

SESSION OF 2004

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2597**

As Agreed to April 2, 2004

Brief*

HB 2597 concerns insurance and insurance agents and strikes from Kansas law the requirement that insurance agents, whether domestic or foreign, be covered by an errors and omissions policy. The bill also removes the same requirement for managing general agents and for reinsurance managers subject to Kansas law.

Additionally, the bill amends the statutes regarding the right of an individual to continue coverage in a group policy and sets out those reasons that disqualify a person from that right by adding termination from the group for cause as permitted by the group policy or certificate of coverage approved by the Insurance Commissioner.

HB 2597 also contains the provisions of several bills previously passed by the Senate:

Foreign Language Insurance Contracts. Pertaining to the filing by insurance companies with the Insurance Commissioner of any contract of insurance or indemnity to be issued or delivered in this state, the bill requires the Commissioner to allow insurers authorized to do business in Kansas to deliver to any person contracts of insurance or indemnity, or explanatory materials, written in any language other than English, provided:

- ! The insured or applicant receives a copy of the contract or explanatory materials written in English;
- ! The English language version of the contract and explanatory materials shall be the controlling version; and
- ! The other than English language contract or explanatory materials contain a disclosure statement printed in both

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English and the other language stating the English language version is the official and controlling version and the other language version is informational only.

- ! All contracts required to be filed with the Commissioner must be accompanied by any version of the contract written in any other language. For the purposes of the act, the term “contract of insurance or indemnity” includes riders, endorsements, or applications pertaining to the contract.
- ! Violations of the filing and disclosure provisions of the act are deemed to be violations of the unfair trade practice law.

Risk-Based Capital Reports. Relating to the preparation and filing of certain reports by insurance companies with the Insurance Department, the bill updates from December 31, 2002, to December 31, 2003, the risk-based capital instructions and formulas developed by the National Association of Insurance Commissioners (NAIC) that insurance companies must use in preparing their financial reports for filing with the Department.

High Risk Pool. The bill amends the Kansas Uninsurable Health Insurance Plan Act to expand coverage to “federally defined eligible individuals for federal trade adjustment assistance.” (Eligible individuals are those displaced by foreign trade competition.)

Insurance Purchases by the Committee on Surety Bonds and Insurance. The bill allows the Committee, outside the competitive bidding statutes and the provisions of the Kansas Open Meetings Act, to enter into contracts for insurance, surety coverage, and consulting services on behalf of state agencies authorized to purchase such services. The Committee must advertise for proposals and, if at least three proposals are received, the Committee must negotiate with the parties submitting proposals and select the party with whom to negotiate for the purpose of entering into a contract. If fewer than three parties submit bids, the Committee must re-advertise for proposals and, upon receiving proposals, must negotiate with the parties submitting proposals and select the party to negotiate with for the purpose of entering into a contract, regardless of the number of proposals received. The Director of Purchases must maintain records of the requests for proposals, handle receipt of proposals, and assist the Committee in negotiating procedures and the awarding of contracts.

Business Health Partnership. Finally, the bill:

- ! allows the Health Policy Committee created by the Business Health Partnership Act to specify that small employers who have not offered health insurance to their employees in the previous two years will be eligible for coverage under a plan approved by the Committee;
- ! makes the Health Policy Committee responsible for:
 - ! arranging for affordable health care coverage for eligible employees of small employers, and for evaluating and creating the opportunity to improve health care provided by plans in the small group health insurance program;
 - ! setting benefit levels and establishing performance measures for health care coverage created for this program that include quality, preventive health, and other supplementary measures; and
 - ! limiting access to any program subsidy of premiums to the projected annualized expenditure.
- ! requires the Health Policy Committee to report annually on quality assurance measures, disease prevention activities, disease management activities, and on other activities or programs the committee decides to include;
- ! directs the Business Health Partnership and the Department of Social and Rehabilitation Services Office of Medical Policy and Medicaid to work together to develop a single employee application that may be used by the health plan and the Medicaid and state children's health insurance program (HealthWave) to determine eligibility; and
- ! requires the Business Health Partnership to screen employee applications for subsidy eligibility and dependent children for Medicaid and HealthWave premium support eligibility.

Conference Committee Action

The House accedes to the Senate amendments to HB 2597 and the Conference Committee further agrees to amend the bill:

- ! by deleting New Section 15, which created a Kansas Business Health Partnership Fund (a fund already exists in the current law for placement of moneys coming to the Business Health Policy Committee);

- ! by deleting from current law the designation of the Kansas Business Health Policy Committee as a “cabinet level” committee, and by indicating that the purpose of the Committee is to explore opportunities and encourage employer participation in health plans developed by the Committee for low-and-modest wage employees of small employers; and

- ! by requiring the Committee on Surety Bonds and Insurance to advertise for proposals and, if at least three proposals are received, negotiate with the parties submitting proposals and select the party with whom to negotiate for the purpose of entering into a contract. If fewer than three parties submit bids, the Committee must re-advertise for proposals and, upon receiving proposals, negotiate with the parties submitting proposals and select the party to negotiate with for the purpose of entering into a contract, regardless of the number of proposals received.