

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on March 4, 2004 in Room 234-N of the Capitol.

All members were present except:

- Senator David Adkins- absent
- Senator David Corbin- excused
- Senator Henry Helgersen- excused

Committee staff present:

- Bill Wolff, Legislative Research
- Terri Muchmore, Legislative Research
- Ken Wilke, Office of the Revisor of Statutes
- Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

- Jarrold Forbes, KID

Others attending:

- See Attached List.

Senator Teichman asked for a motion to approve the minutes from February 17th.
Senator Buhler made the motion to approve. Senator Barnett seconds. Motion passes.

The Chair opened the hearing on **HB 2545–Insurance: updating certain mortality tables used in valuation of life insurance policies**

Jarrold Forbes testified (Attachment 1) as a proponent on the bill. This bill will amend K.S.A. 40-409 so the credit life mortality tables are in concert with all other actuarial tables used by the insurance industry. The bill will also allow the Commissioner to adopt future mortality tables by rules and regulations, as opposed to amending the statute.

The Chair closed the hearing on **HB 2545** and opened the hearing on **HB2549–Health Insurance:HIPPA technical change**

Jarrold Forbes testified as a proponent on the bill (attachment 2). This is a technical change that is required yearly by the Federal Government. It extends the sunset date to December 31, 2004.

The Chair closed the hearing on **HB 2549** and indicated to the Committee that she would hold both the bills until a later date

The Chair called the Committee's attention to a handout in their packet(Attachment 3), which had some balloon amendments on **SB 542–Prohibiting the use of social security numbers on health insurance cards and prescription drug cards**. She did not intend the work the bill that day but wished the Committee to have time to look over the bill and the amendments.

The meeting was adjourned at 10:03 A.M.

The next meeting is scheduled for Tuesday March 9, 2004.

SENATE FINANCIAL INSTITUTIONS & INSURANCE

Date: 3-4-04

Name:

Representing:

THURSDAY

Hannie Ann Power

KAHP

~~James Lopez~~

KID

Bill SWEED

Don Inou Life

LARRY MAGILL

KAIA



K a n s a s I n s u r a n c e D e p a r t m e n t

Sandy Praeger COMMISSIONER OF INSURANCE

COMMENTS
ON
HB 2545—PERTAINING TO THE USE OF MORTALITY TABLES
SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
March 4, 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 2545 amends K.S.A. 40-409 so the credit life mortality tables are in concert with all other actuarial tables used by the insurance industry. In the early 1980's when this statute was amended to reflect the then current actuarial tables, the credit life tables were overlooked. It is the opinion of the Kansas Insurance Department that there was no reason other than human error why this area was not changed as well.

This bill will also allow the Commissioner to adopt future mortality tables by rules and regulations, as opposed to amending the statute. This too is in concert with the changes made in the early 1980's.

Along with me today is Larry Bruning the department's actuary, and we both are happy to answer any questions you may have.

Jarrod Forbes
Legislative Liaison



K a n s a s I n s u r a n c e D e p a r t m e n t

Sandy Praeger COMMISSIONER OF INSURANCE

COMMENTS
ON
HB 2549—HEALTH INSURANCE; HIPAA TECHNICAL CHANGE
SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
March 4, 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.

Jarrod Forbes
Legislative Liaison

SENATE BILL No. 542

By Committee on Ways and Means

2-20

9 AN ACT concerning insurance; relating to insured's social security num-
10 bers; amending K.S.A. 2003 Supp. 40-4623 and repealing the existing
11 section.

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

14 New Section 1. On and after ~~January~~ 1, 2006, no insurance company,
15 including health maintenance organizations, offering any type of accident
16 and sickness policy covering individuals residing in this state shall:

17 (1) ~~Print an insured's social security number, or any part of the num-~~
18 ~~ber, on the insured's policy card.~~

19 (2) Make an individual's social security number available by reading
20 the magnetic strip or other encoded information on the policy card.

21 New Sec. 2. On and after ~~January~~ 1, 2006, no insurance company,
22 including health maintenance organizations, offering any type of coverage
23 for prescription drugs or devices covering individuals residing in this state
24 shall:

25 (1) ~~Print an insured's social security number, or any part of the num-~~
26 ~~ber, on the insured's policy card.~~

27 (2) Make an individual's social security number available by reading
28 the magnetic strip or other encoded information on the policy card.

29 ~~Sec. 3. K.S.A. 2003 Supp. 40-4623 is hereby amended to read as~~
30 ~~follows: 40-4623. (a) A health benefit plan that provides coverage for~~
31 ~~prescription drugs or devices and issues a card for claims processing and~~
32 ~~an administrator of any such plan, including, but not limited to, a phar-~~
33 ~~macy benefits manager and a third-party administrator shall issue a card~~
34 ~~containing uniform prescription drug information to each person entitled~~
35 ~~to such card under the health benefit plan. If required for claims adju-~~
36 ~~dication, the uniform prescription drug information card shall specifically~~
37 ~~identify and display the following information:~~

38 (1) ANSI-BIN number;

39 (2) processor control number or group number or both;

40 (3) card issuer identifier;

41 (4) prescription claims processor, if different from card issuer;

42 (5) cardholder identification number;

43 (6) cardholder or insured name;

July

Print on an insured's identification card, such insured's social security number or an identification number or code which contains any grouping of three or more digits that appear consecutively in such insured's social security number.

(2) Make available by reading of the magnetic strip or any other encoded information contained in an insured's identification card such insured's social security number or an identification number or code which contains any grouping of three or more digits that appear consecutively in such insured's social security number

July

Print on an insured's identification card, such insured's social security number or an identification number or code which contains any grouping of three or more digits that appear consecutively in such insured's social security number.

(2) Make available by reading of the magnetic strip or any other encoded information contained in an insured's identification card such insured's social security number or an identification number or code which contains any grouping of three or more digits that appear consecutively in such insured's social security number

New section 3. If a federal law takes effect requiring the United states department of health and human services to establish a national unique patient health identifier program, any person or entity that complies with such federal law shall be deemed to be in compliance with the provisions of sections 1 and 2 , and amendments thereto, and K.S.A. 2003 Supp. 40-4623 and amendments thereto

Senate F&I Committee
March 4, 2004
Attachment 3

(7) claims submission names and addresses; and

(8) help desk telephone numbers.

(b) A uniform prescription drug information card shall be issued by a health benefit plan to each person entitled to such card under the health benefit plan upon enrollment and reissued upon any change in such person's coverage that affects one or more mandatory data elements contained on the card.

(c) Notwithstanding the foregoing provision, any health benefit plan or administrator of such plan may utilize, in lieu of such card, electronic technology which contains all of the information required for claims adjudication, as long as such electronic technology is provided by the health benefit plan or administrator of such plan to the pharmacies which will adjudicate the prescription drug claims

July

(d) On and after ~~January~~ 1, 2006, no uniform prescription drug information card shall:

(1) [Print an insured's social security number, or any part of the number, on the insured's card.

(2) Make an individual's social security number available by reading the magnetic strip or other encoded information on the insured's card.

Print on an insured's identification card, such insured's social security number or an identification number or code which contains any grouping of three or more digits that appear consecutively in such insured's social security number.

(2) Make available by reading of the magnetic strip or any other encoded information contained in an insured's identification card such insured's social security number or an identification number or code which contains any grouping of three or more digits that appear consecutively in such insured's social security number

5 Sec. 4. K.S.A. 2003 Supp. 40-4623 is hereby repealed.

6 Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.