

HOUSE BILL No. 2668

By Committee on Appropriations

2-12

1 AN ACT concerning insurance for qualified professional associations;
2 amending K.S.A. 40-2222a and 40-2222b and K.S.A. 2013 Supp. 40-
3 2222 and repealing the existing sections.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2013 Supp. 40-2222 is hereby amended to read as
7 follows: 40-2222. Any person or other entity which provides coverage in
8 this state for medical, surgical, chiropractic, physical therapy, speech
9 pathology, audiology, professional mental health, dental, hospital, or
10 optometric expenses, whether such coverage is by direct payment,
11 reimbursement, or otherwise, shall be presumed to be subject to the
12 jurisdiction of the commissioner of insurance unless the person or other
13 entity: (a) Is a professional association of architects incorporated in Kansas
14 on October 4, 1954, which provides coverage for the payment of expenses
15 described herein to or for the members of the association or dependents
16 through a trust established November 1, 1986, and complies with K.S.A.
17 40-2222a, and amendments thereto;

18 (b) is a professional association of dentists incorporated in Kansas on
19 July 3, 1972, which provides coverage for the payment of expenses
20 described herein to or for the members of the association or dependents
21 through a trust established November 1, 1985, and complies with K.S.A.
22 40-2222a, and amendments thereto;

23 (c) (1) is a trade association of banks incorporated in Kansas on
24 August 9, 1978, which provides coverage for the payment of expenses
25 described herein to or for the members of the association or dependents
26 through a trust established July 1, 1989, and complies with K.S.A. 40-
27 2222a, and amendments thereto; or

28 (2) is a trade organization of banks incorporated in Kansas on June 1,
29 1982, which provides coverage for expenses described herein to or for
30 members of the association or dependents, and complies with K.S.A. 40-
31 2222a, and amendments thereto;

32 (d) is a trade association of truckers incorporated in Kansas on July 1,
33 1985, which provides coverage for the payment of expenses described
34 herein to or for the members of the association or dependents through a
35 trust established January 1, 1990, and complies with K.S.A. 40-2222a, and
36 amendments thereto;

1 (e) is an association of physicians practicing in the Kansas City
2 metropolitan area, incorporated in Missouri on March 5, 1891, and
3 qualified as a foreign corporation in Kansas on May 19, 1987, which
4 provides coverage for the payment of expenses described herein to or for
5 the members of the association, their employees and dependents through a
6 trust established November 1, 1984, and complies with K.S.A. 40-2222a,
7 and amendments thereto;

8 (f) *is any other qualified professional association, trade association*
9 *or business league incorporated in Kansas which complies with K.S.A. 40-*
10 *2222a, and amendments thereto;*

11 (g) conclusively shows by submission of an appropriate certificate,
12 license, letter or other document issued by the United States department of
13 labor that such person or entity is not subject to Kansas law; or

14 ~~(g)~~ (h) conclusively shows that it is subject to the jurisdiction of an
15 agency of this state or the federal government. For purposes of this act, tax
16 exempt status under section 501(c) of the federal internal revenue code of
17 1986 shall not be deemed to be jurisdiction of the federal government.

18 Sec. 2. K.S.A. 40-2222a is hereby amended to read as follows: 40-
19 2222a. At the time the initial application for coverage is taken with respect
20 to new applicants and upon the first renewal, reinstatement or extension of
21 coverage following the effective date of this act with respect to persons
22 previously covered, each association described in subsections (a), (b), (c),
23 (d) ~~and~~, (e) *and (f)* of K.S.A. 40-2222, and amendments thereto, shall
24 provide a written notice stating that:

25 (a) The coverage is not provided by an insurance company;

26 (b) the plan is not subject to the laws and regulations relating to
27 insurance companies;

28 (c) the plan is not under the jurisdiction of the commissioner of
29 insurance; and

30 (d) if the plan does not pay medical expenses that are eligible for
31 payment under the plan for any reason, the individuals covered by the plan
32 may be liable for such expenses.

33 Sec. 3. K.S.A. 40-2222b is hereby amended to read as follows: 40-
34 2222b. (a) As a condition precedent to continuation of the exemption
35 provided by K.S.A. 40-2222, and amendments thereto, each association
36 described in subsections (a), (b), (c), (d) ~~and~~, (e) ~~thereof~~ *and (f)* of K.S.A.
37 40-2222, *and amendments thereto*, shall, no later than May 1 of each year,
38 pay a tax at the rate of 1% per annum upon the annual Kansas gross
39 premium collected during the preceding calendar year. In the computation
40 of the tax, such associations shall be entitled to deduct any annual Kansas
41 gross premiums returned on account of cancellation or dividends returned
42 to members or expenditures used for the purchase of reinsurance or stop-
43 loss coverage.

1 (b) Every association subject to taxation under the provisions of this
2 section shall pay the tax imposed and make a return ~~thereof~~ under oath to
3 the commissioner of insurance under such rules and regulations and in
4 such form and manner as the commissioner may prescribe.

5 Sec. 4. K.S.A. 40-2222a and 40-2222b and K.S.A. 2013 Supp. 40-
6 2222 are hereby repealed.

7 Sec. 5. This act shall take effect and be in force from and after its
8 publication in the statute book.