

SESSION OF 2009

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2287**

As Amended by House Committee on  
Health and Human Services

**Brief\***

HB 2287, as amended, would allow small employers that currently do not offer a group health benefit plan to contribute to the premium of an eligible employee's individually underwritten health insurance plan through the establishment of a Health Reimbursement Arrangement (HRA). The portion of the premium attributed to the employee could be paid through a Section 125 cafeteria plan.

The provisions enacted by the bill would sunset on July 1, 2014.

**Background**

The bill was introduced at the request of Representative Landwehr. Proponents of the bill included representatives of Day Insurance Solutions, HSA Benefits Consulting, the National Federation of Business-Kansas, and the Wichita Independent Business Association. The representative for HSA Benefits Consulting testified that the language in the bill was similar to provisions from Missouri 2008 HB 818 and provided information to the Committee about the benefits of enacting this legislation. The representative for Day Insurance Solutions stated the bill would allow, through the establishment of an HRA, an incentive for both the employer and employee to contribute to a cafeteria plan and provide flexibility for employers to determine their contribution amounts.

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\*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>

The bill was opposed by the Kansas Insurance Department. The Department representative testified that the enactment of the bill would result in negative consequences for some employees in the small employer marketplace and the small employer marketplace as a whole. The representative noted that if some employees elect to obtain their own coverage paid for in, in part, by their small employer, the employer may be unable to obtain small group coverage for the remaining employees because there would no longer be sufficient numbers to meet participation requirements.

The House Committee on Health and Human Services recommended amendments to allow contributions through the health reimbursement arrangement be made only when a small employer does not offer a group health plan and to delete a requirement that small employers establish an equal amount of defined contribution or equal percentage of premium for its eligible employees' plans. Additionally, the Committee recommended a technical amendment and established a sunset for the act.

The fiscal note prepared by the Division of the Budget on the original bill states that passage of the bill would have no fiscal effect.