



**Testimony on SB 51
House Insurance Committee**

By Kerri Spielman, Executive Director
Kansas Association of Insurance Agents (KAIA)

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Mr. Chairman and Members of the Committee,

I appreciate the opportunity to appear before you as a neutral observer this afternoon regarding Senate Bill 51. My name is Kerri Spielman and I represent the Kansas Association of Insurance Agents. KAIA represents more than 550 independent insurance agencies in Kansas. Together, our member agencies employ more than 3,000 licensed agents in local communities throughout our state. Independent agents are free to represent a number of different insurance companies. Most of our members employ agents who are licensed for life and health insurance and who provide health coverage for their clients through various companies.

The History

Prior to 1991, professional associations were able to operate self-insured health plans for their members. They operated under the purview of ERISA and provided a competitive option for the purchase of health insurance. In 1991, the Kansas Legislature was asked by the Kansas Insurance Department and other entities to ban association health plans. The Kansas Legislature did so, but "grandfathered" certain organizations by providing them an exemption.

SB 51 is requesting that KSA 40-2222 be amended to include the Kansas Bankers Association (KBA) as an exempted professional association for the purposes of operating an association health pool that would operate under ERISA.

Our Position

KAIA supports private market competition in health insurance. As such, we believe every opportunity to encourage competition should be considered. Earlier in the year, the administration sought ideas for increasing competition in the health insurance marketplace. A list of those ideas is attached. I stipulate that KAIA does not necessarily support all of these ideas, but we wanted this committee to have a broad list of options at its disposal. You will note that item #3 is a suggestion to repeal the state law that bans association health plans from operating in Kansas.

While we do not oppose this specific bill, we believe the better policy would be to allow for all associations to develop their own health insurance plans if they so choose rather than having government pick and choose which associations are allowed to offer competitive options to their members.

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Our Request

We are not offering an amendment at this time because we support the effort of the KBA to establish a self-funded plan, and do not wish to hamper their ability to do so.

However, we respectfully request that this committee and the Kansas Legislature consider the precedent and policy implications of this bill. Among those implications, the fact that other professional associations will likely want the same opportunity to provide a competitive health insurance option to their members.

We encourage the Kansas Legislature to consider the competition factor of allowing association health plans to operate in Kansas. KAIA believes increased competition in the health insurance market will help drive down prices for consumers.

I thank you again for the opportunity to appear before you today. I would stand for any questions from the committee.

Ideas for increasing competition in Kansas

- 1 Consider legislation that eliminates the "most favored nation" clause in contracts between health insurance companies and providers.
- 2 Offer an increased tax advantage for high-deductible plans and HSA savings accounts, encouraging consumers to engage in their own health care decisions.
- 3 Modify state law to allow for associations to establish self-funded insurance pools, creating competition for insurance companies.
- 4 Set up a reinsurance pool - funded by health insurance companies according to the size of the book of business - to encourage health insurance companies to begin doing business in Kansas.
- 5 Allow businesses to subsidize the individual purchase of health insurance.
- 6 Allow the sale and purchase of health insurance across state lines.