

## HOUSE BILL No. 2723

By Committee on Appropriations

3-1

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9 AN ACT concerning insurance; relating to privilege fees for health main-  
10 tenance organizations; amending K.S.A. 2009 Supp. 40-3213 and re-  
11 pealing the existing section.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2009 Supp. 40-3213 is hereby amended to read as  
15 follows: 40-3213. (a) Every health maintenance organization and medi-  
16 care provider organization subject to this act shall pay to the commissioner  
17 the following fees:

18 (1) For filing an application for a certificate of authority, \$150;

19 (2) For filing each annual report, \$50;

20 (3) For filing an amendment to the certificate of authority, \$10.

21 (b) Every health maintenance organization subject to this act ~~which~~  
22 ~~has operated for a period of three years but not more than five years shall~~  
23 ~~pay annually to the commissioner at the time such organization files its~~  
24 ~~annual report a privilege fee in an amount equal to one half of one per~~  
25 ~~cent (.005) per annum of the total of all premiums, subscription charges~~  
26 ~~or any other term which may be used to describe the charges made by~~  
27 ~~such organization to enrollees, and after operating for a period of more~~  
28 ~~than five years from the time of organization a health maintenance or-~~  
29 ~~ganization shall pay annually to the commissioner at the time such organ-~~  
30 ~~ization files its annual report, a privilege fee in an amount equal to 1%~~  
31 ~~per annum of the total of all premiums, subscription charges or any other~~  
32 ~~term which may be used to describe the charges made by such organi-~~  
33 ~~zation to enrollees. In such computations all such organizations shall be~~  
34 ~~entitled to deduct therefrom any premiums or subscription charges re-~~  
35 ~~turned on account of cancellations and dividends returned to enrollees.~~  
36 ~~If the commissioner shall determine at any time that the application of~~  
37 ~~the privilege fee would cause a denial of, reduction in or elimination of~~  
38 ~~federal financial assistance to the state or to any health maintenance or-~~  
39 ~~ganization subject to this act, the commissioner is hereby authorized to~~  
40 ~~terminate the operation of such privilege fee.~~

41 (c) For the purpose of insuring the collection of the privilege fee  
42 provided for by subsection (b), every health maintenance organization  
43 subject to this act and required by subsection (b) to pay such privilege

1 fee shall at the time it files its annual report, as required by K.S.A. 40-  
2 3220, and amendments thereto, make a return, generated by or at the  
3 direction of its chief officer or principal managing director, under penalty  
4 of K.S.A. 21-3711, and amendments thereto, to the commissioner, stating  
5 the amount of all premiums, assessments and charges received by the  
6 health maintenance organization, whether in cash or notes, during the  
7 year ending on the last day of the preceding calendar year. Upon the  
8 receipt of such returns the commissioner of insurance shall verify the  
9 same and assess the fees upon such organization on the basis and at the  
10 rate provided herein and such fees shall thereupon become due and  
11 payable.

12 (d) Premiums or other charges received by an insurance company  
13 from the operation of a health maintenance organization subject to this  
14 act shall not be subject to any fee or tax imposed under the provisions of  
15 K.S.A. 40-252, and amendments thereto.

16 (e) Fees charged under this section shall be remitted to the state  
17 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
18 amendments thereto. Upon receipt of each such remittance, the state  
19 treasurer shall deposit the entire amount in the state treasury to the credit  
20 of the state general fund.

21 Sec. 2. K.S.A. 2009 Supp. 40-3213 is hereby repealed.

22 Sec. 3. This act shall take effect and be in force from and after its  
23 publication in the Kansas register.