

HOUSE INSURANCE COMMITTEE  
WRITTEN TESTIMONY  
HOUSE BILL 2243  
SENATE BILL 163  
“MANDATE LITE”

Allied National, Inc. is a Third Party Administrator located in Overland Park, KS. Allied specializes in the administration of fully insured small employer benefit plans including medical, dental, term life, short term disability and long term disability. Allied is a PROPONENT of these “mandate lite” bills for the following reasons:

- Affordability - The Affordable Care Act is going to cause significant increases in the cost of health insurance. The reasons for these significant cost increases included expanded benefit coverage and mandates as well as the impact of modified community rating. The magnitude of these increases are well documented elsewhere, so suffice it to say that increased premiums in the individual and small group markets are going to reduce the number of people covered by fully insured plans. We do not believe that enrollment in the exchanges, driven primarily by the available tax subsidies, will be sufficient to offset losses caused by increasing premiums outside the exchange. Therefore, consumers who cannot afford qualified plans will need access to affordable, non-qualified plans. It will often be less expensive for the individual to buy a non-qualified plan and pay the tax penalty than to purchase a qualified plan.
- Flexibility - The mandated plan benefits do not allow for plan flexibility in meeting consumer needs. All consumers will be forced to buy the same benefit coverage with the only variable being their out of pocket amount (“metal” level). Consumers should be allowed the right to purchase plans that fit their needs and do not include benefits for which they have no use. Some examples:
  - In the modified community rated environment single males are purchasing maternity benefits.
  - Families with no children are purchasing pediatric dental care.
  - Everyone is purchasing outpatient prescription drug coverage regardless of their needs.
  - Mental health coverage is being significantly expanded. While of value to some, it is not of value to most and unlimited mental health coverage is extremely expensive.
- Competition – One of the stated goals of the Affordable Care Act is to increase competition in the marketplace. However, it’s having the opposite effect as numerous carriers have left, or are preparing to leave, the medical insurance marketplace. Allowing carriers to provide “mandate lite” plans would open up a new market segment in an effort to provide benefits and services to consumers unable to otherwise afford coverage. Increased competition is always a positive as carriers would be able to compete on price, service and value as determined by the needs of the consumer.

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