

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairperson Senator Ruth Teichman at 9:30 a.m. on February 20, 2003 in Room 234-N of the Capitol.

All members were present except: Senator Atkins, excused
Senator Steineger, excused

Committee staff present: Ken Wilke, Office of the Revisor of Statutes
Dr. Bill Wolff, Kansas Legislative Research Department
Marlene Putnam, Committee Secretary

Conferees appearing before the committee: Tom Tunnel, Kansas Grain and Feed Assc.
Sandy Praeger, Comm. Of Insurance
Jim Petrick, Fiserv Health
Chuck Stones, Kansas Bankers Assc.
Larrie Ann Lower, KAHP
Brad Smoot, BC-BS
Cheryl Dillard, Coventry Health Care of Kansas

Others attending: See attached list

Senator Teichman called for questions on **SB 66**. Discussion followed on the bill.

Senator Teichman asked Dr. Wolfe to explain **SB 127 and SB 201**.

Sb 127 Is an act concerning insurance; relating to exemption from jurisdiction of commissioner of insurance; amending K.S.A. 40-2222 and repealing the existing section.

SB 201 is an act concerning insurance; relating to association health plans and the regulation thereof.

Dr. Wolfe related that the **SB 127** amends only one law 2222. Committee needs to look at the bill to be sure there is not a conflict with existing bills.

Dr Wolfe related that **SB 201** exempts small groups. If you are willing to exempt small groups, then all should be exempt.

Senator Teichman introduced Tom Tunnel, Chief Staff Officer for the Kansas Grain and Feed Assoc. Mr Tunnel appeared as a proponent of **SB 127**. (See attachment 1)

Insurance Commissioner, Sandy Praeger made comments on **SB 127, and SB 201**.

On **SB 127** she said that the department was not opposed to pooling mechanisms. However, I do want to see this plan follow the same rules all other small group health plans follow (see attachment 2)

On **SB 201**, she felt that essentially, it is making the same point. If we are going to allow new small group plans to enter the market, they need to play by the same rules that all other similar plans do. If not, then **SB 201** would create a level playing field by abandoning our small group reforms.(see attachment 2)

Jim Petrick, Fiserv Health, appeared as a proponent for **SB 127**. The final decision as to whether or not a trade association can offer and/or continue a self-funded health plan for its members is subject to the

CONTINUATION SHEET

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jurisdiction of the commissioner of insurance. (See attachment 3)

Chuck Stones, Kansas Bankers Assoc., appeared as a proponent for **SB 127**. (See attachment 4)

Larrie Ann Lower, Executive Director of the Kansas Assoc. Of Health Plans (KAHP).She expressed several concerns about the bill (see attachment 5)

Brad Smoot, Legislative Counsel for BC-BS . (See attachment 6)

Mr. Smoot introduced **SB 201**. Because of the potential impact of **SB 127**, we requested the introduction of **SB 201**. It is simply designed to level the playing field by allowing insurers to avoid state laws to whatever extent associations are allowed to do so. He does not believe that the passage of either bill is good public policy.

Cheryl Dillard, Director, Government Relations, Coventry Health Care of Kansas. Opponent on **SB 127**. (See attachment 7)

Hearings closed
Meeting adjourned