

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:30 p.m. on March 14, 2000 in Room 527-S of the Capitol.

All members were present except: Representative Cox
Representative Showalter

Committee staff present: Dr. Bill Wolff, Research
Ken Wilke, Revisor
Mary Best, Secretary

Conferees appearing before the committee: Linda DeCoursey, Kansas Insurance Department
Carrie Donovan, Kansas Association of Insurance Agents
Richard Friedstrom, Kansas Association of Insurance and
Financial Advisors

Others attending: See attached Committee Guest List

Upon the committee coming to order, the guests were reminded to sign in on the attendance sheet. There has been a lax in this practice and a gentle reminder was being issued.

SB 574- Insurance; prohibition against health related cash discount cards

The Chairman recognized Representative Kirk, who proceeded to make a motion on SB 574 to reconsider this bill and send it to the floor. Representative Vining seconded the motion. Representative Kirk then stated, original motion was to strike all of the earlier language she had offered in her amendment to the bill to which Representative Hummerickhouse seconded. A discussion was called on the bill, to which Representative Myers asked why this was being done. Representative Kirk explained what was taking place with the federal government, and that it would be in error to move this bill out ahead of time. She suggested withdrawing her amendment and looking at the bill again next year. The Chairman applauded Representative Kirks' move. The original motion was again brought to the committee and a vote was taken to remove the language as presented by Representative Kirk. The motion was passed. The Chairman then requested the pleasure of the bill from the committee. Discussion continued with Representative Grant being uncomfortable with the bill and terminology. He feels the bill itself deals with bad businesses but that good causes do not meet with the expectations of the public using these cards. Representative Grant continued to explain that while the concept is good the real deal is not. Many of these people are believing they are receiving up to 50% or more in discounts when they are actually receiving none, but are having to pay the fees to carry this card. He feels there needs to be more truth in advertising. A motion on the bill was made by Representative Kirk and seconded by Representative Empson, to pass out as re-amended. The Chairman again addressed the committee and a vote was taken. The motion passed with Representatives Grant, Boston, Dreher and O'Brien voting no.

Chairman Tomlinson moved on to introduce a handout from Dr. Bill Wolff, Research and requested Dr. Wolff explain its contents. Dr. Wolff proceed to explain the memo covering "Municipal Group Funded Pools" as found in K.S.A. 12-2630, which is a section of the Kansas Municipal Group-Funded Pool Act. Dr. Wolff pointed out that the term "municipality" as defined in this section includes any county, city, school district, or other instrumentality of the state. He explained that this statute is not a uniform statute and why. He also explained the entire Act in not uniform and thus allows any and all cities and counties in Kansas to charter out of the Act. Only municipalities can charter out of the statute, since only cities and counties have home rule. He continued on to state, "...since the whole Act is nonuniform because of the provisions of KSA 12-2630, any municipality with home rule authority could charter out of the statue and pool their sickness and accident or ay type of liabilities with municipalities in other states." If the restrictions on pooling only sickness and accident liabilities, along with county designation, then municipalities along with school districts any where in the state could enter into agreements with municipalities in other states, and they could pool their liabilities for various lines of insurance coverage including workers compensation, employers' liability; group

sickness and accidents; and life insurance. In essence these changes would broaden the scope and coverages afforded to the statute.

With this discussion completed, the Chairman then recognized Ms. Linda DeCoursey. Ms. Linda DeCoursey, Kansas Insurance Department. Ms. DeCoursey presented Proponent Testimony to the committee on **SB 441**.

SB 441- Health insurance; removing sunset on 1997 amendments required by HIPPA.

A copy of Ms. Decourseys' testimony is (Attachment #2) attached herein and incorporated into the Minutes by reference. Mrs. DeCoursey gave an overview of the bill and explained the reasoning for removing the sunset law found in KSA 40-2121(c). This amendment states, "The amendments made to the Kansas Uninsurable Health Insurance Plan Act by chapter 190 of the 1997 Session Laws of Kansas shall expire on January 1, 2001." If the language is not struck, HCFA (Health Care Finance Administration) personnel would likely have a definite impact on the way things are done, mainly any changes must first be approved by HCFA.

Ms. DeCoursey stated; "One of the decisions that states had to make was to use the individual market or develop a state alternative mechanism (SAM). Kansas chose the SAM route, and used the Uninsurable Health Insurance Plan or high risk pool." "Changes were made to group coverage for sickness and accident statutes for small and large employer groups; long-term care, mental health coverage and medical savings accounts were added. Changes also included guaranteed availability, late enrollees, special 30 day enrollment, waiting periods, and pre-existing conditions, such as genetic information, pregnancy, and not imposing a pre-ex adopted children, as well as prior creditable coverage and 63 day gap. Looking forward and backward, a federally defined eligible individual."

Speaking to the committee about the changes HIPPA is required to do, Ms. DeCoursey also addressed the attachment included with her testimony, regarding high risk pool statutes (KSA 40-2117 through 40-2131).

Ms. DeCoursey informed the committee the changes were technical clean-ups and that if this was not done that we could see the federal government running HIPPA just like Missouri. With this Ms. DeCoursey stood for questions.

As there were no questions from the committee and there were no further discussions., Chairman Tomlinson closed all discussions on **SB 441**.

With this business completed, Chairman Tomlinson then recognized Ms. Linda DeCoursey, Kansas Insurance Department, as the first conferee to address **SB 458**.

SB 458-Insurance; licensing requiring requirements for insurance agents; hearings.

Ms. DeCoursey gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #3) attached hereto and incorporated into the Minutes by reference.

Ms. DeCoursey gave an overview of the bill and explained to the committee the request for the changes to K.S.A. 1999 Supp. 40-240 were purely technical. She explained the statute addressed the procedure to become a licensed insurance agent. When an applicant is denied licensing, the department notifies the applicant and the applicant is able to request a hearing to appeal the decision. The Department, Ms. DeCoursey stated, has always followed The Kansas Administrative Procedures Act, but found that this step is missing from the statute. This change will correct that matter. There were no questions.

The Chairman then recognized Ms Carrie Donovan, Kansas Association of Insurance Agents. Ms. Donovan gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #4) attached hereto and incorporated into the Minutes by reference. Ms. Donovan came before the committee as a first time conferee and offered the committee a more detailed version of the bill and the changes to it. As Ms. DeCoursey, Ms. Donovan stated the need for the change to correct the oversight in the appeals procedure should an applicant be denied licensing. There is at this time a law that provides for a hearing with the Insurance Commissioner, but not for the individuals applying for the original licensor.

This bill would allow for the appeals process to be utilized allowing an applicant to petition the Insurance Commissioner for a hearing under K.S.A. 77-513, supporting and protecting the rights of individuals. There were no questions.

The last conferee to be recognized by the Chair was, Mr. Richard Friedstrom, Kansas Association of Insurance and financial Advisors. Mr. Friedstrom offered Proponent Testimony to the committee. A copy of the testimony is (Attachment #4) attached hereto and incorporated into the Minutes by reference. Mr. Friedstrom also agreed the bill is in need of "clean up" in terminology. Mr. Friedstrom feels the changes designated will guarantee the rights of individuals will be protected and allow them to request a hearing and present their argument to the Insurance Commissioner. With this Mr. Friedstrom stood for questions. There were none.

With no further testimony or discussion, the Chairman closed the public hearings on the bill, and the Chairman then turned to the committee for their pleasure on the bills.

Representative Phelps made the motion to pass SB 458 out favorably and place on consent calendar. The motion was seconded by Representative Dreher with no discussions. A committee vote was taken and passed.

The Chairman then presented SB 441 to the committee. Representative Grant made the motion to move the bill out marked favorable for passage and place on the consent calendar. Representative McCreary seconded the motion and the committee as a whole voted for the motion.

With these matters completed, and there was no further business to attend, the meeting adjourned. Time was 4:10 p.m.

The next regular meeting will be held March 16, 2000, at 3:30 p.m.