

SENATE BILL No. 127

By Committee on Financial Institutions and Insurance

2-3

AN ACT concerning insurance; relating to exemption from jurisdiction of commissioner of insurance; amending K.S.A. 40-2222 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 40-2222 is hereby amended to read as follows: 40-2222. (a) Any person or other entity which provides coverage in this state for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, whether such coverage is by direct payment, reimbursement, or otherwise, shall be presumed to be subject to the jurisdiction of the commissioner of insurance unless the person or other entity: ~~(a) is a professional association of architects incorporated in Kansas on October 4, 1954, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established November 1, 1986, and complies with K.S.A. 40-2222a;~~

~~— (b) is a professional association of dentists incorporated in Kansas on July 3, 1972, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established November 1, 1985, and complies with K.S.A. 40-2222a;~~

~~— (c) is a trade association of banks incorporated in Kansas on August 9, 1978, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established July 1, 1989, and complies with K.S.A. 40-2222a;~~

~~— (d) is a trade association of truckers incorporated in Kansas on July 1, 1985, which provides coverage for the payment of expenses described herein to or for the members of the association or dependents through a trust established January 1, 1990, and complies with K.S.A. 40-2222a;~~

~~— (e) is an association of physicians practicing in the Kansas City metropolitan area, incorporated in Missouri on March 5, 1891, and qualified as a foreign corporation in Kansas on May 19, 1987, which provides coverage for the payment of expenses described herein to or for the members of the association, their employees and dependents through a trust established November 1, 1984, and complies with K.S.A. 40-2222a;~~

1 ~~—(f)~~ (1) Conclusively shows by submission of an appropriate certificate,
2 license, letter or other document issued by the United States department
3 of labor that such person or entity is not subject to Kansas law; or

4 ~~(g)~~ (2) conclusively shows that it is subject to the jurisdiction of an
5 agency of this state or the federal government. For purposes of this act,
6 tax exempt status under section 501(c) of the federal internal revenue
7 code of 1986 shall not be deemed to be jurisdiction of the federal
8 government.

9 (b) *All trade association plans which provide coverage for the pay-*
10 *ment of expenses described in subsection (a) to or for the members of such*
11 *trade association or such members' dependents in this state are subject to*
12 *the jurisdiction of the commissioner of insurance. A non profit profes-*
13 *sional trade association under section 501(c) of the federal internal rev-*
14 *enue code, incorporated in Kansas, is permitted to provide coverage for*
15 *the payment of expenses described in subsection (a) to or for the members*
16 *of the association or such members' dependents through a trust which*
17 *complies with K.S.A. 40-2222a, and amendments thereto; under the fol-*
18 *lowing conditions:*

19 (1) *Such trade association has maintained either a self-funded plan*
20 *or fully insured plan of coverage for the payment of expenses described*
21 *in subsection (a) to or for the members of the association or such members'*
22 *dependents for a period of 10 or more consecutive years, and which cov-*
23 *erage is provided to at least 500 covered participants;*

24 (2) *such trade association pays the state insurance premium tax at*
25 *the same level as would be required if the coverage described in subsection*
26 *(a) were provided by a Kansas domestic insurance company; and*

27 (3) *the insurance department shall have the authority to:*

28 (A) *Exercise any financial surveillance authority over such trade as-*
29 *sociation plans as authorized by law; and*

30 (B) *require any financial or other reports deemed necessary by the*
31 *commissioner of insurance. Any report required under this provision shall*
32 *be submitted to the insurance department at least once each year subject*
33 *to a predetermined time period for review. The time period for review*
34 *shall be set by the commissioner of insurance.*

35 (c) *Each year the commissioner of insurance shall make the final de-*
36 *cision as to whether such trade association may offer or continue to offer*
37 *a self-funded health plan to such trade association's members or such*
38 *member's dependents. Such final decision shall be made in writing.*

39 Sec. 2. K.S.A. 40-2222 is hereby repealed.

40 Sec. 3. This act shall take effect and be in force from and after its
41 publication in the statute book.