personal information to all comers.

Thank you, and I will attempt to answer any questions that you may have.

**Testimony on Senate Bill 94**  
Before the Senate Financial Institutions and Insurance Committee  
(February 5, 1997)

by  
Teri Boyd Karlin, Owner/Agent  
ABK Insurance Agency

Thank you Mr. Chairman, and members of the committee for the opportunity to appear today in support of Senate Bill 94. I am an independent insurance agent, and I am the owner of ABK Insurance Agency here in Topeka.

Early in 1996, I began to notice an increase in the number of mail solicitations from insurance companies (primarily life companies). These solicitations were not being mailed to my business address, but instead were being sent to my home address. On June 4, 1996, I sent a memo to the Insurance Commissioner, along with some samples of the mail that I had received in May, asking how companies that I do not represent, nor have ever represented had gotten my home address. (Enclosure 1) I also inquired specifically about the release of my social security number.

I received a response from Mr. Robert Kennedy at the Insurance Department in a letter dated June 5, 1996, in which he stated that he "understood my frustrations" with "unsolicited mailings," but that under the Kansas Open Records Law my social security number and home address must be released by the Department if requested. (Enclosure 2) He also stated that a "person who obtains that information is not permitted to sell the lists they obtain from a state agency and may not use that information for commercial purposes" and that the Department is "required to inform people who ask for that information about these limitations.

On June 13, 1996, I responded to Mr. Kennedy by letter and requested that my federal identification number be used in place of my social security number and birthdate, and again expressed my concerns about the release of this information - that private information about me could be released to the public just because I had chosen to become an insurance agent.

(Enclosure 3)

On June 17, 1996, Mr. Kennedy responded by letter that they could not honor my request. He stated that he understood my "concerns about privacy," but that "as much as we would like to prevent use of personal information, the public policy of this state has moving for some time in the opposite direction." He concluded by stating that "we may be uncomfortable about these developments, but they are the reality." (Enclosure 4)

Not content with this second response, I called the Kansas Insurance Department. Without identifying myself, I asked for any information on agent Teri Boyd Karlin. To my shock and dismay, the person handling my call began to read all of the information that was contained on my agent license application and in what must have been my department agent file. At no time was I advised of the limitations on the use of this information. Included in the information given to me over the phone were my social security number, date of birth, home address, and the business name of my agency.

I then contacted my association - the Kansas Association of Insurance Agents - for assistance with this problem; and the bill that you are hearing today, Senate Bill 94 is a result of my



concerns and other agents' concerns across Kansas about the personal information that they are required to disclose in order to become insurance agents. I understand the Department's legitimate need for this information, but I do not understand why it needs to be released to anyone who asks. This bill focuses only on that information - social security number, birthdate, home address, and home phone - that is personal, confidential, and has a huge potential for misuse for solicitors and others. They have my business address, business phone, and agency information also on file, and if I must receive these business solicitations (which as Mr. Kennedy points out are frustrating and affect everyone), I would much rather receive them at my business where they belong.

I support Senate Bill 94 because it is designed to protect the invasion of my privacy, and I hope that you will recommend to the Senate that it be passed. Thank you, I appreciate the opportunity to appear before you today, and I would be happy to try and answer any questions that you may have.



**ABK INSURANCE AGENCY**  
2900 SW ATWOOD, SUITE D  
TOPEKA, KANSAS 66614  
913 272-9500

# REPLY MESSAGE

- URGENT
- Reply Immediately
- No Reply Needed

TO: Ms. Kathleen Sebilus  
Kansas Insurance Department  
420 SW 9th  
Topeka, Kansas 66612

Date: June 4, 1996

Subject: Junk Mail

## MESSAGE

Here is a sample of all the mail I have received within the past 30 days. I would like to know how these companies, companies I do NOT represent, obtained my home address?

Does the insurance department release this information to anyone who inquires? Can I request that no information ever be released to anyone or any company that pertains to my home address?

Please advise what I can do to get this constant stream of mail to stop coming to my home address. Writing to these places has not/does not help.

Please advise.

## REPLY

FOLLOW UP: Thank you for your assistance. 0

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	

P.S. Can you confirm that our social security number is NEVER released to anyone?

FILE COPY

DATE \_\_\_\_\_ SIGNED \_\_\_\_\_  
SENDER RETAIN THIS COPY



Kathleen Sebelius  
Commissioner of Insurance  
**Kansas Insurance Department**

Robert L. Kennedy, Jr. JD CPCU  
Assistant Insurance Commissioner

June 5, 1996

Teri Boyd Karlin  
ABK Insurance Agency  
2900 S. W. Atwood, Suite D  
Topeka, Kansas 66614

Dear Ms Karlin:

I have your June 4 memo accompanying "junk" mail you have received at home. You ask whether the Insurance Department "released" your home address to "anyone who inquires," and whether we would confirm your social security number is never released to anyone.

As a licensed agent this information, and other information about you, is required to be filed with this department. Under the Kansas Open Records law that information is available to any person who asks for it. There are few exceptions to that law. Your home address and your social security number are not included in any of those exceptions. A person who obtains that information is not permitted to sell the lists they obtain from a state agency and may not use that information for commercial purposes and we are required to inform people who ask for that information about those limitations. However, we do not have the option of restricting anyone's access to the information.

Records maintained by the Kansas Insurance Department are not unique in that regard. For example, all of that information is available at the Division of Vehicles if you have a Kansas driver's license and can be used by anyone who requests that information.

I understand your frustrations. We all get unsolicited mailings like the ones you sent us. Unfortunately, as long as the Open Records law in this state is structured as it is, there is not much we can do about it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bob Kennedy".

Robert L. Kennedy, Jr.

420 SW 9th Street  
Topeka, Kansas 66612-1678

913 296-3071  
Fax 913 296-2283  
Printed on Recycled Paper

Consumer Assistance Hotline  
1 800 432-2484 (Toll Free)

1-7

(Enclosure 2)

June 13, 1996

Mr. Robert Kennedy, Jr.  
Kansas Insurance Department  
420 SW 9th St  
Topeka, Kansas 66612-1678

Re: June 5, 1996 letter

Dear Mr. Kennedy:

I have received your letter, and have visited with an attorney at the federal building regarding the release of my social security number, home address, and birthdate to anyone who calls to ask for it.

I was provided page 30 and 31 from the US. codes, of which I have enclosed a copy for your consideration. While I am still doing additional research to obtain a copy of the Open Records law you mentioned, I feel you should know that by releasing this personal information about me, and other agents, your department is posing a security problem to the agents. With advanced technology, a person armed with a social security number, birthdate, and home address can tap into an infinite amount of information. I know you must understand my concern.

I am asking you to please delete my social security number, and birthdate, and use my federal identification number in its place. I do not use my social security number on anything! Nor do I ever give out that information to anyone who asks. I never knew that the department could release any of this information to just anybody.

My social security number and birthdate should have nothing to do with whether or not I can be a licensed agent. I can understand keeping the information on file, but I am flabbergasted that the most private information about me can be released to the public. In fact, there is not one valid reason I can think of that the public would need any of that information, anyway.

If you have any suggestions, or can use my federal ID number in place of a social security number, please let me know. I will gladly provide it to you, if the department doesn't have it already.

Thank you.

Sincerely,

Teri Boyd Karlin

1-8  
(Enclosure 3)



Kathleen Sebelius  
Commissioner of Insurance  
**Kansas Insurance Department**

Robert L. Kennedy, Jr. JD CPCU  
Assistant Commissioner of Insurance

June 17, 1996

Teri Boyd Karlin  
ABK Insurance Agency  
2900 S. W. Atwood, Suite D  
Topeka, Kansas 66614

Dear Ms. Karlin:

I have your letter of June 13, directing my attention to a federal statute provided to you by an attorney at the "federal building." The copy you sent to me is not a statute, but an annotation explaining a provision of the federal code. However, I am familiar with the federal statute you reference. That statute prohibits anyone demanding your social security number from you in most contexts. Of course, you already supplied your number to us at the time you applied for an insurance agent's license and the federal statute to which you refer is not applicable. In addition, that statute specifically allows a state agency to require social security numbers, if that state agency used those numbers prior to 1975 as a means of identifying persons, which I understand is the case with our agency.

In addition, you demand I remove your birthdate from our records. This I cannot do. I most definitely disagree with your conclusion that piece of information has "nothing to do with whether or not [you] can be a licensed agent." It is most definitely a vital piece of information in identifying you and distinguishing you from any other agent in this country who may have a name similar to yours.

I do indeed understand your concerns about privacy. However, as much as we would like to prevent use of personal information, the public policy of this state has been moving for some time in the opposite direction. Our public records law is one of the most expansive in the country and the growth of electronic databases and other information sources, such as the Internet, is pushing society towards more disclosure of information, not less. We may be uncomfortable about those developments, but they are the reality.

Very truly yours,

Robert L. Kennedy, Jr.

RECEIVED

JUN 18 1996

ABK INSURANCE

420 SW 9th Street  
Topeka, Kansas 66612-1678

913 296-3071  
Fax 913 296-2283  
Printed on Recycled Paper

☎ Consumer Assistance Hotline  
1 800 432-2484 (Toll Free)

1-9  
(Enclosure 4)

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E  
State Capitol Building  
Topeka, Kansas 66612-1504  
(913) 296-2436  
FAX (913) 296-0231

Bill Graves  
Governor

Gloria M. Timmer  
Director

January 31, 1997

The Honorable Don Steffes, Chairperson  
Senate Committee on Financial Institutions and Insurance  
Statehouse, Room 128-S  
Topeka, Kansas 66612

Dear Senator Steffes:

SUBJECT: Fiscal Note for SB 94 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 94 is respectfully submitted to your committee.

SB 94 pertains to insurance agents, insurance brokers and persons applying for insurance agent licensure. The bill requires the Insurance Commissioner to implement methods and procedures to ensure that certain information provided to the Department remains confidential. The information to be protected includes the agent's or applicant's social security number, birth date, home address and telephone number. The bill provides for exceptions to allow for the information to be made available. These exceptions, which include any state, federal or local courts as well as law enforcement agencies, are noted in the bill.

According to the Insurance Department, provisions of SB 94 could be implemented within existing resources. The Department estimates that the long-range fiscal effect beyond FY 1998 would be less than \$500 annually.

Sincerely,

A handwritten signature in cursive script that reads "Gloria M. Timmer".

Gloria M. Timmer  
Director of the Budget

cc: Linda DeCoursey, Kansas Insurance Department

Senate FDs D  
Attachment 2  
2/5/97

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E  
State Capitol Building  
Topeka, Kansas 66612-1504  
(913) 296-2436  
FAX (913) 296-0231

Bill Graves  
Governor

Gloria M. Timmer  
Director

January 31, 1997

The Honorable Don Steffes, Chairperson  
Senate Committee on Financial Institutions and Insurance  
Statehouse, Room 128-S  
Topeka, Kansas 66612

Dear Senator Steffes:

SUBJECT: Fiscal Note for SB 12 by Legislative Post Audit Committee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 12 is respectfully submitted to your committee.

SB 12 would allow the Secretary of Social and Rehabilitation Services to require medical benefit plan providers to share records with the Department of Social and Rehabilitation Services. The act provides that the Secretary could require that a medical benefit plan provider identify the persons in Kansas who are receiving medical benefits from that provider. The data would have to be supplied in a form that would allow SRS to compare the medical benefit provider data to the data that the agency maintains concerning Medicaid recipients. Such a comparison would allow the Department to identify other health care coverage that is available to persons who are participating in the Medicaid program. The bill requires SRS to reimburse each medical benefit plan provider when SRS requires the provider to supply information, with the reimbursement based on the reasonable cost of providing the information.

The bill also provides that if a provider fails to comply with a request for information made by SRS, as provided for in this bill, failure to comply would result in action being taken against the company by the Commissioner of Insurance, as provided by law. Finally, SB 12 defines the term "medical benefit plan."

*Senate F&A*  
*Attachment 3*  
*2/5/97*

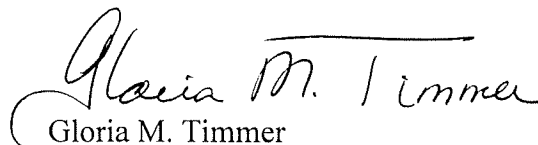
Estimated State Fiscal Impact				
	FY 1997 SGF	FY 1997 All Funds	FY 1998 SGF	FY 1998 All Funds
Revenue	--	--	--	--
Expenditure	--	--	(\$273,760)	(\$617,600)
FTE Pos.	--	--	--	--

The Department of Social and Rehabilitation Services estimates that passage of SB 12 would reduce expenditures in FY 1998 by \$617,600, of which \$273,760 would be from the State General Fund. The fiscal effect of the act reflects savings of \$996,000 to the Medicaid Program that would occur less the \$378,400 cost of implementing the program. The agency estimates that \$996,000 (\$408,360 from the State General Fund) in Medicaid benefits are inadvertently paid each year to persons who have other insurance coverage. This estimate is 10 percent of the \$9.9 million that is "post-pay billed" to insurance companies because the existence of coverage from other insurers was not known at the time the service was provided. In other words, the agency estimates that 10 percent of what is post-paid to insurance companies is the amount of non-Medicaid insurance liability that goes undetected each year.

The agency also estimates that costs of \$378,400 (\$134,600 from the State General Fund) would be experienced in FY 1998. Of the total, the Department would experience costs associated with the design and implementation of a data exchange process between insurance companies and the agency's fiscal agent. These costs would total \$218,400 (\$54,600 from the State General Fund) in FY 1998. The costs would be financed through contracts with the agency's fiscal intermediary; therefore, no additional FTE positions would be required to implement the program. In addition, the cost of payments made by the Department of Social and Rehabilitation Services to insurance companies from which it would request data is estimated to be \$160,000, of which \$80,000 would be from the State General Fund.

The Department of Social and Rehabilitation Services indicates that in subsequent years expenditures necessary for continuation of the program will decline to \$149,400, of which \$51,300 would be from the State General Fund. This would result in an annual net "cost avoidance" of \$846,000, of which \$357,060 would be from the State General Fund.

Sincerely,



Gloria M. Timmer  
Director of the Budget



# SENATE BILL No. 12

By Legislative Post Audit Committee

1-10

9 AN ACT concerning social welfare; relating to identifying health care and  
10 other medical benefits provided under medical benefit plans for ben-  
11 efiiciaries of federal medicaid benefits; prescribing penalties for failure  
12 to provide certain information.  
13

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

15 Section 1. (a) Upon the request of the secretary of social and reha-  
16 bilitation services, each medical benefit plan provider that provides or  
17 maintains a medical benefit plan, that provides any hospital or medical  
18 services or any other health care or other medical benefits or services, or  
19 both, in Kansas, shall provide the secretary with information identifying  
20 each person who is covered by such medical benefit plan or who is oth-  
21 erwise provided any such hospital or medical services or any other such  
22 health care or other medical benefits or services, or both, in Kansas under  
23 such medical benefit plan. The information shall be provided in such form  
24 as is prescribed by the secretary for the purpose of comparing such in-  
25 formation with medicaid beneficiary information maintained by the sec-  
26 retary to assist in identifying other health care or medical benefit coverage  
27 available to medicaid beneficiaries. The secretary ~~may~~ reimburse each  
28 medical benefit plan provider that provides information under this section  
29 for the reasonable cost of providing such information.

shall

30 (b) All information provided by medical benefit plan providers under  
31 this section shall be confidential and shall not be disclosed pursuant to  
32 the provisions of the open records act or under the provisions of any other  
33 law.

Such information may be used solely for the purpose of determining whether medical assistance has been paid or is eligible to be paid by the secretary for which a recovery from a medical benefit plan provider is due under K.S.A. 39-719a and amendments thereto.

34 (c) Failure to provide information pursuant to a request by the sec-  
35 retary of social and rehabilitation services under this section shall consti-  
36 tute a failure to reply to an inquiry of the commissioner of insurance and  
37 shall be subject to the penalties applicable thereto under K.S.A. 40-226  
38 and amendments thereto. If a medical plan provider fails to provide in-  
39 formation to the secretary of social and rehabilitation services pursuant  
40 to a request under this section, the secretary shall notify the commissioner  
of such failure. The commissioner of insurance may pursue each such  
43 failure to provide such information in accordance with K.S.A. 40-226 and  
amendments thereto.

Senate Bill  
Attachment 4  
2/5/97

4-2

1 (d) As used in this section:  
 2 (1) "Medical benefit plan" means any accident and health insurance  
 3 or any other policy, contract, plan or agreement that provides benefits or  
 4 services, or both, for any hospital or medical services or any other health  
 5 care or medical benefits or services, or both, in Kansas, whether or not  
 6 such benefits or services, or both, are provided pursuant to individual,  
 7 group, blanket or certificates of accident and sickness insurance, any other  
 8 insurance providing any accident and health insurance, or any other pol-  
 9 icy, contract, plan or agreement providing any such benefits or services,  
 10 or both, in Kansas, and includes any policy, plan, contract or agreement  
 11 offered in Kansas pursuant to the federal employee retirement income  
 12 security act of 1974 (ERISA) that provides any hospital or medical serv-  
 13 ices or any other health care or medical benefits or services, or both, in  
 14 Kansas; and  
 15 (2) "medical benefit plan provider" means any insurance company,  
 16 nonprofit medical and hospital service corporation, health maintenance  
 17 organization, fraternal benefit society, municipal group-funded pool,  
 18 group-funded workers compensation pool or any other entity providing  
 19 or maintaining a medical benefit plan.  
 20 Sec. 2. This act shall take effect and be in force from and after its  
 21 publication in the Kansas register.

(e) No medicaid provider who rendered professional services to a medicaid beneficiary and been paid by the secretary for such services shall be liable to the medical benefit plan provider for any amounts recovered pursuant to this act or pursuant to the provisions of K.S.A. 39-719a and amendments thereto.

Session of 1997

### SENATE BILL No. 12

By Legislative Post Audit Committee

1-10

9 AN ACT concerning social welfare; relating to identifying health care and  
 10 other medical benefits provided under medical benefit plans for ben-  
 11 eficiaries of federal medicaid benefits; prescribing penalties for failure  
 12 to provide certain information.  
 13

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

15 Section 1. (a) Upon the request of the secretary of social and reha-  
 16 bilitation services, each medical benefit plan provider that provides or  
 17 maintains a medical benefit plan, that provides any hospital or medical  
 18 services or any other health care or other medical benefits or services, or  
 19 both, in Kansas, shall provide the secretary with information identifying  
 20 each person who is covered by such medical benefit plan or who is oth-  
 21 erwise provided any such hospital or medical services or any other such  
 22 health care or other medical benefits or services, or both, in Kansas under  
 23 such medical benefit plan. The information shall be provided in such form  
 24 as is prescribed by the secretary for the purpose of comparing such in-  
 25 formation with medicaid beneficiary information maintained by the sec-  
 26 retary to assist in identifying other health care or medical benefit coverage  
 27 available to medicaid beneficiaries. The secretary may reimburse each  
 28 medical benefit plan provider that provides information under this section  
 29 for the reasonable cost of providing such information.

to the extent known by the provider,

30 (b) All information provided by medical benefit plan providers under  
 31 this section shall be confidential and shall not be disclosed pursuant to  
 32 the provisions of the open records act or under the provisions of any other  
 33 law.

34 (c) Failure to provide information pursuant to a request by the sec-  
 35 retary of social and rehabilitation services under this section shall consti-  
 36 tute a failure to reply to an inquiry of the commissioner of insurance and  
 37 shall be subject to the penalties applicable thereto under K.S.A. 40-226  
 38 and amendments thereto. If a medical plan provider fails to provide in-  
 39 formation to the secretary of social and rehabilitation services pursuant  
 40 to a request under this section, the secretary shall notify the commissioner  
 41 of such failure. The commissioner of insurance may pursue each such  
 42 failure to provide such information in accordance with K.S.A. 40-226 and  
 43 amendments thereto.

*Senate FDSJ*  
*Attachment 5*  
*2/5/97*

SB 12

2

1 (d) As used in this section:

2 (1) "Medical benefit plan" means any accident and health insurance  
3 or any other policy, contract, plan or agreement that provides benefits or  
4 services, or both, for any hospital or medical services or any other health  
5 care or medical benefits or services, or both, in Kansas, whether or not  
6 such benefits or services, or both, are provided pursuant to individual,  
7 group, blanket or certificates of accident and sickness insurance, any other  
8 insurance providing any accident and health insurance, or any other pol-  
9 icy, contract, plan or agreement providing any such benefits or services,  
10 or both, in Kansas, and includes any policy, plan, contract or agreement  
11 offered in Kansas pursuant to the federal employee retirement income  
12 security act of 1974 (ERISA) that provides any hospital or medical serv-  
13 ices or any other health care or medical benefits or services, or both, in

14 Kansas, and

15 (2) "medical benefit plan provider" means any insurance company,  
16 nonprofit medical and hospital service corporation, health maintenance  
17 organization, fraternal benefit society, municipal group-funded pool,  
18 group-funded workers compensation pool or any other entity providing  
19 or maintaining a medical benefit plan.

20 Sec. 2. This act shall take effect and be in force from and after its  
21 publication in the Kansas register.

, but excludes any policy, contract, plan or agreement  
designed solely to provide dental or vision care

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January 30, 1997

Hon. Don Steffes, Chair  
Senate Financial Institutions  
and Insurance Committee  
Statehouse--Room 128-S  
Topeka, Kansas 66612

HAND DELIVERED

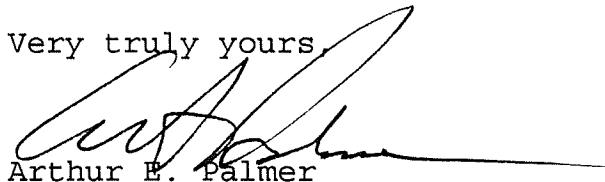
Re: Senate Bill 15

Dear Senator Steffes:

Following the hearing on this Bill, the Kansas Life & Health Insurance Guaranty Association board of directors met and instructed me to prepare a revision to the Act which would cover the Kansas Employees Deferred Compensation Plan but limit that coverage to the limitations of the Act applicable to other annuity contracts. I have done so and as you requested consulted with Tom Wilder of the Insurance Department and Bobbi Mariani of the Personnel Services Division of the Department of Administration. Both have advised me that the amendments as proposed by the Guaranty Association are satisfactory to them and I am enclosing the proposal.

Thank you and the Committee for your patience.

Very truly yours,



Arthur E. Palmer

AEP:ld  
Enclosure  
pc: Tom Wilder  
Bobbi Mariani  
Linda Becker

Senate Filed  
Attachment 6  
2/5/97

Proposed Amendment to K.S.A. 40-3003(b)  
and to Senate Bill 15

[No change to 40-3003(a)]

Amend 40-3003(b) to read:

(b) This act shall provide coverage to the persons specified in subsection (a) for direct, nongroup life, health, annuity and supplemental policies or contracts, unallocated annuity contracts covering individuals participating in a governmental deferred compensation plan established under Section 457 of the U.S. Internal Revenue Code pursuant to K.S.A. 75-5521 through 75-5529a, and amendments thereto, whether or not a resident, or the beneficiaries of each such individual if deceased, and for certificates under direct group policies and contracts issued by member insurers, except as limited by this act.

Amend 40-3008(n)(7) to read:

(7) any unallocated annuity contract: except as provided in K.S.A. 40-3003(b), and amendments thereto.

Doc. # 111997  
File # 23,680

David A. Hanson  
Kansas Insurance Associations  
Topeka, Kansas  
(913) 232-0545

TESTIMONY ON SB55

TO: Senate Financial Institutions and Insurance Committee  
State Capitol  
Topeka, Kansas

RE: Senate Bill No. 55

Mr. Chairman and Members of the Committee:

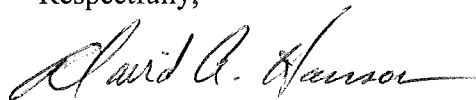
Thank you for this opportunity to appear before the Committee. I am David Hanson and am appearing on behalf of Kansas Association of Property and Casualty Insurance Companies and the Kansas Life Insurance Association, whose members are domestic insurance companies in Kansas.

The risk based capital provisions involved in Senate Bill 55 were developed by the NAIC for use by state insurance regulators as a standardized method of monitoring the solvency of insurers and the need for corrective action. We appreciate the Insurance Department's willingness to work with us to address several concerns we had with the original bill passed last year, House Bill 2661.

We had requested the reference date in the definition of "RBC instructions" to make sure the NAIC promulgated RBC instructions and formula were those in effect at that time, rather than unknown future revisions, which could adversely affect our companies' risk-based capital and their resulting action or control levels. While we believe our companies remain in good standing under the previously approved NAIC instructions and formula, we need to carefully consider any significant changes in those instructions and formula by the NAIC before adopting them in Kansas.

Our companies have been reviewing the proposed changes and we do not believe there will be any substantial adverse effect from the revisions proposed in Senate Bill 55. Thank you for your consideration.

Respectfully,



DAVID A. HANSON

*Senate Filed  
Attachment 7  
2/5/97*

Kansas Insurance Department

MEMORANDUM

To: Senate Financial Institutions  
and Insurance Committee

From: Tom Wilder

Re: Senate Bill 57 (Life Insurance "Insurable Interest")

Date: February 5, 1997

Senate Bill 57 changes the definition of whose life can be insured under a group life insurance policy. Under current law, an employee who purchases a group policy can insure their life or the lives of their spouse, their children under the age of 21 or children over age 21 who are attending school and who rely on the person for support. The bill allows insurance companies to issue policies where the individual can insure their spouse, their children or their spouses' children or their parents or spouses' parents regardless of whether they are dependent on the employee.

The change in the statute is not mandatory for insurance companies. Insurance carriers are allowed to decide who will be insured in a group life policy. The amendment will allow companies to sell policies in Kansas which we are presently not permitting because they violate K.S.A. 40-433. One example, is an insurance company that wants to sell a group life policy where one of the insured lives could be a child of the employee who is involved in church missionary work. They are over 21 but not going to school so the Department has denied them authority to offer the policy.

There are two drafting corrections that should be made to the legislation. If "parents" are going to be added to the list of persons whose lives can be insured, the bill should be amended on page 4, line 43 and page 5, line 6 to include the term.

The Kansas Insurance Department asks the Committee to approve Senate Bill 57 as amended.

*Senate F.D.S.*  
*Attachment 8*  
*2/5/97*



1 such person is otherwise eligible as a bona fide employee of the corpo-  
 2 ration by performing services other than the usual duties of a director.  
 3 No individual proprietor or partner shall be eligible for insurance under  
 4 the policy unless the proprietor or partner is actively engaged in and  
 5 devotes a substantial part of their time to the conduct of the business of  
 6 the proprietor or partnership. The policy may provide that the term "em-  
 7 ployees" shall include the trustees or their employees, or both, if their  
 8 duties are principally connected with such trusteeship. (b) The premium  
 9 for the policy shall be paid by the trustees either wholly from funds con-  
 10 tributed by the employer or employers of the insured persons, or by the  
 11 union or unions, or by both, or partly from such funds and partly from  
 12 funds contributed by the insured employees. No policy shall be issued on  
 13 which the entire premium is to be derived from funds contributed by the  
 14 insured persons. The policy shall insure all eligible persons, or all except  
 15 any as to whom evidence of individual insurability is not satisfactory to  
 16 the insurer. (c) The policy shall cover at date of issue at least 100 persons  
 17 and not less than an average of five persons per employer unit. (d) The  
 18 amounts of insurance under the policy shall be based upon some plan  
 19 precluding individual selection either by the insured persons or by the  
 20 policyholder, employers, or union.

parents

21 (5) A policy issued to an association which has been organized and is  
 22 maintained for purposes other than that of obtaining insurance, insuring  
 23 at least 25 members, employees, or employees of members of the asso-  
 24 ciation for the benefit of persons other than the association or its officers.  
 25 The term "employees" as used herein shall be deemed to include retired  
 26 employees. The premiums for the policies shall be paid by the policy-  
 27 holder, either wholly from association funds, or funds contributed by the  
 28 members of such association or by employees of such members or any  
 29 combination thereof. The amounts of insurance under the policy shall be  
 30 based upon some plan precluding individual selection either by the in-  
 31 sured person or by the association or by the member.

32 (6) Any policy issued pursuant to this section may be extended to  
 33 insure the employees against loss due to the death of their spouses or the  
 34 employees' children under 21 years of age, or employees' children 21  
 35 years or older who are attending an educational institution and relying  
 36 upon the insured employees for financial support, their children or their  
 37 spouses' children or their parents or their spouses' parents or any class or  
 38 classes thereof, subject to the following requirements:

39 (a) The premium for the insurance shall be paid by the policyholder,  
 40 either from the employer's funds or from funds contributed by the in-  
 41 sured employees, or from both. If any part of the premium is to be derived  
 42 from funds contributed by the insured employees, the insurance with  
 43 respect to spouses and children may be placed in force only if at least

Parents

1 75% of the then eligible employees, excluding any as to whose family  
 2 members' evidence of insurability is not satisfactory to the insurer, elect  
 3 to make the required contribution. If no part of the premium is to be  
 4 derived from funds contributed by the employees, all eligible employees,  
 5 excluding any as to whose family members' evidence of insurability is not  
 6 satisfactory to the insurer, shall be insured with respect to their spouses  
 7 and children.

22

8 (b) The amounts of insurance shall be based upon some plan pre-  
 9 cluding individual selection either by the employees or by the policyhol-  
 10 der, or employer and shall not exceed with respect to any spouse or child,  
 11 child or parent 50% of the insurance on the life of such insured employee.

12 (c) Upon termination of the insurance with respect to the spouse of  
 13 an employee by reason of the employee's termination of employment or  
 14 death, the spouse insured pursuant to this section shall have the same  
 15 conversion rights as to the insurance on such spouse's life as is provided  
 16 for the employee under K.S.A. 40-434 and amendments thereto.

17 (d) Notwithstanding the provisions of K.S.A. 40-434 and amend-  
 18 ments thereto only one certificate need be issued for delivery to an in-  
 19 sured person if a statement concerning any dependent's coverage is in-  
 20 cluded in such certificate.

21 (7) A policy may be issued to any other group which the commis-  
 22 sioner of insurance finds is the proper subject of a group life insurance  
 23 policy or contract. Any such group shall be subject to any appropriate  
 24 conditions or provisions relating thereto which the commissioner may  
 25 establish or require, consistent with the provisions of this act, and such  
 26 conditions and provisions shall be included in the policy or contract.

27 Sec. 2. K.S.A. 1996 Supp. 40-433 is hereby repealed.

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