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Kansas Farm Bureau

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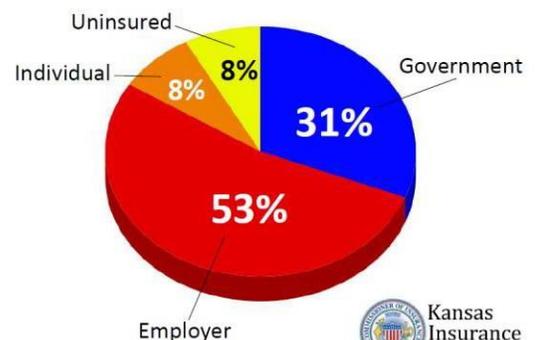
DATE: January 29, 2019
TO: Chairman Rob Olson and Members of the Senate Financial Institutions & Insurance Committee
FROM: Terry Holdren
CEO & General Counsel, Kansas Farm Bureau
RE: Testimony in support of SB 32

Since 1919 Kansas Farm Bureau has been working to strengthen agriculture and the lives of Kansans through advocacy, education and service. Today KFB members live and work in each of the state's 105 counties. More than 30,000 of those families are directly connected to agriculture. These families produce food, fuel and fiber to support local economies and add value to agricultural products that are exported around the globe.

In a recent national survey of farmers and ranchers, 65 percent of respondents identified the cost of health coverage as the largest threat to their ability to remain on the farm. In Kansas, Farm Bureau members report health coverage costs are the most significant expense in their family budget, at times representing 30 to 40 percent of annual budgeted expenses. Most do not qualify for federal ACA subsidized products with incomes greater than 400 percent of the federal poverty level, and many seek employment off the farm solely for the health care benefit. Others join health care sharing ministries or become uninsured.

According to the Kansas Insurance Department, 53 percent of Kansans receive health care benefits through their employers. Thirty-one percent find coverage through government programs. Eight percent of Kansans purchase health coverage through individual or non-group plans. The remaining eight percent of Kansans are uninsured.

Health Insurance Coverage in Kansas



Source: KHI.org

In the past five years, net farm income has declined by nearly 50 percent (according to DTN 2013, net farm income was \$123.8 billion, compared to a predicted \$65.7 billion for 2018). In that same timeframe single individual premiums increased by 176% and premiums for families in the individual market increased 216%.

SB 32 before you today seeks authority for Kansas Farm Bureau to develop member health care benefit coverage, specifically and solely for Farm Bureau members in Kansas to address the access and affordability concerns of our membership. Specifically, the bill would:

- Exempt KFB's member health care benefit coverage from the authority of the Kansas Insurance Commissioner. This exemption is similar to other associations and entities who offer coverage to members.
- Because the plan is defined as "not insurance," the bill would allow creation of individual non-ACA compliant member health care benefit coverage that would be fully underwritten and individually rated, resulting in premiums below ACA Exchange offerings (rates are estimated at 30 percent below current offerings on the exchange).
- Authorize issuance of member health care benefit coverage exclusively to KFB members.
- Allow KFB to partner with other entities as Third Party Administrators (TPAs) or reinsurers to ensure products and services meet the high standards and reputation of the organization and the needs of our members.

SB 32 is not:

- An addition to or creation of an Association Health Plan.
- A health care sharing ministry.
- Individual plans contemplated under this legislation would not be compliant with the ACA, may not cover all Essential Health Benefits and would not be guaranteed issue products.

In addition to the century-long presence of Farm Bureau in Kansas, our partners and affiliated companies also represent a significant presence across the state and enhance our ability to deliver. Nearly 300 Farm Bureau Financial Services agents and their teams sell property and casualty and life insurance products and stand ready to offer their expertise to our members in the acquisition of KFB's member health care benefit coverage.

Analysis of the Kansas marketplace indicates that participation in pre-ACA and ACA exchange products has been and will continue to decline as rates for unsubsidized participants continue to increase. Those individuals would benefit from creation of a more affordable option than is currently available.

The concept would also likely reduce the number of uninsured Kansans by offering coverage at attractive premiums.

Farm and ranch families and small business owners face uncertain economic times, making their ability to purchase health coverage for their families difficult, which results in more uncovered lives in Kansas and struggling health systems in rural communities. Our proposal will allow the creation of competition and free-market options for health coverage and support rural hospitals and providers.

Mr. Chairman, after the bill was introduced, our attorneys suggested a few clarification changes to the bill language. The Revisor has reviewed the suggested changes and has prepared a balloon amendment. The amendment would clarify that the healthcare benefit coverage offered would not be considered insurance and the risk associated with it may be passed to a Kansas authorized reinsurance company.

We urge your favorable action on the amendment and bill. We are ready to assist you as you work to improve the lives of all citizens of the state.