



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TESTIMONY ON HB 2764

HOUSE INSURANCE COMMITTEE March 12, 2012

Chairman and Members of the Committee:

I am Cindy Hermes, Director of Public Outreach for the Kansas Insurance Department. Thank you for the opportunity to provide information on HB 2764 today.

Although the Department has a neutral position regarding HB 2764, as the regulator of insurance in Kansas, we feel we have a responsibility to provide the Committee relevant information regarding the potential fiscal impact of any new mandates under Kansas law based on the current federal health reform law.

PPACA mandates that plans include certain Essential Health Benefits (EHBs). However, a state must pay the costs associated with any mandate required by state law that is not included in the EHBs.

The Federal Government released a bulletin in December 2011, which sets forth anticipated rules for determining whether a state mandate can be included in the EHBs for the state. According to the bulletin, a plan currently offered in the state will be selected as a “benchmark” plan. Any state mandates included in the “benchmark” plan will be included in the EHBs for the state. However, the “benchmark” plan must be in place during the first quarter two years prior to the coverage year, and it applies on a two-year cycle. This means for a state mandate to be included in the state’s EHBs for 2014 and 2015, the state mandate must be in the “benchmark” plan by March 31, 2012. Otherwise, the state must pay the cost of the mandate.

I would note that these rules are based on a bulletin that is not final regulation, and the future status of PPACA is uncertain. As the law and rules stand, however, Kansas would have to pay the costs associated with any mandate not in place by March 31, 2012, for 2014 and 2015.

I would be happy to stand for any questions.

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