

SESSION OF 2009

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2198

As Amended by House Committee on
Health and Human Services

Brief*

HB 2198, as amended, would enact new law to require insurers that offer small group health plans to offer a high deductible health plan (HDHP). The bill also would amend current law to allow small employers that offer health benefit plans to offer all eligible individuals the option of receiving health care coverage through an HDHP and the establishment of a health savings account (HSA). Additionally, employers that provide health insurance coverage for which any portion of the premium is payable by an employee may provide a health benefit plan that includes a premium only cafeteria plan.

The bill also would require the State Health Care Benefit Program to offer a HDHP and HSA. The plan would be required to be issued beginning with the 2010 plan year.

Background

The bill was introduced at the request of Representative David Crum who indicated that the bill would expand upon the provisions of 2008 H. Sub. for SB 81 in regards to small employer health plans. The representative further noted that the bill requires both insurers and employers to make available to their employees, along with their other health insurance products, a Section 125 or Section 223 Health Plan; such plans would offer a strong financial incentive for employees to contain their health care costs. Proponents of the bill at the time of the hearing included the Kansas Association of Insurance Agents

*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>

and the Wichita Independent Business Association. Opposition testimony at the hearing was provided by the Kansas Chamber, the Kansas Health Consumer Coalition (KHCC), and the Topeka Independent Business Association. The Chamber representative testified in support of promoting, rather than the mandatory offering of Section 125 plans. The KHCC representative encouraged the Committee to be cautious in its efforts to provide coverage so that the result is not an increase in the underinsured. Written testimony in opposition to the bill was provided by the Heartland Community Bankers Association, the Kansas Bankers Association, the Lenexa Chamber of Commerce, and the National Federation of Independent Business-Kansas.

The House Committee on Health and Human Services recommended amendments to change the required offer of high deductible health plans by small employers who offer a health benefit plan and the required offer of a health benefit plan that includes a premium-only cafeteria plan by employers who offer health coverage to optional offers. The House Committee amendments also strike a cost savings provision for employees' health savings accounts.

The fiscal note prepared by the Division of the Budget on the original bill states that the Kansas Insurance Department indicates the bill could be implemented within its current operations. The Kansas Health Policy Authority (KHPA) indicates that the State Employee Health Benefit Plan currently offers participants the choice of a high deductible health plan. The KHPA indicates the bill would be implemented with its current staffing and operating budget.