



March 5, 2019

Kansas House Insurance Committee Members

RE: Senate Bill No. 32

Dear Committee Member,

I am writing to voice our strong opposition to the above referenced bill. As you know the availability and affordability of medical coverage is a critical concern for all Kansans. As a 45-year old Kansas insurance firm, the McInnes Group, Inc. works with thousands of individuals and small employers each year to review their health insurance options. We are intimately familiar with the challenges and pitfalls of the current market. We believe that this bill will not improve the market but instead, will do irreparable harm to a large number of citizens and employers.

While this bill may appear to provide a simple solution to a complex problem, we believe that it will undermine coverage for many citizens while it enriches one organization. Our major concerns about this bill are as follows:

- It further divides the individual and small group market by allowing a carrier to medically underwrite individuals based on health questions (i.e. pre-existing conditions). While this may allow the reduction of premiums for healthy individuals, it will simply shift that cost through higher premiums to less healthy individuals. The provisions of this bill do nothing to lower the actual cost of health insurance but instead creates 2 classes of "winners" and "losers" instead.
- It strips all citizens who participate in the program of time tested and proven consumer protections provided by the Insurance Department. This provision is an attempt to remove all state and federal mandated coverages and consumer protections, leaving less educated citizens to read the lengthy and complicated fine print of the "health benefit coverage" contract to determine what the plan actually covers. Further, if a dispute arises between the parties the participant has no advocate at the Insurance Department to help assure that the company meets its obligations.
- It provides one company with a statutory monopoly on a category of coverage that cannot be offered by any other carrier or association in the state. This bill not only grants a specific association an exemption from all of the above regulations, but it does so in a manner that guarantees them an exclusive product. This will not only provide this association with a financial windfall but also prevents other carriers or associations from entering the market and providing citizens with additional options and competitive alternatives. Further, passage of this bill will financially destroy other existing associations by drawing away healthier members, resulting in higher and higher rates for the older and/or sicker members.

Based on the above we are asking you to vote against the passage of this bill. In Iowa where a similar bill was passed in 2016, rates for guarantee issue plans jumped **88% over the next two years!** While supporters of the bill may tout the benefits to a minority of citizens, the damage done to the overall insurance market and the vast majority of Kansas citizens in the long-term is too great to justify the adoption.

Sincerely,

A handwritten signature in black ink that reads "Dennis Maggart".

Dennis Maggart, Executive Vice-President