

SESSION OF 2008

SUPPLEMENTAL NOTE ON SENATE BILL NO. 637

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 637 would amend the Kansas Uninsurable Health Insurance Plan Act, an act applying to the administration of the state High Risk Pool, to increase the maximum lifetime benefit per covered individual from \$1.0 million to \$2.0 million.

Background

The 1992 Legislature enacted the Kansas Uninsurable Health Insurance Plan Act to provide basic health insurance coverage to individuals who are unable to obtain similar coverage in the health insurance market. Plan enrollees pay premiums for their coverage, which are set annually at 133 percent of the average of the premiums of the largest insurers in the state. Insurers may be assessed to recoup any net losses and the law allows 60 percent of such assessment may be offset against premium taxes. The assessment is made in proportion to the insurer's respective share of total health insurance premiums received in Kansas in a calendar year.

The bill was introduced by the Senate Committee on Ways and Means. The proponent, Executive Director of the Kansas Health Insurance Association (KHIA), testified that KHIA was created as a nonprofit association offering comprehensive health benefits to several groups of eligible individuals (in general, those with health conditions that make it difficult to obtain health insurance). The Executive Director provided information about the pool, in general, and the top conditions

*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>

for which claims were paid in 2007 and total claim dollars paid by the KHIA. As of November 2007, the enrollment in the plan was 1,734 (with dependents, the plan covers 1,902). It also was noted that, as of July 2007, 446 persons had been enrolled with KHIA for five or more years. There were no opponents to the bill at the time of the Committee hearing.

The fiscal note prepared by the Division of the Budget indicates that the Kansas Health Insurance Plan (administered by the Kansas Health Insurance Association) is funded through association member assessments (all insurers providing health benefits are members) and premiums charged to the plan participants. The bill could increase member assessments and increase premiums paid by the beneficiaries. There are, the fiscal note continues, numerous factors that would be considered by the KHIA Board when setting the assessment and premiums. There would be no fiscal effect on state revenues or expenditures.