

## 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 March 20, 2008 in Room 136-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Ken Wilke, Office of Revisor of Statutes  
Bev Beam, Committee Secretary  
Jill Shelley, Kansas Legislative Research Department

Conferees appearing before the committee:

Ed Fonner, Kansas Health Insurance Assn.  
Natalie Bright, Alliance of Health Care  
Sharing Ministries

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on

**SB 637 - concerning the Kansas uninsurable health insurance plan act; increasing the lifetime maximum benefit**

Melissa Calderwood gave a brief overview of SB 637. Ms. Calderwood stated this bill would amend the Kansas Uninsurable Health Insurance Plan Act which is an act that applies to the administration of the state high risk pool to increase the maximum lifetime benefit for covered individuals from one to two million dollars. The fiscal note indicates the Kansas Health Insurance Plan, which is administered by the Kansas Health Insurance Association, the Board responsible for administering the high risk pool, is funded through association member assessments which would include all health insurers who provide benefits and also premiums charged to the plan's participants. The bill could increase member assessments and increase premiums paid by the beneficiaries. There would be no fiscal effect on state revenues or state expenditures.

Ed Fonner, Kansas Health Insurance Association, testified in support of SB 637. Mr. Fonner stated that the Kansas Health Insurance Association (KHIA) was created by the Kansas Legislature in 1992 as a non-profit association offering comprehensive health insurance benefits to several groups of eligible individuals. He said KHIA is one of 32 states with high risk pools established to help people with health conditions that makes it difficult for them to obtain health coverage. He noted KHIA is managed by a Board of Directors who are elected by the members of the association and subject to approval by the Commissioner of Insurance. He said the 11-member Board consists of insurance carriers, the public, an agent and a healthcare provider. He said the Board maintains four committees to oversee operations, investments, nominations and legal issues and grievances. He said as KHIA continues to improve its services, benefits, and operations, an effective cost containment and care management component will be critical for maintaining the pool's financial viability and affordability for current and future enrollees.

The Chair closed the hearing on SB 637.

Hearing on

**HB 2783 - relating to insurance; concerning voluntary non-contractual mutual aid arrangements**

The Chair asked Melissa Calderwood for a brief overview of HB 2783. Ms. Calderwood stated that HB 2783 was introduced by the Financial Institutions and Insurance Committee at the request of the Alliance of Health Care Sharing Ministries. It would remove all voluntary non-contractual mutual aid arrangements from the application of the Kansas Insurance Code. There currently is an exclusion only for

## CONTINUATION SHEET

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the arrangements that were founded on or before December 31, 1982.

Natalie Bright testified in support of HB 2783 on behalf of her client, Alliance of Health Care Sharing Ministries. Ms. Bright said her client seeks to amend current law so that they may experience the same exemption from insurance mandates as is afforded to sharing ministries established prior to December 31, 1982. She said there are currently 730 Kansas families participating in one of their member sharing programs. She said their members have chosen to collectively share and pay for each others health care expenses in lieu of purchasing a traditional health care insurance policy to cover such expenses. Ms. Bright said unfortunately, the current exemption set out in the law is too narrow to include the newer ministries represented by the Alliance because of a clause referring to the date of organization. She said it was their understanding the date was inserted as a cautionary mechanism in 1994 because only one nationwide ministry was in existence. She said since then, two additional nationwide ministries have evolved and proven to be a viable option for families across the country. She noted that as such, they requested the introduction of HB 2783 so that the newest ministries may share the same protections.

Following lengthy discussion, the Chair closed the hearing on HB 2783.

Final action

The Chair called for final action on HB 2783. Senator Steineger moved to pass HB 2783 our favorably. Senator Schmidt seconded, but wants to know, however, why the Kansas State High School Activities Association would be in this bill. She said she does support this bill, but wants an answer before it gets to the floor. The bill was passed out favorably.

Final action

The Chair called for final action on SB 637. Senator Schmidt moved to pass SB 637 out favorably. Senator Brownlee seconded. Motion passed.

The Chair announced there are two conference bills that will be heard for information purposes in the F I & I Committee meeting on Monday, March 24.

The meeting adjourned at 10:30 a.m.