

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 13, 2007 in Room 234-N of the Capitol.

All members were present except:

Jim Barone- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Office of Revisor of Statutes

Bev Beam, Committee Secretary

Conferees appearing before the committee:

Ted Clark, Kansas Insurance Dept.

John Meetz, Kansas Insurance

Bill Sneed, AHIP

Others attending:

See attached list.

The Chair called the meeting to order.

Senator Wysong moved to approve the minutes of January 24, 25, 30, 31; and February 1, 6, 7, and 8. Senator Brungardt seconded the motion. Motion carried.

Hearing on:

SB 208 - concerning criminal history records; authorizing access by the insurance department to criminal history record information for certain purposes.

Ted Clark, Anti-Fraud Director, Kansas Insurance Department testified that the intention of SB 208 is to allow the Anti-Fraud Division of the Kansas Insurance Department the opportunity to apply for access to the Kansas Criminal Justice Information System (KCJIS). Mr. Clark said access to KCJIS is imperative for any criminal justice agency to determine the criminal histories of suspects and witnesses. Mr. Clark said the Kansas Insurance Department introduced a substitute bill to SB 208. The original bill designated the Kansas Insurance Department as an entity that would be granted access to the KCJIS. This created problems because agencies with access to KCJIS must have at least 50% of their budget going to law enforcement procedures. Under the substitute bill, the Anti-Fraud Division under the Kansas Insurance Department will be recognized by statute as a criminal justice entity and be eligible to apply for access to KCJIS. Copy of substitute language is attached. (Attachment 1)

Hearing on:

SB 239 - concerning long-term care insurance; providing for prompt payment of claims.

The Chair asked Melissa Calderwood for an overview of the bill. Ms. Calderwood stated that sections one through three and the amendments shall be known as the Kansas Long-Term Care Insurance Prompt Payment Act and shall apply to any policy of long-term care insurance issued or renewed in this state. Within 30 days after receipt of any claim, the insurer issuing a policy of long-term care insurance shall pay for reimbursement or send a written or electronic notice acknowledging receipt of and the status of the claim. The notice shall include the date the claim was received by the insurer.

John Meetz, Kansas Insurance Department, testified that SB 239 was designed specifically for long-term care insurance. Mr. Meetz said the reason for a long-term care prompt pay bill is that several companies are treating long-term care payments on a short term basis allowing payments that should have been routine or automatic to be delayed 60 to 90 days. Mr. Meetz said originally SB 239 required that companies writing long-term care insurance must pay clean claims within 15 days after the information gathering process or must send a written or electronic notice that states the insurer refuses to reimburse all or part of the claim. He said

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since the bill was originally drafted, KID has discussed a compromise with the long-term care industry. The industry suggested the statute require claims be paid within 30 days as opposed to 15. Kansas Insurance Department has agreed that 30 days is sufficient to accomplish goals of prompt-pay. (Attachment 2)

Bill Sneed, representing America's Health Insurance Plans, testified that the Kansas Insurance Department, in an effort to expand the prompt pay laws for both dental and long-term care, approached America's Health Insurance Plans regarding this proposal. Inasmuch as member companies who sell long-term care policies do so on a national basis, AHIP requested the Department mirror those statutes already in effect in the country.

AHIP requested that the Department change on Page 2, line 15, the number of days from 15 to 30. AHIP respectfully requests that Kansas mirror other states for ease of administration and continue to keep costs down. AHIP requests that the committee approve the amendments and pass the bill out favorably as amended. (Attachment 3)

Kansas Health Care Association presented written testimony supporting SB 239. (Attachment 4)

Jim Hall, American Council of Life Insurers presented written testimony supporting SB 239. (Attachment 5)

The Chair asked Ken Wilke for the balloon language. Mr. Wilke said the balloon simply changes the figure on page 2, line 15 (d) from 15 days to 30.

The Chair closed the hearing on SB 239.

Action on:

SB 113 - concerning insurance agents and producers; relating to the continuing education requirements; amending K.S.A. 2006 Supp. 40-4903 and repealing the existing section.

The Chair asked Ken Wilke to go over the balloon. Mr. Wilke said he has rewritten material on page 2, lines 2 through 16. It now states that instead of requiring 24 hours continuing education credit immediately, there will be a phase in. For license biennium commencing on or after January 1, 2011, each licensed agent who is an individual and holds a life, accident and health or variable contract shall biennially complete 24 CEC's under this act and that must include three hours in insurance ethics and legal compliance. There is a change in terminology from insurance ethics to insurance ethics and legal compliance, per the Department's request. Concerning license bienniums commencing January 1, 2009 and ending December 31, 2010, agents must obtain 18 credit hours with at least three hours of instruction in insurance ethics and legal compliance. Concerning the current biennium which ends December 31, 2008 the current requirement of 12 hours with at least one hour of instruction in ethics and legal compliance would continue. There is also included a subsection to allow carry over of hours from one biennium to the next if they are not necessary to satisfy requirements that may be left from a prior biennium. The agent must have obtained all the necessary requirements for compliance. In the licensing biennium ending in 2008, no CEC's would be carried over. However, the next biennium between 2009 and ending in 2010, you can carry over a maximum of 9 hours. After that, you can carry over a maximum of 12 hours from one licensing period to the next.

Following Q & A, Leroy Brungardt said this is a compromise on the part of the Department and the Department is comfortable with it.

The Chair called for action on SB 113. Senator Wilson moved to accept the balloon amendments to SB 113. Seconded by Senator Schmidt. Motion carried with Senator Wysong voting no.

Senator Wilson moved to pass SB 113 out favorably as amended. Senator Brownlee seconded. Motion passed with Senator Wysong voting no.

Senator Schmidt moved to amend SB 239 and pass it out favorably. Senator Wysong seconded. Motion carried.

Meeting adjourned at 10:30 a.m.