

**SENATE BILL No. 309**

By Committee on Public Health and Welfare

1-27

1 AN ACT concerning insurance for qualified professional associations;  
2 amending K.S.A. 40-2222a and 40-2222b and K.S.A. 2013 Supp. 40-  
3 2222 and repealing the existing sections.

4  
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2013 Supp. 40-2222 is hereby amended to read as  
7 follows: 40-2222. Any person or other entity which provides coverage in  
8 this state for medical, surgical, chiropractic, physical therapy, speech  
9 pathology, audiology, professional mental health, dental, hospital, or  
10 optometric expenses, whether such coverage is by direct payment,  
11 reimbursement, or otherwise, shall be presumed to be subject to the  
12 jurisdiction of the commissioner of insurance unless the person or other  
13 entity: (a) Is a professional association of architects incorporated in Kansas  
14 on October 4, 1954, which provides coverage for the payment of expenses  
15 described herein to or for the members of the association or dependents  
16 through a trust established November 1, 1986, and complies with K.S.A.  
17 40-2222a, and amendments thereto;

18 (b) is a professional association of dentists incorporated in Kansas on  
19 July 3, 1972, which provides coverage for the payment of expenses  
20 described herein to or for the members of the association or dependents  
21 through a trust established November 1, 1985, and complies with K.S.A.  
22 40-2222a, and amendments thereto;

23 (c) (1) is a trade association of banks incorporated in Kansas on  
24 August 9, 1978, which provides coverage for the payment of expenses  
25 described herein to or for the members of the association or dependents  
26 through a trust established July 1, 1989, and complies with K.S.A. 40-  
27 2222a, and amendments thereto; or

28 (2) is a trade organization of banks incorporated in Kansas on June 1,  
29 1982, which provides coverage for expenses described herein to or for  
30 members of the association or dependents, and complies with K.S.A. 40-  
31 2222a, and amendments thereto;

32 (d) is a trade association of truckers incorporated in Kansas on July 1,  
33 1985, which provides coverage for the payment of expenses described  
34 herein to or for the members of the association or dependents through a  
35 trust established January 1, 1990, and complies with K.S.A. 40-2222a, and  
36 amendments thereto;

1 (e) is an association of physicians practicing in the Kansas City  
2 metropolitan area, incorporated in Missouri on March 5, 1891, and  
3 qualified as a foreign corporation in Kansas on May 19, 1987, which  
4 provides coverage for the payment of expenses described herein to or for  
5 the members of the association, their employees and dependents through a  
6 trust established November 1, 1984, and complies with K.S.A. 40-2222a,  
7 and amendments thereto;

8 (f) *is any other qualified professional association incorporated in*  
9 *Kansas which complies with K.S.A. 40-2222a, and amendments thereto;*

10 (g) conclusively shows by submission of an appropriate certificate,  
11 license, letter or other document issued by the United States department of  
12 labor that such person or entity is not subject to Kansas law; or

13 ~~(g)~~(h) conclusively shows that it is subject to the jurisdiction of an  
14 agency of this state or the federal government. For purposes of this act, tax  
15 exempt status under section 501(c) of the federal internal revenue code of  
16 1986 shall not be deemed to be jurisdiction of the federal government.

17 Sec. 2. K.S.A. 40-2222a is hereby amended to read as follows: 40-  
18 2222a. At the time the initial application for coverage is taken with respect  
19 to new applicants and upon the first renewal, reinstatement or extension of  
20 coverage following the effective date of this act with respect to persons  
21 previously covered, each association described in subsections (a), (b), (c),  
22 (d) ~~and~~, (e) *and* (f) of K.S.A. 40-2222, and amendments thereto, shall  
23 provide a written notice stating that:

24 (a) The coverage is not provided by an insurance company;

25 (b) the plan is not subject to the laws and regulations relating to  
26 insurance companies;

27 (c) the plan is not under the jurisdiction of the commissioner of  
28 insurance; and

29 (d) if the plan does not pay medical expenses that are eligible for  
30 payment under the plan for any reason, the individuals covered by the plan  
31 may be liable for such expenses.

32 Sec. 3. K.S.A. 40-2222b is hereby amended to read as follows: 40-  
33 2222b. (a) As a condition precedent to continuation of the exemption  
34 provided by K.S.A. 40-2222, and amendments thereto, each association  
35 described in subsections (a), (b), (c), (d) ~~and~~, (e) ~~thereof~~ *and* (f) of K.S.A.  
36 40-2222, *and amendments thereto*, shall, no later than May 1 of each year,  
37 pay a tax at the rate of 1% per annum upon the annual Kansas gross  
38 premium collected during the preceding calendar year. In the computation  
39 of the tax, such associations shall be entitled to deduct any annual Kansas  
40 gross premiums returned on account of cancellation or dividends returned  
41 to members or expenditures used for the purchase of reinsurance or stop-  
42 loss coverage.

43 (b) Every association subject to taxation under the provisions of this

1 section shall pay the tax imposed and make a return ~~thereof~~ under oath to  
2 the commissioner of insurance under such rules and regulations and in  
3 such form and manner as the commissioner may prescribe.

4 Sec. 4. K.S.A. 40-2222a and 40-2222b and K.S.A. 2013 Supp. 40-  
5 2222 are hereby repealed.

6 Sec. 5. This act shall take effect and be in force from and after its  
7 publication in the statute book.