

SENATE BILL No. 32

By Committee on Financial Institutions and Insurance

1-22

1 AN ACT exempting certain non-insurance healthcare benefits coverage  
2 from the jurisdiction of the commissioner of insurance; amending  
3 K.S.A. 2018 Supp. 40-2222, 40-2222a and 40-2222b and repealing the  
4 existing sections.

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2018 Supp. 40-2222 is hereby amended to read as  
7 follows: 40-2222. (a) Any person or other entity ~~which that~~ provides  
8 coverage in this state for medical, surgical, chiropractic, physical therapy,  
9 speech pathology, audiology, professional mental health, dental, hospital,  
10 or optometric expenses, whether such coverage is by direct payment,  
11 reimbursement, or otherwise, shall be presumed to be subject to the  
12 jurisdiction of the commissioner of insurance unless the person or other  
13 entity:

14 (1) Is a professional association of architects incorporated in Kansas  
15 on October 4, 1954, ~~which that~~ provides coverage for the payment of  
16 expenses described herein to or for the members of the association or  
17 dependents through a trust established November 1, 1986; ~~and emphes~~  
18 ~~with K.S.A. 40-2222a, and amendments thereto;~~

19 (2) Is a professional association of dentists incorporated in Kansas on  
20 July 3, 1972, ~~which that~~ provides coverage for the payment of expenses  
21 described herein to or for the members of the association or dependents  
22 through a trust established November 1, 1985; ~~and emphes with K.S.A.~~  
23 ~~40-2222a, and amendments thereto;~~

24 (3) (A) Is a trade association of banks incorporated in Kansas on  
25 August 9, 1978, ~~which that~~ provides coverage for the payment of  
26 expenses described herein to or for the members of the association or  
27 dependents through a trust established July 1, 1989; ~~and emphes with~~  
28 ~~K.S.A. 40-2222a, and amendments thereto;~~ or

29 (B) Is a trade organization of banks incorporated in Kansas on June 1,  
30 1982, ~~which that~~ provides coverage for expenses described herein to or for  
31 members of the association or dependents; ~~and emphes with K.S.A. 40-~~  
32 ~~2222a, and amendments thereto;~~

33 (4) Is a trade association of truckers incorporated in Kansas on July 1,  
34 1985, ~~which that~~ provides coverage for the payment of expenses described  
35 herein to or for the members of the association or dependents through a  
36

Proposed Amendment for SB No. 32  
Senate Financial Institutions and Insurance  
February 4, 2019  
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Office of Revisor of Statutes

1 trust established January 1, 1990, ~~and employees with K.S.A. 40-2222a, and~~  
2 ~~amendments thereto;~~

3 (5) is an association of physicians practicing in the Kansas City  
4 metropolitan area, incorporated in Missouri on March 5, 1891, and  
5 qualified as a foreign corporation in Kansas on May 19, 1987, ~~which that~~  
6 provides coverage for the payment of expenses described herein to or for  
7 the members of the association, their employees and dependents through a  
8 trust established November 1, 1984, ~~and employees with K.S.A. 40-2222a,~~  
9 ~~and amendments thereto;~~

10 (6) is organized as a farmers' cooperative under the Kansas  
11 cooperative marketing act, K.S.A. 17-1601 et seq, and amendments  
12 thereto, on January 13, 1983, and is an association of farmers' cooperatives  
13 and other like associations operated on a cooperative basis and their  
14 affiliated companies, ~~which that~~ provides benefits for employees, and  
15 family members of such employees, of such associations; ~~and employees~~  
16 ~~with K.S.A. 40-2222a, and amendments thereto;~~

17 (7) is any other qualified trade, merchant, retail, or professional  
18 association or business league incorporated in Kansas which complies with  
19 K.S.A. 40-2222a, and amendments thereto;

20 (8) conclusively shows by submission of an appropriate certificate,  
21 license, letter or other document issued by the United States department of  
22 labor that such person or entity is not subject to Kansas law; ~~or~~

23 (9) conclusively shows that it is subject to the jurisdiction of an  
24 agency of this state or the federal government. For purposes of this act, tax  
25 exempt status under section 501(c) of the federal internal revenue code of  
26 1986 shall not be deemed to be jurisdiction of the federal government; ~~or~~

27 (10) is a nonprofit agricultural membership organization  
28 incorporated in Kansas on June 23, 1931, or an affiliate thereof, that  
29 provides healthcare benefit coverage ~~[that shall not be considered~~  
30 ~~insurance] for the payment of expenses described herein to or for the~~  
31 ~~members of the organization and their dependents.~~

32 (b) For the purposes of this section, a qualified trade, merchant, retail  
33 or professional association or business league shall mean any bona fide  
34 trade, merchant, retail or professional association or business league that:

- 35 (1) Has been in existence for at least five calendar years; and
- 36 (2) is comprised of five or more employees.

37 Sec. 2. K.S.A. 2018 Supp. 40-2222a is hereby amended to read as  
38 follows: 40-2222a. At the time the initial application for coverage is taken  
39 with respect to new applicants and upon the first renewal, reinstatement or  
40 extension of coverage following the effective date of this act with respect  
41 to persons previously covered, each ~~association person or entity~~ described  
42 in ~~subsection (a)~~ of K.S.A. 40-2222, and amendments thereto, shall  
43 provide a written notice stating that:

Notwithstanding any provision of law to the contrary, the healthcare benefit coverage described in this paragraph shall not be considered insurance. The risk under such coverage may be reinsured by a company authorized to conduct reinsurance in Kansas. Providers of healthcare benefit coverage shall file a signed, certified actuarial statement of plan reserves annually with the commissioner of insurance.