

January 25, 2016

The Honorable Scott Schwab, Chairperson
House Committee on Insurance and Financial Institutions
Statehouse, Room 151-S
Topeka, Kansas 66612

Dear Representative Schwab:

SUBJECT: Fiscal Note for HB 2454 by House Committee on Insurance and Financial Institutions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2454 is respectfully submitted to your committee.

HB 2454 would provide that a health insurance carrier may offer a policy of accident and sickness insurance in Kansas that requires some or all health care services to be rendered by participating providers, except that emergency services must be covered regardless of the provider. The bill would become effective upon publication in the *Kansas Register*.

According to the Kansas Insurance Department, enactment of HB 2454 could result in lower collections under the privilege fee on Health Maintenance Organizations (HMOs), as the bill would allow current HMOs doing business in Kansas to no longer need a separate certificate of authority as an HMO. In *The FY 2017 Governor's Budget Report*, it is estimated that the state will collect approximately \$106.3 million in HMO privilege fees in FY 2016 and \$110.7 million in FY 2017. These fees are utilized in the Department of Health and Environment for costs associated with KanCare. Any fiscal effect associated with HB 2454 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance
Aaron Dunkel, Health & Environment