

January 28, 2019

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 36 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 36 is respectfully submitted to your committee.

SB 36 would remove “any other qualified trade, merchant, retail, or professional association or business” from the list of entities that are not subject to the jurisdiction of the Commissioner of Insurance. The bill would also remove the requirement that an association must be in existence for at least five calendar years and that an association must have at least five employees. In addition, the bill would make several technical amendments to current statute.

The Insurance Department indicates that enactment of SB 36 may result in entities converting fully-insured health plans to new association health plans. This likely would result in a decline in premium tax collections because the carriers of fully-insured plans pay a premium tax of 2.0 percent or 5.77 percent whereas the carriers of association health plans pay a 1.0 percent premium tax. However, the fiscal effect cannot be estimated as the number of entities that would convert fully-insured health plans to association health plans is unknown. Any fiscal effect associated with SB 36 is not reflected in *The FY 2020 Governor’s Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Glenda Haverkamp, Insurance