

February 18, 2015

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 235-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 75 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 75 is respectfully submitted to your committee.

SB 75 would prohibit “most favored nations” language in contracts between health insurers and providers. This language prohibits the provider from contracting with a different insurer for a lower rate of reimbursement.

The Kansas Department of Insurance states that SB 75 could have a fiscal affect for governmental entities that purchase health insurance for their employees. If a carrier that contracts with a governmental entity cannot include the prohibitive language, an increase in health insurance expenditures could result from contract revisions. Any fiscal effect associated with SB 75 is not reflected in *The FY 2016 Governor’s Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance Department
Aaron Dunkel, KDHE