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Support for SB 309
Federal Exchange Policy Fee
Ways and Means Committee
May 21, 2015

Chairman Masterson and committee members, thank you for the opportunity to testify in favor of a bill that would help Kansas recoup some of the costs that Obamacare (a.k.a. ACA), has imposed on our state.

Attaching a 3.5 percent fee to policies sold on the federal exchange would be a fair method to attain revenue from health insurance companies in order to address increased Medicaid costs.

1. The federal exchange is the primary vehicle used to compel our state to facilitate the purchase of Obamacare policies.
2. Obamacare has directly contributed to increasing costs to the state in managing Medicaid for Kansas citizens – two of which are \$22.2 million for the Health Insurance Provider Fee and \$21 million for the woodwork effect. Just those two items is an increase of \$43.2 million.
3. It is impartial as to which insurance company the fee will affect the most because it is unknown which insurance company has sold what quantity or type of policies on the federal exchange.
4. This would be a small fee by the state. While there may be federal regulations that insurance companies must follow, the companies can meet those requirements in numerous ways that would be most advantageous to the companies and their consumers. The companies are able to choose ways they would not have to pass on the fee to policies sold off the federal exchange.

A few years ago, the Kansas Legislature passed the Health Care Freedom Act, which emphasizes that Kansas citizens should be free to make health care choices in the way they desire. However, Obamacare has caused rising health insurance premiums, higher out-of-pocket costs, canceled health plans and narrowed networks of quality doctors and hospitals.

Obamacare is continually taking away more and more of Kansans freedoms. The Kansas Legislature is unwilling to subject taxpayers to the millions in added costs generated by Obamacare. This bill would put the fee on insurance companies that are helping to drive these increased costs.

Thank you for your consideration.