

SESSION OF 2023

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 26**

As Amended by House Committee on Insurance

**Brief\***

SB 26, as amended, would amend law relating to the financial documentation demonstrating fiscal soundness that must be submitted by a health maintenance organization (HMO) or a Medicare provider organization (MPO) when applying for a certificate of authority to provide health care in the state.

The bill would amend requirements pertaining to statements of fiscal soundness to:

- Require financial projections for a minimum of three years from the date of application [*Note:* Current law requires the projections for a minimum of three years from the anticipated date of certification and on a monthly basis from the date of certification through one year.];
- Limit the projections for each deficit year and for one year thereafter required when a HMO or MPO expects to incur a deficit to a maximum of five years;
- Eliminate the requirement for monthly statements of revenue and expense for the first year on a gross dollar and a per-member-per-month basis; and
- Change the required balance sheet for all financial projections from quarterly to yearly.

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\*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>

The bill would also make technical amendments.

The bill would be in effect upon publication in the *Kansas Register*.

### **Background**

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). [Note: A companion bill, HB 2094, has been introduced in the House.]

### ***Senate Committee on Financial Institutions and Insurance***

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating the bill would clarify the financial projection requirements when applying for a certificate of authority by changing from various monthly and quarterly statements to annual statements. The representative stated the change would create a more streamlined and less burdensome approach when transacting business in Kansas.

No other testimony was provided.

### ***House Committee on Insurance***

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

The House Committee amended the bill to change its effective date to be upon publication in the *Kansas Register*.

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department, the League of Kansas Municipalities, and the Kansas Association of Counties state enactment of the bill would have no fiscal effect.

Insurance; health maintenance organizations; medicare provider organizations; certificates of authority