

SESSION OF 2006

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2693

As Amended by House Committee of the Whole

Brief*

HB 2693 would amend the coverage provision for HMOs in KSA 40-3209 to allow that the amount of time that an enrollee has health insurance under any group policy that provides similar benefits would count toward the requirement of three months of continuous coverage.

The bill also would require the establishment of a pilot program which would allow a qualified small business to provide health insurance to its employees by allowing its eligible employees to participate in the state health care benefits program. The pilot project would begin in the 2007 plan year and would expire on January 1, 2011. Participation in the program would be limited to a total of 1,000 eligible employees regardless of the number of qualified small businesses involved in the program. In addition, the eligibility determination of eligible employees in this pilot program would not be required to be designated by rule and regulation. The bill also would require the participating businesses to participate in the pilot program for at least two years. The participating businesses would be responsible for paying the required health insurance premium for each of its participating eligible employees. The bill would allow that the employer be paid by the eligible employee for the employee's portion of the premium with the determination of the premium to be paid by the eligible employee subject to negotiation. For the purposes of this bill, a "small business" is defined as any business that has a maximum of 30 employees. A "qualified small business" is a small business that does not provide health insurance to its employees.

The bill also would require the Kansas State Employees Health Care Commission to report annually its findings and any recommendations concerning the pilot program to the Governor and the Legislature. The bill also would authorize the creation of a new fund for grants, gifts or donations, including those from the federal government and the Sunflower Foundation, that are received for the purposes of the pilot program. The funds are to be deposited in the

*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>

state Treasury and credited to the cafeteria benefits fund established by KSA 75-6513. The funds are to be placed in a separate account within the cafeteria benefits fund.

Provisions for the pilot program would become effective upon publication in *The Kansas Register*. The HMO provisions would be effective on July 1, 2006.

Background

HB 2693 was requested by the Insurance Commissioner whose representative indicated that the bill was designed to make Health Maintenance Organizations' laws match those that govern all other types of health insurance plans by allowing for a continuation of coverage rights.

Under current law, enrollees whose health insurance coverage under an HMO group contract has been terminated are entitled to have coverage continued under the group contract for six months. To be eligible for this coverage, an enrollee must have been covered continuously by the HMO for three months prior to termination of the contract.

The House Committee of the Whole amendment inserted language to enact new law by creating a pilot program for qualified small businesses to provide health insurance to their eligible employees. The amendment inserts the provisions from 2006 HB 2675.

The fiscal note prepared by the Division of the Budget on the introduced version of the bill indicates that passage of the bill would not have a fiscal effect on the Kansas Insurance Department. The bill would, however, require Department staff time to review amended policy forms submitted by the HMOs, although it is anticipated that this review could be accomplished with existing staff and within approved operating expenditures.