

February 24, 2014

The Honorable Mary Pilcher-Cook, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 441-E
Topeka, Kansas 66612

Dear Senator Pilcher-Cook:

SUBJECT: Fiscal Note for SB 361 by Senate Committee on Public Health and Welfare

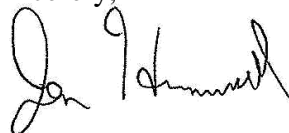
In accordance with KSA 75-3715a, the following fiscal note concerning SB 361 is respectfully submitted to your committee.

SB 361 would be the Second Health Care Freedom Act. The bill requires that no health insurer operating in the state could accept remuneration, credit or subsidy that could result in penalty against an employer or individual. Violations of this requirement would result in the suspension of a health insurer's right to offer any insurance policy or to issue a new policy through a health care exchange. The suspension would be in effect until the insurer represents to the Commissioner of Insurance that the insurer has returned the remuneration, credit or subsidy. A suspension would impair the insurer's right of contract or right to continue to renew existing business in the state. The Attorney General could seek injunctive or other appropriate relief as needed.

The Office of the Attorney General reports that it is probable that if SB 361 were enacted it would be challenged in court. These challenges would likely be handled in-house in conjunction with retained outside counsel. There could be some case expenses that will involve the use of Kansas Tort Claims Act resources. The Office estimates costs of no more than \$25,000 in FY 2014 and between \$25,000 and \$100,000 in FY 2015.

The Office of Judicial Administration notes that the bill would allow the Attorney General to file expedited actions, which the courts use to prioritize and process certain cases quickly. However, it is not possible to predict how complex or time-consuming these cases would be. Therefore, a precise fiscal effect cannot be determined. Any fiscal effect associated with SB 361 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Zac Anshutz, Insurance
Willie Prescott, Attorney General's Office