

Approved: 3/16/94
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Richard Bond at 9:07 a.m. on March 15, 1994 in Room 529-S of the Capitol.

All members were present.

Committee staff present: William Wolff, Legislative Research Department
Fred Carman, Revisor of Statutes
June Kossover, Committee Secretary

Conferees appearing before the committee: J. Michael Sharman, Christian Brotherhood Newsletter
John Willard, Attorney, Olathe, Kansas
Richard Brock, State Insurance Department
John Peterson, Kansas Assn. of Professional Psychologists

Others attending: See attached list

Senator Lawrence made a motion, seconded by Senator Moran, to approve the minutes of the meeting of March 10 as submitted. The motion carried.

The chairman opened the hearing on HB 2840, concerning the applicability of insurance laws to certain voluntary noncontractual mutual aid arrangements. J. Michael Sharman, Counsel for the Christian Brotherhood Newsletter, appeared as a proponent of this legislation, explaining that this bill is an attempt to make sure his organization will not experience problems in the future with Kansas insurance laws. Mr. Sharman testified that the Christian Brotherhood Newsletter (CBN) is an organization of Christians who subscribe to the newsletter and are asked to send money to fellow Christians in need due to medical problems. (Attachment #1.) In response to Senator Steffes' question, Mr. Sharman explained the organizational structure of the CBN, which currently has 27,000 subscribers. Eleven months of the year, subscribers send money to fellow subscribers as directed; one month's dues are submitted to headquarters for administrative expenses. In 1993, this one month's dues amounted to \$2.8 million.

Senator Bond asked how many Kansas are included in the organization and Mr. Sharman advised that there are 514 subscribers in Kansas, but that number usually represents families so the number of individuals would be much higher. In response to Senator Corbin's question regarding whether this would encourage people not to have insurance, Mr. Sharman replied that most of the subscribers have never had insurance.

Mr. Sharman also described for the committee the process and requirements for joining the CBN and explained for Senator Lee that the organization, not being a third party administrator, does not attempt to verify the legitimacy of need other than comparing copies of bills submitted to the organization guidelines.

John Willard, Olathe, KS, also gave testimony relating to his personal experience as a member of the Christian Brotherhood Newsletter and urged passage of this bill.

Representative Elaine Wells submitted written testimony in support of HB 2840. (Attachment #2.)

Richard Brock, State Insurance Department, advised the committee that attorneys for the Kansas Insurance Department have determined that the CBN is not an insurance company and suggested that Kansas law exempt this organization. There being no further questions, the hearing was closed.

Senator Hensley moved to report HB 2840 favorably. The motion was seconded by Senator Corbin; the motion carried. Senator Steffes will carry this bill.

The hearing was opened on HB 2633, requiring HMO's to explain adverse underwriting decisions. Richard Brock, Kansas Insurance Department, testified in support of this legislation, stating that HMO's would be required to explain to applicants or insureds their reasons for declining or terminating coverage, as insurance companies are required to do. (Attachment #3.) Following a request by Senator Bond for clarification of the language, it was agreed that "HMO" should be added on page 1, line 41 and on page 2, line 1, and elsewhere as appropriate. Senator Petty moved to so amend and pass HB 2633 favorably. The motion was seconded by Senator Praeger. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
Room 529-S Statehouse, at 9:07 a.m. on March 15, 1994.

Chairman Bond opened the hearing on HB 2705, adding psychologists to the list of health care providers in the no-fault automobile insurance statute. John Peterson, Kansas Association of Professional Psychologists, testified as a proponent of this legislation, stating that a licensed psychologist could provide rehabilitation and health care that might be necessary, and should be included in the automobile injury reparations act. (Attachment #4.) There were no questions and no other conferees; the hearing was closed.

Senator Lee made a motion to recommend HB 2705 favorably and to place it on the Consent Calendar. The motion was seconded by Senator Praeger. The motion carried.

The committee adjourned at 9:50 a.m.

The next meeting is scheduled for March 16, 1994.

GUEST LIST

SENATE

COMMITTEE: FINANCIAL INSTITUTIONS AND INSURANCE

DATE: 3/15/94

[illegible]

J. MICHAEL SHARMAN

ATTORNEY AT LAW

MEMBER OF VIRGINIA,

WYOMING (INACTIVE) AND

D.C. (INACTIVE) BARS

OF COUNSEL:

BRIAN R. DINNING

MEMBER OF VIRGINIA, D.C. AND

COURT OF FEDERAL CLAIMS BARS

Representing the rights of Christian Brotherhood Newsletter Subscribers

JEFFRIES BUILDING

114 N. WEST STREET

CULPEPER, VIRGINIA 22701

(703) 825-9600

TESTIMONY FOR HB 2840

By J. Michael Sharman

Thank you Chairman Bond for the opportunity to speak today on behalf of House Bill 2840, sponsored by Representative Elaine Wells. As the General Counsel of the Christian Brotherhood Newsletter representing the religious rights of the Newsletter subscribers -- and as a subscriber myself -- I appreciate and endorse her efforts to provide legislative protection for the subscribers' ability to "Share ye one another's burdens and so fulfill the law of Christ", as the subscribers believe they are told to do in Galatians 6:2.

Our publication is a unique one. We provide an efficient and organized way for Christians to apply that 1st century scripture to a pressing 20th century need: health care. In 1993, we shared \$27 million of medical needs, by the simple means of Christians sending money directly to other Christians who are currently undergoing a financial need due to a medical problem.

Similar legislation to that proposed here was signed into law by Governor Casey of Pennsylvania on February 17, 1994 after a unanimous vote in both the Pennsylvania Senate and the House. Last year it received a favorable vote in the Washington State Senate. In February, this legislation passed the Kentucky House with no dissenting votes, and earlier this month it passed the Kentucky Senate Banking and Insurance Committee and is anticipated to soon clear the Senate. It has also been passed out of the House in Oklahoma and it has been introduced in Iowa. Bills are also being prepared in Minnesota and Indiana as well.

We have had favorable court rulings in the states of Washington, Kentucky, and Maryland, and have had favorable administrative decisions in ten other states. On the negative side, we should also point out that Wisconsin and Delaware have final orders against our publication.

We have never had a complaint filed by a subscriber on any issue, anywhere, at any time during our 12 year existence. Whether one believes that we are undergoing a "health care crisis" or not, it is our sincere belief that as Christians we must not only speak our faith but live it also, as it says at James 2:14-16 "What does it profit my brethren, if someone says he has faith but does not have works? Can faith save him? If a brother or sister is naked and destitute of daily food, and one of you says to them, 'Depart in peace, be warmed and filled,' but you do not give them the things which are needed for the body, what does it profit?"

We believe that if we can assist our brothers and sisters in an area of pressing need - - come to them with letters of encouragement, with prayers and with financial help -- then we are more closely living out the lives that would reflect well upon the name of Christ.

*Senate 7/4/1
3/15/94
Attachment #1*

We do not ask for any state money or subsidy to do so, we are simply asking for protection for our continued freedom to do so.

Thank you, I would be glad to answer any questions which you might have.

J. Michael Sharman
General Counsel
Christian Brotherhood Newsletter
114 N. West Street
Culpeper, Virginia 22701
(703)825-9600

"CHRISTIAN BROTHERHOOD

NEWSLETTER . . . Is that the Christian insurance thing I've heard about?"

You probably have heard of us, perhaps on Larry Burkett, or maybe on Family News in Focus or CNN, but we are simply helping with Christian assistance, we are not "insurance" of any form or type.

Q: What sort of assistance do you give?

A: The Christian Brotherhood Newsletter is a publication which communicates financial needs arising from medical problems among subscribing Christians worldwide (we are in more than 40 nations in addition to the U.S. and its territories). Let's say a Christian missionary working among the Navajos has a \$12,000 gall bladder operation. Christians around the world would learn of that need from the Newsletter and would respond by sending cards of encouragement, financial assistance, and, most importantly, by praying.

Q: Do you have to be a full-time Christian worker to subscribe to the Newsletter?

A: No, but you do have to be a fully committed Christian. All subscribers must sign a subscription form stating that they are a Christian striving to live by Biblical principles; attending church at least 3 out of every 4 weeks (weather and health permitting); abstaining totally from alcohol, tobacco, and illegal drugs; and are not in a homosexual lifestyle.

Q: Does it cost money to subscribe?

A: Yes, to pay for the administrative cost of the publication, and to support its own mission work, the Newsletter charges a subscription fee equal to a one month gift amount.

Q: How much would a one month gift be?

A: As of January 1, 1994, the suggested gift for a single person is \$55; for a married couple with no

children or a single parent family with one child it is \$110, and for a family of any size it is \$165.

Q: Where do I send that monthly gift?

A: Eleven months of the year, the Newsletter will send you the name, address, medical problem, and total financial need of a brother or sister in Christ who needs your help. You will be requested to send your monthly gift (\$55 for a single; \$110 for a couple; \$165 for a family) directly to that person in need. One month of the year you will be requested to send your monthly amount to the Newsletter itself as your subscription fee.

Q: Doesn't a person in need sometimes wind up with too much or too little assistance?

A: When a person submits copies of their medical bills for publication, the total of bills to be published is divided by \$55.⁰⁰ units. A computer automatically designates the correct number of subscribers to the amount of \$55 units needed: a single person is one unit; a couple is two units; and a family is three units. For example, if a subscriber has a published medical need of \$16,500, the computer might select one hundred families to send \$165 each, or it might choose 300 singles to send \$55 each, or any combination of units needed so that the person on the receiving end gets the right amount of assistance. This is a good place to mention that many people send a little something extra above the suggested amount because they know that the medical bills aren't the only costs a person has when a medical crisis strikes.

Q: How is this different from insurance?

A: Well, the emphasis in insurance is on how it protects you. The emphasis in our publication is on how you can help others, how you can "Share ye one another's burdens and so fulfill the Law of Christ" as it says in Galatians 6:2.

Insurance gives you a contract guaranteeing to you that if certain things occur then the company will pay you an agreed upon amount. The Newsletter doesn't give you any guarantee at all, because the purpose of the program is to assist Christians in seeing the reality of their Christian faith at work, and if you have a contractual guarantee to rely on, what need do you have for faith?

Insurance companies use a certain amount of each premium dollar to set aside financial reserves to make sure that there is enough money available to pay for the claims laid against them. The Newsletter never receives any "premiums" because you send the money direct to the one in need. There are no "reserves" other than what you keep in your own pocket. We believe that God will provide His people with the resources necessary to provide for His people. When He consistently does so, He builds up our faith in Him, rather than us having consumer confidence in a company.

Every insurance company pays a certain amount of each premium dollar into a government held "guaranty fund" so that if an insurance company fails there will supposedly be sufficient funds to pay for the existing claims of its insureds. The Newsletter has no guaranty fund and is not regulated. Our protection comes from the Christian character of the subscribers and, if it is ever God's will to allow the Newsletter office to fail, then it is our belief that he will provide for His people by some other manner, and that we would thus look to our Lord for our protection and refuge -- not to the government. The Newsletter staff desires to help you as a Christian grow in your dependence upon God and we sincerely believe that a reserve fund or a state guaranty fund is inconsistent with that position.

Most importantly in legal terms, the "risk of loss" never leaves the subscriber in need. That means that liability for the medical bills always

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remains on the person who incurred the medical bills; it does not shift to the Newsletter itself or to other subscribers. Subscribers do not have a legal obligation to give to others in need; they do so simply out of a desire to live out Scripture as best they can, using the Newsletter as the way to "Share ye one another's burdens" in the area of medical needs.

Q: Who decides what gets published and what doesn't?

A: The subscribers themselves annually vote on whether or not to add new types of needs which could be published. The accumulation of these votes over the years is contained in the pamphlet "Guidelines" which is updated and distributed to every subscriber each year. On day to day decisions, the Newsletter staff has the responsibility of deciding if a submitted need qualifies under the Guidelines to be published.

Q: What if the Newsletter office tells a subscriber that their need can't be published but the subscriber disagrees with their decision?

A: The main purpose of the Newsletter is to build up one another in our Christian walk, so if a conflict arises it should be dealt with in a Biblical manner. In accordance with I Corinthians 6:1-8 and Matthew 18:15-17, a subscriber may present to 13 randomly chosen subscribers his concern about a need that was turned down for publication. If the 13 subscribers vote as a majority to publish the need, then the need gets published.

Q: How much in medical expenses can a person have published?

A: A person may publish up to \$125,000.⁰⁰, per person, per incident.

Q: Is the entire medical need publishable?

A: The premise for this program is to share one another's burdens, and the subscribers have voted that the first \$200 per unit per year should be able to be met by the person in need or by their local church.

Q: Is this legal?

A: It is our opinion that because there is no promise to pay and the risk of loss is never transferred from the individual subscriber that the Christian Brotherhood Newsletter is not insurance, and so it is legal. We also believe that our choice to express our religious beliefs in this manner are protected under the First Amendment and the Religious Freedom Restoration Act. In some states, as a condition of our continued operation they ask us to give their residents the following warning. We think it is a good idea to tell all potential subscribers the same thing. Here it is:

WARNING: THIS PUBLICATION IS NOT AN INSURANCE COMPANY NOR IS IT OFFERED THROUGH AN INSURANCE COMPANY. THIS PUBLICATION DOES NOT GUARANTEE OR PROMISE THAT YOUR MEDICAL BILLS WILL BE PUBLISHED OR ASSIGNED TO OTHERS FOR PAYMENT. WHETHER ANYONE CHOOSES TO PAY YOUR MEDICAL BILLS WILL BE TOTALLY VOLUNTARY. AS SUCH, THIS PUBLICATION SHOULD NEVER BE CONSIDERED A SUBSTITUTE FOR INSURANCE. WHETHER YOU RECEIVE ANY PAYMENTS FOR MEDICAL EXPENSES, AND WHETHER OR NOT THIS PUBLICATION CONTINUES TO OPERATE, YOU ARE ALWAYS LIABLE FOR ANY UNPAID BILLS.

If you have anymore questions, fee free to call us at: 1(216)848-1511

ELAINE L. WELLS
REPRESENTATIVE, FIFTY-NINTH DISTRICT
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R.R. 1, BOX 166
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TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
VICE-CHAIR: GOVERNMENT ORGANIZATION
AND ELECTIONS
MEMBER: PUBLIC HEALTH AND WELFARE
JUDICIARY

TESTIMONY ON HB 2840

INSURANCE LAWS, NOT APPLICABLE TO RELIGIOUS PUBLICATIONS

Thank you Mr. Chairman for the hearing on this bill and for my opportunity to submit testimony on it.

Attached is a letter from Jerry Kramer, one of my constituents, who requested that I introduce this legislation. He and his family are members of the Christian Brotherhood Newsletter.

The Christian Brotherhood Newsletter was started in 1982. Attached is a page describing how it began. The founder, a Christian minister who experienced tragedy in his family started the newsletter with 212 subscribers. Today there are over 25,000 newsletters sent each month with over 55,000 subscribers covered.

The Christian Brotherhood Newsletter coordinates voluntary contributions from subscriber to subscriber for medical expenses each month. According to the group, over \$2.5 million medical bills of the subscribers are paid each month.

The reason a bill request was made is because some states (Delaware, Maryland, North Dakota, Washington, Arkansas) have attempted to ban the newsletter.

States are divided over whether they can regulate the brotherhood as an insurer. Those states that banned or attempted to, did so on the grounds that its newsletter, description of benefits and promotional materials constitute an implied insurance contract. Nine states have decided not to regulate the brotherhood because it does not fit the definition of

*Senate 4141
3/15/94
Attachment #2*

insurance, which is usually the contractual transfer of risk for a premium.
(ATTACHED ARE ARTICLES)

In Kentucky and Washington a judge ruled that it could not be regulated as insurance simply because it coordinates payments among Christians who pay for one another's bills.

Because of the costly effort to fight court battles, and regulators, the organization is asking for support in states for legislation to allow the Newsletter to continue without regulation. Pennsylvania passed legislation such as this bill to protect the brotherhood, following the state's insurance department's attempt to regulate it. After Kentucky's circuit court judge made his ruling, it was passed by the Kentucky House. And in Maryland, when the Insurance Commission sued the organization, a judge reversed the state's hearing examiner's opinion due to an appearance of impropriety by the examiner. (SEE ATTACHMENTS)

Kansas was one of nine states who reviewed the program and determined that it was not transacting the business of insurance in our state. A copy of a letter written by Fletcher Bell in 1989 is attached. To ensure that decision remains intact the brotherhood is asking for this legislation excluding them from our insurance laws. Each time the insurance commissioner is up for election they do not want to worry that the decision made by Commissioner Bell will be changed. Having a statute which excludes them will avoid costly court battles, as they have experienced in other states.

To explain briefly how the newsletter works: subscribers send a completed application to the office in Ohio (copy attached). Each month they are sent the newsletter filled with needs of other subscribers. A voluntary amount of \$50 single, \$100 a couple, and \$150 family is sent to the choice of the subscriber. There are no reserves, because the money is sent directly to the one in need. One month each year the subscriber sends the amount to the office in Ohio to cover administrative expenses.

There are over 500 families who subscribe to the newsletter in Kansas. Over ten families in my district are among them. Many in the Brotherhood would have liked to have been here for support of this legislation including those in Ohio, but their schedules did not permit (SEE ATTACHMENTS).

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After watching a video, listening to a tape, and reading the literature, I wonder if their approach of covering medical expenses is better than our welfare system, and government involvement in insurance. It brings back the philosophy of the church helping those in need. Maybe if we all participated, there would not be a need for health care reform.

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3/15/94

2-3

JERRY KRAMER



PHOTOGRAPHER

Kramer Photos

BOX 87 118 S. MAIN
MELVERN, KANSAS 66510
(913) 549-3546

January 28, 1993

504
703-829-0619 828-3220

Dear Elaine,

Greetings! Congratulations on your re-election.

I am writing you regarding a Health Care Group to which I belong. It is called the Christian Brotherhood Newsletter. It is not an insurance company. It is merely a group of Christians who share with other members of the group when a medical need arises. There are currently over 40,000 families across the country who belong, with approximately \$2,000,000.00 per month paid for medical expenses.

Currently, there are several states who are trying to make it illegal for us to continue to operate, and we have had to spend tens of thousands of dollars in attorney fees to defend our right to participate in this ministry.

We have been advised that the best and final solution to the problem is to seek legislative relief. To accomplish this we need legislators to draft legislation which establish the fact that our program is not one of insurance and should be permitted to operate in the state without interference from state regulators.

I am enclosing a bill that has been enacted in Kentucky to protect the right of subscribers in that state. My brother-in-law Delbert Scott, a State Rep in Missouri, has had dealings in his state regarding this matter and would be a good source for any questions you might have, or you can call the attorney for the Brotherhood, Mike Sharman at 783-825-9600.

How
417-
644-
2784

703

Our new president has plans to implement a national health care program. I am not sure exactly how it will work, but unless some exemption is made for our program, we will all be forced to participate in a program that we might consider unsatisfactory. We would much rather have a choice.

Elaine, thanks for any work you can do for this. Also, thanks for the great job you do representing the 59th District.

Sincerely,

Jerry C. Kramer
Jerry C. Kramer

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3/15/94
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CHRISTIAN BROTHERHOOD NEWSLETTER

127 HAZELWOOD AVE BARBERTON, OH 44203 PH 216-848-1511

Representative Wells
Room 182 W State Capitol Bldg.
Topeka KS 66612

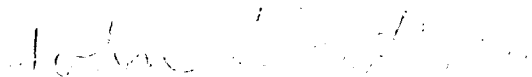
Dear Representative Wells,

Christian greetings. All Christian Brotherhood Newsletter subscribers owe you their thanks for your efforts. We pray that God will bless you.

Our list of subscribers includes not only a diverse variety of denominations but also includes participants from most minority groups. Since our subscription form does not ask questions relating to denomination or race we have no way of knowing how many of any particular group are represented, other than knowing that we have dealt with persons of all races in the ordinary course of our work. We welcome as subscribers any Christian who meets our criteria. We also have subscribers from at least forty foreign nations.

Please do not hesitate to call if I can be of further help.

Sincerely,



John Hawthorn V.P.

Senate 7121
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Bruce E. Hawthorn

Bruce E. Hawthorn, founder, director, and President of the Christian Brotherhood Newsletter and the Barberton Rescue Mission, was born April 8, 1941, in Chippewa, Ohio, to George and Madalyn Hawthorn. The youngest of four children, Bruce showed an early interest in becoming a minister by beginning his public speaking career at age 13. He graduated from Millersburg (OH) High School in 1959, and attended pastoral training at Salem Bible College, Salem, Ohio. He was ordained to the ministry at 18 years of age.

At age 20, Bruce felt God's call to begin a ministry to alcoholics. He founded the Barberton Rescue Mission, a rehabilitation and housing center for alcoholics and drug addicts in 1960. The mission was first located in downtown Akron, Ohio, and then expanded to rural Clinton, Ohio, on a 13 acre plot with 13 buildings. The mission has housed over 30,000 men and women in its 30 year history, accommodating 60 to 70 fully housed and fed alcoholics at any one time, free of charge to the recipient.

In 1980 a series of adverse events in Bruce's life led to the founding of the Christian Brotherhood Newsletter. In one week his four year old daughter broke her arm, his 16 year old daughter wrecked the car, his 7 year old son had appendicitis, which resulted in peritonitis, and his 14 year old son had an accident at school where he cracked his cheek bone and damaged his eye. These events convinced him that a program of Christians praying for and financially supporting other Christians in crisis was needed. After collecting the names of interested people for over a year, the Newsletter published its first need in April, 1982. At present, the Newsletter publishes qualifying medical needs of Christians, allowing other subscribers to contribute directly to the subscriber in need. The Newsletter publishes over \$2.2 million of medical needs each month, employs 60 workers, and is housed in a three-story former school building in Barberton, Ohio.

In 1981 a tragic auto accident took the life of his wife, Phyllis, and his youngest daughter, Elizabeth. The surviving children, Lisa, Thomas, and Ellsworth, were seriously injured. These events gave Bruce renewed determination that such a program as the Christian Brotherhood Newsletter was greatly needed. Bruce later married the former Marlene Bellis of Salem, Ohio. They have one child, Melissa.

Bruce is much in demand as a speaker. He has spoken in all fifty states and in many foreign countries to over a million people in multitudes of churches, camps, conferences and conventions.

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Copy

RELIGION

THE LEVINSON

DELAWARE ABBY

COMMICS

Delaware opposes Christian 'insurance' plan

By RHONDA B. GRAHAM
Staff reporter

In the home of John and Lois Mast last October, a midwife delivered the couple's third child — a son named Jedediah.

Three months later, the \$1,460 the couple had paid the midwife in advance was reimbursed by Christian strangers.

"It was so neat they didn't know us. They sent us cards, they mentioned the baby's name. That's the beautiful part of it, people are sharing because they want to," says Lois Mast.

The Mast family, who are Mennonites, had relied on the Christian Brotherhood Newsletter, a network of Christians who help pay members' medical costs.

"We believe that welfare is the job of

the church, not the government," says CBN's founder, the Rev. Bruce Hawthorn.

But what CBN calls welfare, the state

**The Rev. Bruce Hawthorn
says CBN has 14,000
newsletter subscribers and an
estimated 33,000 members.**

of Delaware calls insurance — the kind that promises too much and may ultimately deliver too little.

In April, state Insurance Commissioner David N. Levinson ordered the company to stop operating in Delaware.

Hawthorn says CBN has 14,000 newsletter subscribers and an estimated 33,000 members, who pay about \$1.4 million a month in medical costs for each other.

Hawthorn said Delaware is the first state to have issued a cease-and-desist order. But CBN has stopped sending the newsletter to homes in Wisconsin because that state has questioned its operations, and the state of Washington expects to issue a ruling by Labor Day.

The 10-year-old, monthly newsletter publishes the names of members who have medical bills exceeding \$200. Members make donations ranging from \$50 to \$150 to a specific member each month, until the need is met or another member is assigned them, Hawthorn says.

If a subscriber has not sent a check after three reminders, that portion of the

bill is assigned to another subscriber.

Since Levinson issued his order, 10 Delaware churches have taken up CBN's cause. Members give to their congregation's benevolence fund and the church donates to the CBN member in need.

Since January, two Delaware families have had their bills paid in full by the CBN plan — the Masts in Milford and the Rev. Everett and Catherine Isaacs of Houston, who had a claim for \$8,293.

Both families see their participation as Christian duty, not as involvement in an insurance plan. "I think it's one of what George Bush calls a thousand points of light that the state commissioner would like to put out," says Everett Isaacs, who had prostate surgery this year.

"They don't guarantee the payments, they just list the need. It's interesting

how the money always comes through," said Isaacs, pastor of the non-denominational Pilgrim Chapel in Harrington.

According to evidence submitted at a state hearing last October, none of CBN members' claims have gone unpaid. But the hearing officer, former state Supreme Court Justice William Duffy, said, "What is past is not necessarily prologue."

Duffy ruled that the CBN application process implies a contract, and that its operation is like that of an insurance company.

One thing that concerned Levinson's office was the CBN requirement that members wait 90 days before their bills can be paid. Hawthorn says this is to make sure all bills have come in.

See DELAWARE — E3

Delaware: 'Insurance' opposed

FROM PAGE E1

"It's an illusion of coverage. They are not dishonest people. They are not crooks, they are simply trying to do good, but sometimes when you are trying to do good you can do tremendous harm," says Catherine Mulholland, director of company regulation for the insurance commissioner's office. "From an actuarial viewpoint it's not sound. It's worse than pay as you go — you are getting \$1 in and paying claims that were incurred three or four months ago," she said.

Mulholland asked five insurance companies to price the benefits being offered by CBN. Two responded, saying they thought CBN was underpriced — not enough money comes in to provide the benefit being offered.

Hawthorn believes the companies saw CBN as competition and therefore had a vested interest in portraying the network in a bad actuarial light.

"Our concern is solvency. I needed to know whether they could provide the benefit for the price quoted," Mulholland said.

"To me that was very prejudicial on the part of our insurance commissioner's office," says Stanley Livingston, staff administrator of Brandywine Valley Baptist Church, Talleyville.

The church relies on CBN to help pay the costs of one of its staff members, because adding another employee to the church's regular medical policy would have cost too much.

To our readers

News of special religious events must be submitted in writing for the Saturday religion page, preferably on the letterhead of the sponsor.

The information must be received by Monday, five days before publication. Include the time, date, place and address of the event, along with a daytime telephone number for a contact person. Send items to: Religion Page, The News Journal, Box 15505, Wilmington 19850.

Senate 7/14/92
7/15/92
2-7

Where health insurance meets charity

BARBERTON, Ohio (AP) — A clergyman's health care system relying on good faith to cover medical bills gives a timely twist to the issue of church vs. state.

As the Clinton administration ponders how to provide medical coverage for 36 million Americans without insurance, 21,000 subscribers to the Christian Brotherhood Newsletter help one another with \$2 million in monthly doctor and hospital bills.

Twenty-five states have questioned whether the nonprofit newsletter amounts to mail-order insurance that should be regulated. Delaware, Maryland, Washington, and Wisconsin have banned it.

The Rev. Bruce Hawthorn says he relishes the attention of regulators, saying membership grows after each encounter with bureaucrats.

The network, based in the Akron suburb of Barberton, is growing by about 1,000 members monthly, bringing \$50,000 more each month for those whose needs are published for other members to meet.

Mr. Hawthorn credits divine inspiration for the program. "The program is God's," he said. "Greed would have destroyed it."

Mr. Hawthorn, 52, founded the



The Rev. Bruce Hawthorn publishes a newsletter that acts as an insurer.

newsletter in 1981 after a traffic accident in which his wife and 4-year-old daughter were killed and three other family members were injured. Friends familiar with his work at an Akron mission for alcoholics paid his \$54,000 in bills from the accident.

"I realized there needed to be a program like this if for no other reason the spiritual and the emotional support that you receive when you're going through a tragedy," Mr. Hawthorn said.

Single subscribers pay \$50 a month; families pay \$150.

Eleven months a year, subscribers receive notices asking them to mail their gift directly to a person whose name, diagnosis and expenses are detailed. One payment a year goes to the newsletter to cover costs.

Mr. Hawthorn draws an annual salary of \$40,000. The average salary among 60 employees is \$21,900. He said the donation structure means 91 percent of the gifts go directly to those in need.

"The home office never has the opportunity to misuse, mishandle or redirect funds that it never receives," Mr. Hawthorn said.

The Federal Trade Commission, U.S. Postal Inspection Service and the Ohio Attorney General's Office have no complaints with the newsletter. "It looks like an old-fashioned 'look out for one another' type of thing," said Paul Griffo of the Postal Inspection Service.

Mr. Hawthorn noted that contri-

butions are voluntary and no benefits are guaranteed. "I'll publish your needs; I'm not insuring you," he said.

But in Delaware, regulator Roger Needham called it "insurance with a wink." In Wisconsin, the state banned the operation with the same reasoning. Washington state officials declined comment on their ban because a court appeal is pending.

Maryland officials could not be reached for comment.

The plan came through for the Rev. Atlee Barkman of Millersburg, whose medical insurance did not cover \$1,119 in tests last year.

"We appreciate it," said Mr. Barkman, 63. "This is about all we have."

Ruth Ivey of Hartville, who at 63 is too young for the Medicare coverage enjoyed by her husband, mails \$50 monthly to the designated recipient and tries to remember to pray for that person.

"You're helping whoever is in need," said Mrs. Ivey, a subscriber for seven years.

She has had medical expenses paid twice in four years, most recently an April 1992 bill for \$566 for treatment of Graves' disease, a thyroid disorder.

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Sent 4/14/93
3/15/94

LOCAL

• The Region, Page 3 • Deaths, Pages 5, 6
• TV, Page 12 • Comics, Pages 13 and 14

IN THE REGION

Page D4, Wednesday, June 9, 1993

and the officers teaching the

Ky. loses suit challenging newsletter

• Christian publication cannot be regulated as insurance, judge rules

Beacon Journal staff report

A Kentucky judge has ruled that the Christian Brotherhood Newsletter of Barberton cannot be regulated as insurance simply because it coordinates payments among Christians who pay for one another's medical bills.

The Kentucky Department of Insurance had sued the Christian Brotherhood Newsletter and its founder, the Rev. Bruce Hawthorn, accusing them of acting as unauthorized insurers.

In denying the state's motion for a summary judgment, Judge William Graham of the Franklin Circuit Court in Frankfort, Ky., wrote in his June 2 opinion: "Unless the agreement transfers a risk of the individual subscriber to the company or to other subscribers, it cannot be construed as a contract for 'insurance' as defined in (the Kentucky insurance laws).

"... The subscription agreement and the guidelines specifically state that there is no indemnification, the risk remains with the

QUOTE

"Unless the agreement transfers a risk of the individual subscriber to the company or to other subscribers, it cannot be construed as a contract for 'insurance'."

WILLIAM GRAHAM
Circuit Court Judge

subscriber, and there is no promise or guarantee that payment will be forthcoming from any other subscriber to the plan."

The newsletter lists medical expenses each month and suggests that other subscribers voluntarily send donations directly to the subscriber in need.

The program involves 50,000 people across the United States, including 3,000 in Ohio.

Although no complaint has ever been filed against the Newsletter by a subscriber, the Kentucky state commissioner began action against the newsletter in May 1992.

Kentucky joins the insurance departments in Oregon, South Dakota, Ohio, Virginia, Kansas, Alabama and Michigan, which have determined that the newsletter is either not insurance or presents no harm to the public. Still at odds with the newsletter are the states of Washington, Pennsylvania, Maryland and Wisconsin.

DON'T MISS

Family skeptical

Mother of alleged murder victim questions suspect's motives in setting up trust for family.
Page D2.

Gas tax increases

Starting July 1, motorists will pay a penny more at the pumps because of increase in state gas tax.
Page D3.

OHIO LOTTERY

- Tuesday's Buckeye 5 numbers: 4, 17, 25
- Sales: \$982,110
- Tuesday's Pick 3 numbers: 931
- Pick 3 wagers: \$1,218,202.50
- Pick 3 payout: \$256,692
- Tuesday's Pick 4 numbers: 2800
- Pick 4 wagers: \$265,461.50
- Pick 4 payout: \$121,700
- Tonight's Super Lotto jackpot: \$16 million

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3/15/94
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CHRISTIAN BROTHERHOOD NEWSLETTER
127 HAZELWOOD AVE
BARBERTON, OH 44203
DALE E. BELLIS, PUBLIC RELATIONS:216-848-9477

NEWSFLASH NEWSFLASH NEWSFLASH NEWSFLASH NEWSFLASH NEWSFLASH

- FOR IMMEDIATE RELEASE FOR March 17,1993-
VIA PR NEWSWIRE US2

VIRGINIA SAYS CHRISTIAN NEWSLETTER LEGAL

The Christian Brotherhood Newsletter, based in Barberton, Ohio, whose subscribers contribute more than \$2 million a month to people who have medical expenses but no medical insurance, was declared by the Virginia Commissioner of Insurance to not be "subject to regulation by the Virginia State Corporation Commission Bureau of Insurance". Virginia had investigated the Brotherhood Newsletter and its operations for several months to determine if it was a plan of insurance. The Commissioner said further that, "As a result of our review, we do not believe at this time that the Christian Brotherhood Newsletter and its related health care arrangements are subject to regulation" by the state of Virginia.

"We are truly grateful for this outcome", said Rev. Bruce Hawthorn, founder and publisher of the Newsletter. "We feel this is vindication for our efforts to keep on doing the right thing-just help people when they have a need", he said. Newsletter subscribers send \$50 monthly payments directly to other subscribers who verify they have unpaid medical bills. Once a year they send their monthly amount to the Barberton office to pay for publishing the Newsletter, and support the Barberton Rescue Mission, a home for recovering alcoholics Hawthorn founded in 1961.

Virginia now joins a growing list of states that have reviewed the Christian Brotherhood Newsletter and have removed their restrictions or determined that they have no jurisdiction over a benevolence ministry. These states include Alabama, Kansas, Michigan, Ohio and South Dakota. Other states are in the review process "and we expect favorable rulings in many other states", said Rev. Hawthorn. "It is our hope", said Hawthorn, "that this positive action by the Commonwealth of Virginia will influence these other states to allow us to operate fully and without interference".

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**CHRISTIAN BROTHERHOOD NEWSLETTER
127 HAZELWOOD AVENUE, BARBERTON, OHIO 44203**

DALE E. BELLIS, PUBLIC RELATIONS: 216-848-9477

**FOR IMMEDIATE RELEASE FOR JUNE 7, 1993
VIA PR NEWswire MARYLAND STATE NEWSLINE & WASHINGTON D.C. NEWSLINE**

**Christian Health Care Ministry
Being Attacked in Maryland Still Alive in Kentucky**

A Christian health care ministry which is under attack by the Maryland Insurance Commissioner, has been given a clean bill of health by a Kentucky Circuit Court Judge.

Judge William Graham of the Franklin Circuit Court in Kentucky's capitol city recently held that the Christian Brotherhood Newsletter of Barberton, Ohio cannot be regulated as insurance simply because it coordinates payments between Christians who pay for each other's medical bills. The Kentucky Department of Insurance had sued the Christian Brotherhood Newsletter and its founder, the Reverend Bruce Hawthorn, accusing them of acting as unauthorized insurers. In denying the State's motion for a summary judgment, Judge Graham's written opinion declared: "Unless the agreement transfers a risk of the individual subscriber to the company or to other subscribers, it cannot be construed as a contract for 'insurance' as defined in [the Kentucky Insurance laws] . . . From the documents provided by both the [State] and [the Christian Brotherhood Newsletter], it is apparent that there has been no risk-shifting. The subscription agreement and the guidelines specifically state that there is no indemnification, the risk remains with the subscriber, and there is no promise or guarantee that payment will be forthcoming from any other subscriber to the plan. The risk of incurring medical charges, under the documents, remains with the subscriber. As there is no shifting of risk, the defendants' agreement cannot be considered 'insurance'."

Although no complaint had ever been filed against the Christian Brotherhood Newsletter by a subscriber in its entire 12 year history, the Maryland State commissioner began action against the Newsletter in January of 1993. A hearing was held March 10, 1993, where the Newsletter produced evidence that it was an expression of its subscribers' religious belief and merely a means of bringing people together to help each other in times of medical expense crisis. The Newsletter's Vice President, John Hawthorn, stated that in the Newsletter's view, the Associate Deputy Commissioner had prejudiced himself in the matter by first being involved in the investigative stage and then in the negotiating stage by issuing a letter to the Newsletter in December, 1992, stating that in Raimondi's opinion the Newsletter was conducting the business of insurance and urging it to concede. Mr. Hawthorn said that the Newsletter's general counsel, J. Michael Sharman, had filed a motion to disqualify Mr. Raimondi from acting as the hearing examiner in the case due to his lack of objectivity, but the motion was heard and decided by Raimondi himself and he refused to do so. "How is it possible for a judge to make a fair and impartial decision based on the facts presented if he has already stated his position on the matter in question before he's ever heard our evidence

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3/15/94*

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**CHRISTIAN BROTHERHOOD NEWSLETTER
127 HAZELWOOD AVE, BARBERTON, OH 44203**

DALE E. BELLIS, PUBLIC RELATIONS : 216-848-9477

NEWSFLASH NEWSFLASH NEWSFLASH NEWSFLASH NEWSFLASH

**FOR IMMEDIATE RELEASE FOR MARCH 25, 1993
VIA PR NEWSWIRE TO WA**

Washington State Senate Passes Newsletter Benevolence Bill

A Newsletter that coordinates voluntary contributions from subscriber to subscriber for medical expenses should be made exempt from insurance regulations according to a bill passed by the Washington State Senate March 15, 1993. The bill passed by a wide margin of 38 to 9. The Christian Brotherhood Newsletter, administered by Rev. Bruce Hawthorn in Barberton, Ohio, prompted the introduction of the bill. The Newsletter lists medical expenses each month and suggests that other subscribers send donations directly to the subscriber in need on a voluntary basis.

Although no complaint had ever been filed against the Christian Brotherhood Newsletter by a subscriber in its entire 11 year history, the Washington State Insurance Commissioner took action against the Newsletter in May, 1992, issuing a cease and desist order on the grounds that the Newsletter was an unauthorized insurer. After extensive negotiations a regulatory impasse was reached between the Christian Brotherhood Newsletter and the Office of Insurance Commissioner. The Newsletter subscribers appealed to their legislators for a clarification that they are exempt from insurance regulations. The Newsletter is a voluntary, benevolence program that makes no promise to pay and publishes the needs of Christians and creates a way for other Christians to help out if they choose to do so.

Primary senate sponsor of the bill, Senator Dean Sutherland, 17th District, a member of the Labor and Commerce Committee, who heard the bill, said that, "creative ways to tackle health care costs by the citizens of Washington should be encouraged and not prohibited by unnecessary regulations". Sen. Sutherland, further, said that, "Newsletter subscribers should be free to care for each other as their conscience dictates. In this instance, the purpose of this legislation is to permit Christians to develop a network of support without legal obstacles."

The bill, designated as Senate Bill #5682, stipulates that the Washington State Insurance Regulatory code does not apply to an organization that, "Acts as an organizational clearinghouse for information between subscribers who have financial, physical, or medical needs and subscribers who choose to assist with those needs, matching subscribers with the present ability to pay with subscribers having a present financial or medical need." The bill makes provision for any organization to develop a medical expense cooperative as long as administrative costs do not exceed 8.34% of the total needs published each year. The bill further requires that any explanatory documents such as pamphlets, advertisements or subscription forms contain a front page statement that, "This is not an insurance contract. If you are not helped with any of your needs, you have no legal recourse against any other subscriber or the organization. No contract of insurance or indemnification exists either in fact or implied."

The bill is now being considered for passage in the House of Representatives. A hearing is scheduled before the House Financial Institutions and Insurance Committee for March 29, 1993.

*Senate 4141
3/15/94
2-12*

CHRISTIAN BROTHERHOOD NEWSLETTER
127 HAZELWOOD AVE, BARBERTON, OH 44203

DALE E. BELLIS, PUBLIC RELATIONS : 216-848-9477

FOR IMMEDIATE RELEASE FOR June 23, 1993

VIA PR NEWSWIRE US1

Pennsylvania House of Representatives Passes Bill Supporting the Christian Brotherhood Newsletter

A Newsletter that coordinates voluntary contributions from subscriber to subscriber for medical expenses should be made exempt from insurance regulations according to a bill passed by the Pennsylvania State House of Representatives on June 23, 1993. The bill passed by a substantial margin of 124 to 77. The Christian Brotherhood Newsletter, administered by Rev. Bruce Hawthorn in Barberton, Ohio, prompted the introduction of the bill. The Newsletter lists medical expenses each month and suggests that other subscribers send donations directly to the subscriber in need on a voluntary basis.

Although no complaint had ever been filed against the Christian Brotherhood Newsletter by a subscriber in its entire 11 year history, the Pennsylvania State Insurance Commissioner took action against the Newsletter in April 1993, issuing an order to show cause on the grounds that the Newsletter was an unauthorized insurer. After extensive negotiations, a regulatory impasse was reached between the Christian Brotherhood Newsletter and the Office of Insurance Commissioner. The Newsletter subscribers appealed to their legislators for a clarification that they are exempt from insurance regulations. The Newsletter is a voluntary, benevolence program that makes no promise to pay and publishes the needs of Christians and creates a way for other Christians to help out if they choose to do so.

Primary House Sponsor of the bill, Representative Joseph Pitts, (R-Chester Co.), minority chairman of the House Appropriations Committee, said that, "creative ways to tackle health care costs by the citizens of Pennsylvania should be encouraged and not prohibited by unnecessary regulations". Rep. Pitts, further, said that, "Newsletter subscribers should be free to care for each other as their conscience dictates. In this instance, the purpose of this legislation is to permit Christians to develop a network of support without legal obstacles."

The bill, designated as House Bill #294, stipulates that the Pennsylvania State Insurance Regulatory code does not apply to a non-profit, religious organization that "acts as an organizational clearinghouse for information between subscribers who have financial, physical, or medical needs and subscribers who choose to assist with those needs, matching subscribers with the present ability to pay with subscribers having a present financial or medical need." The bill makes provision for any organization to develop a medical expense cooperative as long as the suggested amounts to give are "voluntary among the subscribers, with no assumption of risk or promise to pay..."

The bill is now being considered for passage in the State Senate when it reconvenes in November of this year.

Senate 71-41
3/15/94
2-13



STATE OF KANSAS

KANSAS INSURANCE DEPARTMENT

420 S.W. 9th
Topeka 66612-1678 913-296-3071

1-800-432-2484
Consumer Assistance
Division calls only

FLETCHER BELL
Commissioner

March 16, 1989

Mr. Bruce Hawthorn
6680 Taylor Road
Clinton, Ohio 44216

RE: Brother's Keeper Program

Dear Mr. Hawthorn:

This will acknowledge receipt of your letter pertaining to the above captioned matter.

Upon review of your newsletter and the description of how your program operates, it would appear that Brother's Keeper Program is not assuming a risk and, therefore, is not transacting of the business of insurance in this State. This Department suggests, however, that any language in your newsletter or literature referring to the term "major medical plan" be removed, as it appears to create an inference that your program constitutes that of insurance.

Should you have any questions regarding this matter, please do not hesitate to contact this Department.

Very truly yours,

Fletcher Bell
Commissioner of Insurance

Steve Imber
Legal Division

SI:jlb
LE/6517

Senate 7141
3/15/94
2-14

Christian Brotherhood Newsletter

127 HAZELWOOD AVE.
BARBERTON, OHIO
44203-1300



Christians United For Caring
9 a.m. - 5 p.m. EST Monday - Friday
Phone: (216) 848-1511

FOR SUBSCRIPTION

A Christian is to do good to all men especially unto those of the HOUSEHOLD of faith. (Gal 6:10) I believe the Bible teaches that welfare is the job of each Christian and of the church. As a part of the body of Christ I will endeavor to work with the church to fulfill biblical admonitions which include Gal 6:2: **Bear ye one anothers' burdens and so fulfill the law of Christ.**

WAIVER

To make sure there is no misunderstanding or confusion, I understand that the board of publishers can refuse to run my need for any reason that they choose. I have no legal expectation that anyone is obligated to respond to my need.

-I understand and agree that no contract of indemnification exists. I understand that if I am not helped with any of my needs, I have no legal recourse against any other subscriber, the publisher or the church for any published need of mine that is not met.

-I understand that I have no recourse against the commissioner of the Insurance Board of my state, concerning the Christian Brotherhood Newsletter. Further, if at some later date, it is determined that I, in fact, had a right of legal recourse, I waive that right.

SPECIAL NOTE FROM THE PUBLISHER

The Christian Brotherhood Newsletter is a tool to help fulfill biblical admonitions. The Publisher has no control over the actions of churches or subscribers. Whether you send your gift directly to the one in need, through the church, or do not send a gift at all - *it is purely your decision.*

SUBSCRIPTION TO THE CHRISTIAN BROTHERHOOD NEWSLETTER

I understand that my annual check to the Publisher enables the Publisher of the **Christian Brotherhood Newsletter** to help me in the following ways:

- to keep information that concerns my (my family's) subscription
- to print, publish and mail a newsletter each month listing those in need so that I may, if I choose, pray for them, send cards or letters of encouragement and a gift of money
- to conduct a vote of the body of Christ, each November, to determine the Guidelines established by the subscribers (in some states)
- to publish needs, chosen by the Publisher, in the Newsletter, as they see fit
- for this check I will receive 12 issues, whether or not I respond to a need

ATTENTION: The insurance board of my state may assume that expectations of payment through the **Christian Brotherhood Newsletter**, which I have, constitute a contract of insurance. To correct that possible misunderstanding, this is what I have as expectations: I may have expectations from God, my fellow man, in the principle of the golden rule or other of my beliefs. I also understand that if I submit a need for publication, no subscriber is obligated to respond in any way. If I submit a need for publication, I understand that the Publisher may or may not publish it, subscribers may or may not respond and it may or may not be met. **NEEDS WILL NEVER BE PUBLISHED FOR INJURIES WHICH ARE A RESULT OF AN ACCIDENT INVOLVING A MOTORIZED LICENSED VEHICLE.**

I understand and agree to the above.

Signed _____ Date _____

I attend or am being represented by (church) _____

church address _____

city _____ st _____ zip _____

Pastor's signature _____ Ph# _____

Senall 4141 3/15/94
2-15

INFORMATION FOR CHURCH USE ONLY

_____ church requests that
Christian Brotherhood Newsletter collect and file this information for me.

ONE UNIT _____ ONE QUALIFYING PERSON SUBSCRIBING
TWO UNITS _____ TWO QUALIFIED MARRIED PERSONS, SINGLE PARENT AND ONE CHILD
OR A SINGLE PARENT AND CHILDREN (DIVORCED, WIDOWED OR SEPARATED, WITH NO
OTHER PERSON, AGENCY OR GROUP LEGALLY RESPONSIBLE FOR THE CHILDREN'S
MEDICAL BILLS)
THREE UNITS _____ FAMILY: ANY QUALIFYING THREE OR MORE IMMEDIATE FAMILY
MEMBERS (See Guideline Article V)

Last Name _____
First Name _____ B/D ____/____/____ Spouse _____ B/D ____/____/____
Address _____ Apt # _____
City _____ State _____ Zip code _____ County _____
plus four _____
Home ph# () _____ - _____ ch/work ph# () _____ - _____
Organization _____

Children and Birthdates

_____	____/____/____	_____	_____	____/____/____	_____
_____	____/____/____	_____	_____	____/____/____	_____
_____	____/____/____	_____	_____	____/____/____	_____

FAMILY HEALTH HISTORY (USE OTHER PAPER IF NECESSARY)

List all health conditions which any member of your family has had symptoms of, were tested or received treatment and / or medication for during the past twelve months. **SYMPTOMS OF CONDITIONS SHOULD BE LISTED, EVEN IF THEY HAVE NOT BEEN DIAGNOSED OR TREATED** Example: bunions, allergies, hemorrhoids, etc

Family member: _____	Condition: _____	Dates of trtmnt _____
Family member: _____	Condition: _____	Dates of trtmnt _____
Family member: _____	Condition: _____	Dates of trtmnt _____
Family member: _____	Condition: _____	Dates of trtmnt _____

PLEASE LIST ALL TREATMENT FOR HEART, CANCER, HYPERTENSION, OR DIABETES AND GIVE THE APPROPRIATE DATES OF TREATMENT.

RECIPIENT OF DEATH PROVISION

Surviving Spouse as first choice: Yes/No choice _____
Second Choice _____ Third choice _____

I want to subscribe the first of (month): _____

I am enclosing \$ _____

Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec

Circle the month that you wish to join and the two months following it. These three months will comprise your 90 day wait. The **first** of these three months is your actual joining date. This date will not be changed under any circumstances after this form is received by our office. Please read the statement below and sign on the line provided.

I UNDERSTAND THAT ANY SYMPTOMS OF A CONDITION THAT OCCUR BEFORE JOINING OR WITHIN THE ABOVE CIRCLED MONTHS (MY 90 DAY WAIT) WOULD BE CONSIDERED PREEXISTING AND I WILL NOT SUBMIT NEEDS FOR THIS CONDITION.

Signed _____ date Senate 7/4/
3/15/94

(SUBSCRIBERS CANNOT QUALIFY NEEDS OVER THE TELEPHONE.)

Testimony on
House Bill No. 2633
by
Dick Brock
Kansas Insurance Department

House Bill No. 2633 proposes to amend K.S.A. 40-2,112 which concerns the duties, rights and obligations of insurers, insureds and applicants in the event of an adverse underwriting decision. Currently, these statutory provisions apply only to insurance companies but this amendment would make such provisions applicable to health maintenance organizations as well.

In the past, the Insurance Department has received complaints from consumers who have applied and been denied coverage by a health maintenance organization but have been unable to ascertain the reasons for the denial. House Bill No. 2633 would resolve this problem by requiring health maintenance organizations to explain to applicants or insureds their reasons for declining or terminating coverage or, at least, advise them they can obtain the reasons upon submission of a written request.

Senate 4121
3/15/94
Attachment #3

TESTIMONY

**JOHN C. PETERSON
KANSAS ASSOCIATION OF PROFESSIONAL PSYCHOLOGISTS**

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
HOUSE BILL 2705**

March 15, 1994

Mr. Chairman, members of the Committee, my name is John Peterson and I am appearing today on behalf of the Kansas Association of Professional Psychologists, an association of doctoral level psychologists who are engaged in private practice in the state of Kansas. Doctoral level psychologists are licensed in the state of Kansas as independent practitioners to diagnose and treat mental disorders.

House Bill 2705 would amend the current no-fault auto insurance statute to clarify that a licensed psychologist could provide rehabilitation or health care that might be necessary for a policyholder. We do not view this in any way as an expansion of the benefits allowed. Clearly an individual would have to demonstrate to the satisfaction of their insurance company that the treatment they are receiving is directly related to the injury that they suffered in an automobile collision.

We would urge your support for this clarification and would be pleased to respond to any questions that the Committee might have.

Senate 7141
3/15/94
Attachment #4