

SESSION OF 2012

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2717**

As Recommended by House Committee on  
Taxation

**Brief\***

HB 2717 would allow a small employer to establish a health reimbursement arrangement to contribute to the premium of an eligible employee's individually underwritten health insurance plan, whether the employee's portion of the premium is paid through a cafeteria plan or not. It would also allow eligible employees to retain an individual health insurance policy even if they are eligible to enroll in an employer's health benefit plan. The employer would pay the employee the same amount that would have been contributed to the employer plan had the employee elected to participate in the employer plan.

The bill also would subtract from the Kansas Adjusted Gross Income calculation all amounts paid for individually underwritten and privately paid health insurance plans beginning in tax year 2012.

**Background**

Representative Siegfried spoke in favor of the bill's passage. There were no opponents to the bill during the hearing.

The Department of Revenue indicates the bill would represent a loss of \$21.9 million in tax revenue for FY 2013 and an expenditure of \$54,900 for implementation of the bill. The Insurance Department indicates the bill would have no fiscal impact on its operations.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>