

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2478

As Recommended by House Committee on
Insurance

Brief*

HB 2478 would amend the Third Party Administrators Act (Act) within the Insurance Code to update definitions and certain requirements relating to insurance products and an exemption from the Act. The bill also would remove the definition of “uniform application” and references to this term.

Among the updates to terminology and usage of those terms in the Act, the bill would amend the definitions of “administrator” and “insurer” to modify references to insurance products subject to the Act from “life, annuity or health insurance coverage” to “life, annuity, or accident and sickness insurance coverage.” Similarly, a reference to a self-insured health or life benefit plan in the definition of “stop-loss insurance” would be modified to reference an “accident and sickness benefit plan.” A provision would be added to the definition of “home state” to include a person who declares Kansas as the person’s home state whether they are a resident of Kansas or another state.

The bill would also update a reference to organizational documents submitted by applicants under the Act to change “certificate of existence” to “certificate of good standing.” Finally, the bill would amend an exemption from the provisions of the Act for pharmacy benefits managers holding certificates of registration to instead specify “certificates of licensure” and to update statutory provisions associated with such certificates.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was introduced by the House Committee on Insurance at the request of the Kansas Insurance Department (Department). In the House Committee hearing, a representative of the Department appeared in support of the bill, noting the Legislature previously passed the National Association of Insurance Commissioners' Third Party Administrators (TPAs) Model Law to streamline regulatory compliance across multiple states. This bill would make technical changes to account for differences between the model law and how Kansas statutes are written. No other testimony was provided.

[*Note:* Enacted 2019 HB 2209 (a Conference Committee report; introduced as SB 228), amended the license and renewal application fees and establishing an annual report fee in the TPA Act.]

The House Committee recommended the bill be placed on the Consent Calendar.

According to the fiscal note prepared by the Division of Budget on the bill, the Department states enactment of the bill would not have a fiscal effect.