

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2093**

As Agreed to April 4, 2023

Brief*

HB 2093 would establish the Group-funded Pools Refund Fund and eliminate assessments paid by municipal group-funded liability pools and group-funded workers' compensation pools; amend provisions pertaining to premium taxes paid by municipal group-funded liability pools and group-funded workers' compensation pools; and amend law requiring certain municipalities to pay for the premiums for the continuation of insurance coverage under COBRA for the surviving spouse and eligible dependent children of a firefighter who dies in the line of duty. The bill would also make technical changes.

Group-funded Pools Refund Fund

The bill would establish the Group-funded Pools Refund Fund and amend and repeal law to eliminate assessments paid by municipal group-funded liability pools and group-funded workers' compensation pools in order to refund existing balances in two associated fee funds and wind down such funds.

The bill would specify that moneys in the Group-funded Pools Refund Fund could be used only for the purpose of refunding entities that have paid into the Group-funded Pools Fee Fund (pursuant to KSA 12-2623) and the Group-funded Workers' Compensation Fee Fund (pursuant to KSA 44-587).

The bill would provide for a July 1, 2023, transfer from the two existing fee funds into the Group-funded Pools Refund Fund. On July 1, 2024, this fund would be abolished.

Premium Taxes Paid by Group-Funded Pools

The bill would amend provisions pertaining to premium taxes paid by municipal group-funded liability pools and group-funded workers' compensation pools to change the basis upon which the premium taxes for these pools are calculated.

The bill would change, from fiscal year to calendar year, the basis upon which the 1.0 percent annual premium tax is paid. (Under both the bill and current law, the premium tax is

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based on the annual gross premium collected by the pool for the preceding year. Payment must be made no later than 90 days after the conclusion of each year.)

The bill would also make a technical update to remove reference to the Group-funded Workers' Compensation Pools Fee Fund, which would be eliminated by this bill.

COBRA Coverage for Families of Fallen Firefighters

The bill would amend law requiring certain municipalities to pay for the premiums for the continuation of insurance coverage under COBRA for the surviving spouse and eligible dependent children of a firefighter who dies in the line of duty. The bill would add "fire district" to the definition of "municipality" to allow such districts to be subject to this continuation of coverage requirement.

Under current law, the term "municipality" means a city, county, or township. The law requires municipalities opting to provide for the payment of health insurance premiums for its firefighters to pay the premiums for continuation of coverage for 18 months.

The bill would also make technical corrections, including the removal of the definition of a term no longer included in the statute.

Conference Committee Action

The Conference Committee agreed to the provisions of HB 2093 (Group-funded Pools Refund Fund), as passed by the House Committee on Insurance; agreed to insert the contents pertaining to premium taxes (HB 2096, as passed by the House); agreed to insert the contents pertaining to COBRA (HB 2284, as passed by the House); and agreed to make all provisions of the bill effective upon publication in the statute book.

Background

The bill contains provisions of HB 2093, HB 2096, and HB 2284.

HB 2093 (Group-Funded Pools Refund Fund)

The bill was introduced by the House Committee on Insurance at the request of the Kansas Insurance Department (Department). [*Note:* A companion bill, SB 28, has passed the House and is in conference.]

House Committee on Insurance

In the House Committee hearing, a representative of the Department provided **proponent** testimony, stating the bill will repeal assessments that were established to cover the necessary costs of the administration and supervision of group-funded pools and group-funded workers' compensation pools. The Department has long determined this assessment is not necessary, and the conferee noted, since 2015, Kansas group-funded pools have not been assessed this

supervisory fee. As a result, the Group-funded Pools Fee Fund (\$40,528 in balance) and Group-Funded Workers' Compensation Pools Fee Fund (\$112,719) have been sitting idle. The bill would transfer the balance into the new fund with a sum of \$153,247.

No other testimony was provided.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, an overview of the bill was provided and **proponent** testimony submitted by the Department was made available.

The Senate Committee amended the bill to change the effective date to publication in the *Kansas Register*. [Note: The Conference Committee did not retain this amendment.]

HB 2096 (Premium Taxes)

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Department. [Note: A companion bill, SB 19, has passed the House and is in conference.]

House Committee on Insurance

In the House Committee hearing, a representative of the Department provided **proponent** testimony, stating the bill would better align the statute with the Department's business practices and eliminate the ambiguity concerning the definition of "fiscal year." The representative noted, of the 17 group-funded pools transacting business in Kansas, 12 pools conclude their respective fiscal years on December 31. Consistent with a filing date of 90 days after the end of the reporting year, the filing date would become March 31.

No other testimony was provided.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, an overview of the bill was provided and **proponent** testimony submitted by the Department was made available.

The Senate Committee amended the bill to change the effective date to publication in the *Kansas Register*. [Note: The Conference Committee did not retain this amendment.]

HB 2284 (COBRA Premiums)

The bill was introduced by the House Committee on Insurance at the request of the Kansas State Firefighters Association (KSFFA).

House Committee on Insurance

In the House Committee hearing, a KSFFA representative provided **proponent** testimony, stating the bill would correct an oversight and ensure all firefighters in Kansas are eligible to draw on COBRA coverage, which would make health insurance available to the spouse and dependent children in the same manner as provided prior to the line of duty death of a firefighter.

No other testimony was provided.

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

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a KSFFA representative who stated the bill would correct a COBRA statute to ensure that all eligible firefighters in the state are able to draw on their COBRA coverage as provided for in federal law.

No other testimony was provided.

The Senate Committee amended the bill to change its effective date to upon publication in the *Kansas Register*. [Note: The Conference Committee did not retain this amendment.]

Fiscal Information

HB 2093 (Group-Funded Pools Refund Fund)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department states the two funds set to be abolished currently have a combined balance of \$153,247 that would be deposited into the newly created Group-Funded Pools Refund Fund, and then the entire balance would be returned to the entities.

Any fiscal effect associated with enactment of HB 2093 is not reflected in *The FY 2024 Governor's Budget Report*.

HB 2096 (Premium Taxes)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department states the bill would shift when these premium taxes are collected, which could affect the total amount collected in the first years as those pools make payment adjustments. The Department indicates it cannot estimate the net change because each company's fiscal year is different.

Any fiscal effect associated with enactment of HB 2096 is not reflected in *The Governor's FY 2024 Report*.

HB 2284 (COBRA Premiums)

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the League of Kansas Municipalities indicates the bill would have no fiscal effect.

Insurance; group-funded pools refund fund; group-funded insurance pools; group-funded pools; transfer of fund balances; refunds; repeal; premium tax collection; line of duty death; firefighters; continuation of coverage; COBRA premiums; fire districts

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