

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Patricia Barbieri-Lightner at 3:30 p.m. on January 27, 2004 in Room 527-S of the Capitol.

All members were present except:

Representative Broderick Henderson- excused  
Representative David Huff- excused  
Representative Nancy Kirk- excused

Committee staff present:

Bill Wolff Legislative Research Department  
Ken Wilke, Revisor of Statutes  
Rena Hansen, Secretary

Conferees appearing before the committee:

Larry Magill, KAIA  
Bob Tomlinson, Assistant Insurance Commissioner  
Jim Hall, American Council of Life Insurers  
Jarrod Forbes, Legislative Liason for the Insurance Commission

Others attending:

See Attached List

Representative Patricia Barbieri-Lightner opened the floor for bill introductions.

Bob Tomlinson , Assistant Insurance Commissioner, proposed a bill before the Insurance Committee that would mandate Insurance companies compliance to electronic registration to the county treasurers. Ken Wilke, Revisor, asked if some proposed language would be forth coming to the their office and was assured of this. The bill was introduced by consensus.

Larry Magill, KAIA, proposed a bill (Attachment #1), Kansas Employer Health Care Affordability and Accountability Act, that would simply spell out the information the agent and the client are entitled to receive, under what circumstances, with a certification process required under H.I.P.A.A. for the employer to get employee identified information. An attorney will be present during the hearings that is well versed in the Health Insurance Portability and Accountability Act to talk about this issue. The bill was introduced by consensus.

Hearing on **HR5027:**

**HR5027: Concurrent Resolution urging the Insurance Department and Insurance Commissioner to pursue creation of interstate compact.**

Proponent Bob Tomlinson, Assistant Insurance Commissioner, (Attachment #2). This resolution has 2 central elements to a policy that you should make a declaration of. One is to charge the Department of Insurance with an effort to negotiate a compact for the marketability on a nation wide level of life and annuity products. The second is a dedication that the Insurance department would like the Legislature to take towards state regulated insurance as a policy. These two are inseparable together. Kansas is one of 13 states that has an elected Insurance Commissioner, thereby keeping insurance as close to the people as possible. In addition, the Insurance Department adds money to the state general funds in the form of premium taxes. Last years amount of contribution was \$94.4 million dollars. One of the implied problems of federally regulated Insurance, could be the loss of these funds. The compact would deliver insurance products in a more efficient and speedy manor throughout the United States. Currently, these products have to go through 51 jurisdictions to be introduced to the public. This bill would allow a person

CONTINUATION SHEET

MINUTES OF THE HOUSE INSURANCE COMMITTEE at 3:30 p.m. on January 27, 2004 in Room 527-S of the Capitol.

to deliver this product through filling out one form. The key to this bill is to maintain state regulation of Insurance.

Questions were posed by: Representatives Stephanie Sharp, Scott Schwab, Jan Scoggins-Waite, Nile Dillmore, and Mario Goico.

Jim Hall, American Council of Life Insurers, National trade association representing the Life Insurance industry, with over 300 member companies licensed to conduct business here in Kansas. We support the NAIC's work on their compact and to that extent support the Kansas Insurance Departments request for this resolution.

Larry MaGill, KAIA, discussed this resolution today in our government affairs committee meeting. We support this resolution and are 100% behind state regulation. Additionally, the compact works well with the life and annuity products because those products do not tend to vary from state to state. They are happy to support the departments resolution.

Representative Barbieri-Lightner closed the hearing on HR5027.

Hearing on: HB2549.

**HB2549:** **Health insurance; HIPAA technical changes.**

Jarrod Forbes, legislative liaison for the Kansas Insurance department, (Attachment #3) recommends we pass out HB2549 as it simply makes a date change in accordance with the federal mental health laws. The Federal legislature updated their date to December 31, 2004 at the close of 2003. Failure to do so would surrender our regulatory powers in this one area now.

Questions were posed by Representatives Nile Dillmore and Patricia Barbieri-Lightner.

The fiscal note was presented to the committee.

Representative Barbieri-Lightner closed the hearing on HB 2549.

Meeting adjourned.

# HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: January 27, 2004

NAME	REPRESENTING
Jim Hall	American Council of Life Insurers
Natalie Haag	Security Benefit
Robert Tomlinson	Asst Commr KID
Lambert	KID
Rebecca Wemp	KS Life Ass'n
Cheryl Sellard	Country Health Care
Sandia Braden	KAIFA
CHRISTINE GIERDEN	FEDERICO CONSULTING
LARRY MAGILL	KAIA
Larrie Ann Lower	KAHP
Isabella Lighter	

**Kansas Employer Health Care Affordability and Accountability Act.doc**

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

Section 1. This act shall apply to any policy of group accident and sickness insurance that is issued in this State to any person other than a small employer, as that term is defined in K.S.A. 40-2209d(u) and to insurers authorized to issue policies of insurance of the kind enumerated in K.S.A. 40-901 and K.S.A. 40-1102.

Section 2. An insurer or health maintenance organization that is authorized to issue a policy of group accident and sickness insurance in the state of Kansas shall provide the following information to the policyholder upon request

- (a) Monthly premium and claims experience for each line of coverage, including the amount of premium paid, the amount of claims paid for medical care (including hospital expenses, professional services, and prescription drugs), and number of employees. The policyholder may request such information for a time period of up to 24 months prior to the date of such request. The information provided in response to such a request shall include all claims paid during the applicable time period regardless of the date the claim was incurred. For each claim paid during the applicable time period in excess of \$10,000, the information provided shall, upon request of the policyholder, include the identity of the person on whose behalf the claim was paid, the diagnosis of such person (to the extent known to the insurer or health maintenance organization), the current health status of the person (to the extent known to the insurer or health maintenance organization), and the identity of the health care provider providing the underlying medical care or treatment; and
- (b) A report showing the total amount that has been applied to each individual or family deductible for the specified benefit or contract period

Section 3. An insurer issuing fire insurance as defined in K.S.A. 40-901 and casualty, surety and fidelity coverage as defined in K.S.A. 40-1102 shall provide the policyholder with loss information upon the policyholder's request for up to five years, or for the amount of time insured by the insurer, if less.

Section 4. The information required by Sections 2 and 3 shall be provided to the policyholder without charge; provided, however, that the insurer or health maintenance organization may make a reasonable charge, in an amount approved by the commissioner of insurance, if it is requested to provide such information more than twice during a policy year.

Section 5. The information required by Sections 2 and 3 shall be provided to the policyholder upon the policyholder's written request for the same, but not later than 30 days after the date of the request.

House Insurance  
Date: 1/27/04  
Attachment # 1

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Date \_\_\_\_\_  
Attachment # \_\_\_\_\_

Section 6. Notwithstanding the provisions of Section 4, an insurer or health maintenance organization shall not be required to provide any information that constitutes "protected health information" as that term is defined in 45 C.F.R. § 164.501 unless the policyholder certifies, as part of its request for such information, that it has satisfied the conditions that must be met in order for it to receive such information as set forth in 45 C.F.R. § 164.504(f).

Section 7. Any violation of this act shall be considered a violation of K.S.A. 40-2401 et seq.

Section 8. The commissioner of insurance is hereby authorized to adopt such rules and regulations as may be necessary to carry out the provisions of this act.

Section 9. This act shall take effect upon publication in the Kansas Register.



# Kansas Insurance Department

**Sandy Praeger** COMMISSIONER OF INSURANCE

Testimony on HCR 5027  
Kansas Department of Insurance  
Robert Tomlinson Asst. Commissioner

Rep Patricia Barbieri-Lightner  
Chairwomen  
Insurance Committee  
Kansas House of Representative

January 26, 2004

Madam Chair, members of the Insurance Committee, Thank you for the opportunity to address you today. HCR 5027 is a resolution requested by the Department of Insurance that asks the legislature to make two important policy declarations. First, it asks for your direction to the Department to negotiate an interstate compact to improve speed to market of life and annuity insurance products nationwide. Secondly, the resolution asks for the legislature to declare their commitment to state regulation of Insurance.

HCR 5027 begins with some statements of fact that frame the position of insurance regulation in Kansas. The longevity of the department is mentioned in the clauses. In addition it is clearly noted that throughout our history we have been so committed the course of accountability that we are one of only thirteen states that elects their commissioner. The whereas clauses also make note of the contribution insurance premium taxes make to the state general fund. While it is not stated within the resolution, one of the implied problems with the federal regulation of insurance could be the loss of these funds.

The two policy decisions contained within this resolution are serious in nature and are inseparably joined. The first, charging our department with negotiating a compact for the marketing of life and annuity products reflects our commitment both to the company providing insurance products and the consumers who purchase them. A compact with clear high standards for product reliability and availability is both desirable and obtainable. Bringing more products to market in an efficient well-regulated manner is positive in both cost and selection for Kansas Consumers.

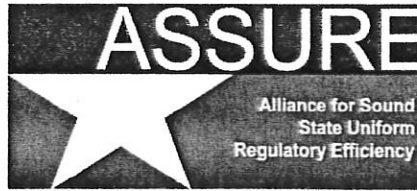
House Insurance  
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Attachment # 2

The second issue is of critical importance. That is the issue of maintaining state regulation of insurance. The Kansas Department of Insurance stands firmly committed to State Regulation. We believe that government works best at a level nearest to the people and the accountability that nearness engenders.

We refuse to ask for the authority to enter into any compact until such time as it is complete and the standards are well defined. To do otherwise would be to abdicate your authority to review such matters.

We urge the Legislature to adopt this resolution. We believe it would show our commitment to compact negotiations while reinforcing the people of Kansas's commitment to State Insurance Regulation.

Attachments:



## **Frequently-Asked-Questions**

### ***What is ASSURE?***

ASSURE (the Alliance for Sound State Uniform Regulatory Efficiency) is a national state-based coalition designed to bring community leaders, legislators, industry leaders and regulators together for the purpose of educating members of Congress on the benefits and advantages of state insurance regulation.

### ***Do I have to pay anything to be a member?***

No, ASSURE membership is free and is an email based coalition so that we can keep costs at a manageable level.

### ***How is ASSURE set-up?***

ASSURE has been designed as a national coalition with a state-based identity. Its structure and strength lie in the recognition that, although each state is unique, there are common elements to achieving and maintaining sound, uniform regulatory efficiencies. ASSURE coalitions will work toward modernizing regulation and implementing uniform practices that are in the best interests of insurance consumers.

Under ASSURE, the chief state insurance regulators will take the lead in organizing coalitions in their states. Each state will have its own managing board and steering committee, which will work cooperatively with other states' ASSURE coalitions as part of a unified national grassroots coalition.

### ***Will ASSURE advocate on issues that I do not support?***

No, ASSURE will only advocate on behalf of state insurance regulation and seek approval from each state's managing board before contacting you individually about an issue.

### ***In what kind of activities will I be asked to participate?***

There will be a wide range of activities in which you can and will be asked to participate. They may include communicating with your state legislator or member of Congress, contacting your local newspaper and editors, or visiting members of Congress in their districts and in Washington DC. You only have to participate in areas where you feel you can contribute, and the membership application will ask you to choose your level of participation.

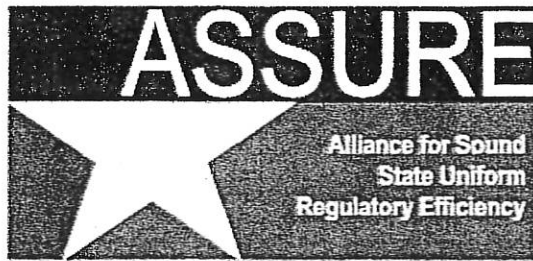
### ***How do I become involved?***

- 1) You can contact your state insurance regulator directly
- 2) You may call our national office at 202-624-7790 and speak to John Fielding.

### ***If I join ASSURE will my information be kept private?***

Yes, your information is confidential and cannot, and will not be shared with or sold to outside parties.





### ASSURE Membership Application\*

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Email: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Occupation: \_\_\_\_\_

### Local and National Representation

State Representative: \_\_\_\_\_  
State Senator: \_\_\_\_\_  
U.S. Representative: \_\_\_\_\_

Are you willing to become an active participant in ASSURE? Yes \_\_\_ No \_\_\_

If yes, then what activities will you be willing to participate:

- \_\_\_ Contact Congress
- \_\_\_ Visit Congress
- \_\_\_ Recruit Others to Join ASSURE
- \_\_\_ Advocate on Behalf of ASSURE at the State Level
- \_\_\_ Write Editorials
- \_\_\_ Participate in All Grassroots Activities

**When you have completed the form, please return to John Fielding by email at [jfieldin@naic.org](mailto:jfieldin@naic.org), or fax 202-624-8579**

\*This information will be kept confidential and used only by members of ASSURE, and will not be distributed or sold to outside parties.



# Kansas Insurance Department

**Sandy Praeger** COMMISSIONER OF INSURANCE

COMMENTS  
ON  
HB 2549—HEALTH INSURANCE; HIPAA TECHNICAL CHANGE  
HOUSE COMMITTEE ON INSURANCE  
January 27, 2004

Madam Chair and Members of the Committee:

Thank you for the opportunity to visit with you on behalf of the Kansas Insurance Department. House bill 2549 amends the Kansas Mental Health Parity Law (K.S.A. 40-2258) by extending the sunset date for one more year to December 31, 2004. The controlling federal legislation was passed and signed into law on December 19, 2003. Kansas, along with every other state, is required by this legislation to change its sunset date to December 31, 2004. Failure to do so would surrender regulatory control to the federal government.

Thank for the opportunity to speak today I would be happy to stand for any questions the committee may have.

Jarrold Forbes  
Legislative Liaison

House Insurance  
Date: 1/27/04  
Attachment # 3