

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2065

As Recommended by House Committee on
Insurance

Brief*

HB 2065 would expand the types of payments received by nonprofit dental service corporations that could be used in calculating the percentage of allowable disbursements as expenditures for solicitation or as administrative expenses. Under the bill, nonprofit dental service corporations would not be limited to the use of a percentage of the aggregate amount of payments received from subscribers in calculating the overhead limit, but would be permitted to include all payments allowed under the nonprofit dental service corporations' enabling statute.

Background

The House Committee on Insurance introduced the bill at the request of Delta Dental of Kansas (Delta Dental). At the House Committee hearing, a representative of Delta Dental explained passage of the bill would allow all payments received from purchasers of insured products and self-insured groups through administrative fees and related claims payments to be used in determining the percentage of revenue that could be attributed to overhead expenses. The representative indicated the undefined term "subscriber" and the Kansas Insurance Department's adoption of codification resulted in Delta Dental being able to report only risk insurance and eliminated the inclusion of the fees and claims payments associated with self-funded plans as revenue, resulting in Delta Dental being able to recognize only about

*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>

30 percent of total revenue in calculating its overhead limit. No opposing or neutral testimony was received.

According to the fiscal note prepared by the Division of the Budget on the bill, the Kansas Insurance Department indicates enactment of the bill would have no fiscal effect on the agency.