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Steven J. Anderson, CPA, MBA, Director

Division of the Budget

Sam Brownback, Governor

March 6, 2013

The Honorable Clark Shultz, Chairperson House Committee on Insurance Statehouse, Room 521-E Topeka, Kansas 66612

Dear Representative Shultz:

SUBJECT: Fiscal Note for HB 2243 by Representative Hawkins, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2243 is respectfully submitted to your committee.

HB 2243 would permit insurance companies doing business in Kansas to market and sell "mandate lite" health insurance plans in the individual and small group market. In addition, the bill would permit insurers to continue to sell plans that were approved for sale before and after the enactment of the Affordable Care Act, and plans that are "specially designed." The mandate lite plans would not have to contain the various coverage and other mandates required under Kansas law and would be designed according to the benefits chosen by an individual or group. Any commissions paid as a part of the mandate lite plan premium would not be considered administrative expenses and would be excluded from all determinations of the medical loss ratio. Finally, the Kansas Insurance Commissioner would be prohibited from taking any official action to limit or restrict an insurer from selling or issuing plans that are not identical to those sold through an insurance exchange authorized under the Affordable Care Act.

The Kansas Insurance Department states that it cannot estimate a fiscal effect for the enactment of HB 2243, as the fiscal effect would depend on the number and type of mandate lite plans that would be created and issued. The number of these plans that would be created is unknown. However, all plans would have to be submitted, reviewed and approved by the Department. Any fiscal effect associated with HB 2243 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

Steven J. Anderson, CPA, MBA

Director of the Budget