

SESSION OF 2018

SUPPLEMENTAL NOTE ON SENATE BILL NO. 348

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 348, as amended, would amend the Electronic Notice and Document Act (Act) under the Insurance Code.

The bill would authorize a health benefit plan (plan) or nonprofit dental services corporation (services corporation) to utilize electronic delivery as the standard method of delivery for explanation of benefits and policy, including federally required summary of benefit and coverage documents, to a party, as long as printed documents are readily available.

The bill would require a plan or services corporation to deliver paper documents *via* U.S. mail to a party, if the party notifies the plan or services corporation of a desire to receive the documents in such a manner instead of by electronic delivery.

The bill would state “health benefit plan” has the same meaning as in KSA 40-2209d (any hospital or medical expense policy; health, hospital, or medical service corporation contract; and a plan provided by a municipal group-funded pool, or a health maintenance organization contract offered by an employer; any certificate issued under any such policies, contracts, or plans; or a cafeteria plan under federal law; it excludes certain types of policies or certificates).

*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>

The bill would state a services corporation is a nonprofit corporation organized pursuant to the Nonprofit Dental Service Corporation Act (KSA 40-19a01 *et seq.*).

Finally, the bill would amend law related to the procedure for electronic delivery of notice in KSA 2017 Supp. 40-5804 under the Act to clarify such provisions are not applicable to the electronic delivery of explanation of benefits and policies, including federally required summary of benefit and coverage documents, to a party by a plan or services corporation.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of Blue Cross and Blue Shield of Kansas City (Blue KC). In the Senate Committee hearing, representatives of Blue Cross and Blue Shield of Kansas, Inc. (BCBSKS), Blue KC, and Delta Dental of Kansas (Delta Dental) testified in support of the bill. The proponents generally stated the bill would help reduce operating costs. The representative of BCBSKS noted that, in 2017, the company mailed out more than 5.4 million explanation of benefits to its members at a cost of approximately \$2.7 million. The representative of Delta Dental requested an amendment to specify the bill would apply to services corporations. Written-only proponent testimony was provided by representatives of America's Health Insurance Plans and the Kansas Insurance Department (Department).

No neutral or opponent testimony was provided.

The Senate Committee amended the bill to specify the bill would apply to services corporations.

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