

SESSION OF 2005

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2203**

As Agreed to March 31, 2005

Brief *

HB 2203 would amend KSA 40-19c06 by adding language that permits nonprofit medical and hospital service corporations to cancel health insurance policies without offering continuation coverage if the policy is terminated for cause as permitted by the group policy or the certificate of coverage issued by the Commissioner of Insurance.

The bill also would amend KSA 40-246d concerning the revocation of insurance agent licenses by removing citations of KSA 40-241 and KSA 40-246 and inserting references to either KSA 40-241 and amendments thereto, or KSA 2004 Supp. 40-4906 and amendments thereto.

Conference Committee Action

The Conference Committee agreed to the Senate amendments to the bill and agreed to further amend the bill by removing the provisions relating to refundable tax credits for certain small employers who contribute to health benefit plans (originally contained in Substitute for SB 257, as recommended by the Senate Committee on Assessment and Taxation).

Background

The 2004 Legislature passed HB 2597 which contained language that allowed insurance organizations writing health policies in Kansas to cancel policies for cause as permitted by the group policy or certificate of coverage approved by the Insurance Commissioner. As

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stated by a representative of the Kansas Insurance Department, the statutes that were amended did not include Blue Cross Blue Shield of Kansas City because it is a medical and hospital service corporation, not an insurance company. The Insurance Department requested the bill to resolve this inconsistency in the Kansas insurance laws. A representative of Blue Cross Blue Shield of Kansas City spoke in support of the bill.

The Senate Committee on Financial Institutions and Insurance amended HB 2203 by inserting language from HB 2172 concerning the revocation or suspension of insurance agent licenses. The bill would remove citations to KSA 40-241 and KSA 40-246 and insert references to KSA 40-241 and amendments thereto, or KSA 2004 Supp. 40-4906 and amendments thereto.

The Senate Committee of the Whole amended the bill to incorporate the provisions of Substitute for SB 257.

The fiscal note prepared by the Division of the Budget indicates that passage of HB 2203, as introduced, would have no fiscal effect on the agency. The fiscal note also indicates that there could be a fiscal impact on individuals whose policies are canceled for cause and on healthcare facilities who could experience an increased cost associated with treating uninsured patients, but no information was available upon which to base an accurate estimate.