

SESSION OF 2014

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2537

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2537 would amend provisions in the Insurance Code relating to certain disclosure statements and the confidential treatment of information disclosed in certain examinations. The bill also would create new law to require municipalities to pay premiums for continuation under Consolidated Omnibus Budget Reconciliation Act health benefit provisions (COBRA) to a surviving spouse and eligible dependent children in the event of a line of duty death of any emergency personnel.

Disclosure Statements

Specifically, the bill would remove the ten-point boldface type printing requirement for the disclosure statement required to be included in any contract of insurance or indemnity or explanatory materials written in a language other than English, which are provided by insurance companies in the state.

***Extension of Confidential Treatment; Access to
Examination Information***

The bill also would extend the confidential treatment to information obtained or disclosed to the Insurance Commissioner in the course of an examination made under the Kansas Insurance Code that is not subject to subpoena and may not be made public, except to the extent specifically

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

provided in the Kansas Open Records Act, to include the analysis by the Commissioner pertaining to either the financial condition or the market regulation of a company. The bill also would extend access to information obtained or disclosed in the course of an examination beyond the National Association of Insurance Commissioners to include its affiliates.

Continuation of COBRA Coverage—Emergency Personnel

Additionally, the bill would enact new law to require municipalities to pay premiums for continuation of coverage under COBRA for the surviving spouse and eligible dependent children under the age of 26 of any emergency personnel who dies in the line of duty.

The payment of premiums for COBRA continuation coverage would be paid for 18 months and would be required only if the deceased emergency personnel was enrolled in a health benefit plan for which a municipality was paying premiums. A municipality would not be required to pay the premiums for a surviving spouse:

- On or after the end of the 18th calendar month after the date of the deceased emergency personnel's death;
- Upon the remarriage of the deceased emergency personnel's surviving spouse; or
- Upon the deceased emergency personnel's surviving spouse reaching the age of 65.

Under the bill, "emergency personnel" would be assigned the definition of "attendant" as specified in KSA 65-6112:

A first responder, an emergency medical responder, emergency medical technician, emergency medical technician-intermediate, emergency medical technician-defibrillator, emergency medical technician-intermediate/defibrillator, advanced emergency medical technician, mobile intensive care technician or paramedic certified pursuant to this act.

Background

HB 2537 was introduced at the request of a representative of the State Farm Insurance Companies. The representative testified at the House Committee hearing that, with the onset of electronic transmission of information, the size of font is determined by the computer of the recipient, and requiring insurance companies to send material in a predetermined font is unnecessary, time-consuming, and outside the norm within the industry. The representative stated the Kansas Insurance Department (KID) must approve all filings and the standard test of reasonableness would assure the font used would appropriately allow the insured to read his or her policy. There was no other testimony on the bill.

The House Committee recommended the bill be placed on the Consent Calendar.

The Senate Committee on Financial Institutions and Insurance amendments inserted provisions relating to the extension of confidential treatment to information disclosed in financial condition and market conduct examinations of insurance companies (HB 2515, as recommended by House Committee) and the continuation of COBRA coverage for the surviving spouse and eligible dependent children of any emergency personnel who dies in the line of duty (SB 388, as introduced).

According to the fiscal note prepared by the Division of the Budget, enactment of the bill, as introduced, would have

no fiscal effect on the Kansas Insurance Department. Fiscal information for HB 2515 and SB 388 is below.

HB 2515 Background

The bill was introduced by the House Committee on Insurance at the request of the KID. A KID representative testifying at the House Committee hearing indicated the bill is the product of discussion between KID and insurance industry representatives.

According to the fiscal note prepared by the Division of the Budget, enactment of HB 2515 would have no fiscal effect on KID.

SB 388 Background

The bill was introduced by the Senate Ways and Means Committee. At the Senate Financial Institutions and Insurance Committee hearing on the bill, the Kansas Emergency Medical Services Association (KEMSA) President and a private citizen who has experience in emergency medical services (EMS) and emergency nursing appeared in support of the bill. The conferees spoke to the relationship of EMS, fire and law enforcement personnel as members of a public safety team and the previous extension of continuation of COBRA coverage to surviving spouses and eligible dependent children of firefighters and law enforcement personnel. Written testimony in support of the bill was submitted by a representative of the Mid-America Regional Council's Emergency Rescue Committee and an EMS Division Chief with the Salina Fire Department.

Representatives of the Kansas Association of Counties and the League of Kansas Municipalities submitted written neutral testimony on the bill. Both representatives highlighted concerns about the continued creation of unfunded health care mandates on local governments.

The fiscal note prepared by the Division of the Budget states the League of Kansas Municipalities and the Kansas Association of Counties indicate a fiscal effect for SB 388 cannot be estimated because it is not known how many emergency personnel would die in the line of duty during a year and the number of potential beneficiaries.

The KEMSA representative provided information on the incidence of line of duty death in Kansas for EMS providers. The conferee indicated to the Senate Committee that, in the past 35 years, there have been 17 line of duty deaths and only 9 of those deaths were personnel who were employed by governmental entities. Of the 9 individuals, KEMSA was able to determine the status at the time of the death for 8 of the individuals who had a total 16 dependents. The KEMSA also provided an estimate for the number of municipal agencies subject to the requirements of the bill, stating there are 124 municipal EMS agencies that are not part of an existing fire department in the state. Of those agencies, 102 agencies have full-time employees, and those agencies account for an estimated 1,070 EMS personnel who would be eligible for continuation of coverage.