

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 348**

As Amended by House Committee on 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) 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 when paper documents are readily available and notification has been provided to the party explaining the party's option to receive paper documents *via* U.S. mail.

The bill would require a plan to deliver paper documents *via* U.S. mail to a party if the party notifies the plan 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 40-4602 (any hospital or medical expense policy; health, hospital, or medical service corporation contract; a plan provided by a municipal group-funded pool; a policy or agreement entered into by a health insurer or health maintenance organization contract offered by an employer; or any certificate issued under any such policies, contracts, or plans. The definition excludes certain types of policies or certificates). The bill would further specify a "health benefit plan" also includes any individual health insurance policy, individual or group dental insurance policy, or nonprofit dental services corporation.

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\*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 define a “nonprofit dental services corporation” as 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.

## **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 nonprofit dental services corporations.

In the House Committee on Insurance, a representative of Blue KC appeared in support of the bill and requested an amendment to change the definition of “health benefit plan.” The representative explained the original definition applied

only to small group plans and the intent was for the bill's provisions to apply to individual, small, and large group plans. Representatives of BCBSKS and the Department also appeared as proponents. Written-only proponent testimony was submitted by a representative of Delta Dental.

No neutral or opponent testimony was submitted.

The House Committee amended the bill to create two requirements on plans electing to use electronic delivery as its standard notification method. The amendment was requested by Representative Hodge. The House Committee also amended the bill to expand the definition of "health benefit plan" by assigning the definition from the Patient Protection Act (KSA 40-4602) and further specifying the term includes any individual health insurance policy, individual or group dental insurance policy, or nonprofit dental services corporation.

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.