

SESSION OF 2006

SUPPLEMENTAL NOTE ON SENATE BILL NO. 405

As Amended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 405, as amended, would authorize the Insurance Commissioner to waive, at her discretion, certain requirements for prescription drug plan sponsors, including the requirements for assets, capital, and surplus. Drug plan sponsors are assigned the definition provided in 42 U.S.C. 1395w-151, as in effect on January 1, 2006, from the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This authorization would apply only to foreign companies selling Medicare Part D Plans, who are not licensed to do business in Kansas. The bill also would allow the Commissioner of Insurance to retain her authority to waive requirements upon the renewal of a certificate of authority, with the exception of requirements relating to assets, capital, and surplus.

Background

SB 405 was requested by the Insurance Commissioner whose representative indicated that the intent of the legislation was to require any stand alone Part D prescription drug plan authorized to do business in Kansas to register with the Kansas Insurance Department, allowing the Department to secure additional information about the plans. The representative noted that the acceptance of different solvency standards, than those allowed under current law, was to accommodate those standards that are in compliance with federal law and guidelines and consistent with the Centers for Medicare and Medicaid Services requirements. The bill was supported by the Kansas Pharmacists Association.

The Senate Committee on Financial Institutions and Insurance amended the bill to restore statutory authority to the Insurance Commissioner for the Department's review of foreign companies'

*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>

certificates of authority that had been stricken by the amendment to accommodate Part D plans.

The fiscal note prepared by the Division of the Budget on the introduced version of the bill indicates that passage of the bill would have a fiscal effect on the Kansas Insurance Department as the bill would require staff time to make determinations on whether or not to waive certain requirements for prescription drug plan sponsors. The agency states that the fiscal effect, however, would be insignificant and could be implemented within the Department's current approved staffing and operating expenditure levels.