

SENATE BILL No. 309

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

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

Section 1. K.S.A. 2013 Supp. 40-2222 is hereby amended to read as follows: 40-2222. (a) Any person or other entity which provides coverage in this state for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, whether such coverage is by direct payment, reimbursement, or otherwise, shall be presumed to be subject to the jurisdiction of the commissioner of insurance unless the person or other entity:

~~(a)~~

(1) Is a professional association of architects incorporated in Kansas on October 4, 1954, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established November 1, 1986, and complies with K.S.A. 40-2222a, and amendments thereto;

~~(b)~~(2) is a professional association of dentists incorporated in Kansas on July 3, 1972, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established November 1, 1985, and complies with K.S.A. 40-2222a, and amendments thereto;

~~(c)~~~~(1)~~(3) (A) is a trade association of banks incorporated in Kansas on August 9, 1978, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established July 1, 1989, and complies with K.S.A. 40-2222a, and amendments thereto; or

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

~~(d)~~(4) is a trade association of truckers incorporated in Kansas on July 1, 1985, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established January 1, 1990, and complies with K.S.A. 40-2222a, and amendments thereto;

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

(6) *is organized as a farmers' cooperative under the Kansas cooperative marketing act, K.S.A. 17-1601 et seq., and amendments thereto, on January 13, 1983, and is an association of farmers' cooperatives and other like associations operated on a cooperative basis and their affiliated companies, which provides benefits for employees, and family members of such employees, of such associations, and complies with K.S.A. 40-2222a, and amendments thereto;*

~~(f)~~(7) *is any other qualified trade, merchant, retail, or professional association or business league incorporated in Kansas which complies with K.S.A. 40-2222a, and amendments thereto;*

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

~~(g)~~(9) conclusively shows that it is subject to the jurisdiction of an agency of this state or the federal government. For purposes of this act, tax exempt status under section 501(c) of the federal internal revenue code of 1986 shall not be deemed to be jurisdiction of the federal government.

(b) *For the purposes of this section, a qualified trade, merchant, retail or professional association or business league shall mean any bona fide trade, merchant, retail or professional association or business league that:*

- (1) *Has been in existence for at least five calendar years; and*
- (2) *is comprised of five or more employers.*

Sec. 2. K.S.A. 40-2222a is hereby amended to read as follows: 40-2222a. At the time the initial application for coverage is taken with respect

to new applicants and upon the first renewal, reinstatement or extension of coverage following the effective date of this act with respect to persons previously covered, each association described in ~~subsections (a), (b), (c), (d) and (e)~~ *subsection (a)* of K.S.A. 40-2222, and amendments thereto, shall provide a written notice stating that:

- (a) The coverage is not provided by an insurance company;
- (b) the plan is not subject to the laws and regulations relating to insurance companies;
- (c) the plan is not under the jurisdiction of the commissioner of insurance; and
- (d) if the plan does not pay medical expenses that are eligible for payment under the plan for any reason, the individuals covered by the plan may be liable for such expenses.

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

(b) Every association subject to taxation under the provisions of this section shall pay the tax imposed and make a return ~~thereof~~ under oath to the commissioner of insurance under such rules and regulations and in such form and manner as the commissioner may prescribe.

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

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

I hereby certify that the above BILL originated in the SENATE, and passed that body

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\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

Passed the HOUSE \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*