

February 13, 2013

The Honorable Mary Pilcher-Cook, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 441-E
Topeka, Kansas 66612

Dear Senator Pilcher-Cook:

SUBJECT: Fiscal Note for SB 163 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 163 is respectfully submitted to your committee.

SB 163 would allow insurance companies doing business in Kansas to sell and market “mandate lite” health insurance plans in the individual and small group insurance market. A mandate lite insurance plan would be defined as one that does not contain one or more of the Kansas-mandated benefits. In addition, commissions paid as part of the premium cost would not be considered administrative expenses and would be excluded from all determinations of the medical loss ratio.

According to the Kansas Insurance Department, enactment of SB 163 would increase costs, as the bill would create a new insurance plan to be regulated by the Department. However, the Department indicates that the fiscal effect cannot be estimated, as it would be dependent on the number and type of “mandate lite” plans that would be created and issued by insurers doing business in Kansas. The Department would have to review and approve all plans that would be marketed and sold. Any fiscal effect associated with SB 163 is not reflected in *The FY 2014 Governor’s Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance Department