

February 24, 2020

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 401 by Senator Miller

In accordance with KSA 75-3715a, the following fiscal note concerning SB 401 is respectfully submitted to your committee.

SB 401 would require any individual or group health insurance policy, medical service plan, contract, hospital service corporation contract, fraternal benefit society, or health maintenance organization that provides coverage for accident and health services and that is delivered, issued for delivery, amended or renewed on or after July 1, 2021, to provide coverage for hearing instruments, including necessary repairs and batteries, fitted or dispensed by a person authorized by law to fit or dispense a hearing instrument subject to the same deductibles, coinsurance, and other limitations as apply to other services.

SB 401 would not apply to specified disease, specified accident or accident only, credit, dental, disability income, hospital indemnity, long term care insurance, vision care or any other limited supplemental benefit nor Medicare supplement policy, any coverage issued as a supplement to liability insurance, workers compensation or similar insurance, automobile medical-payment insurance or any insurance under which benefits are payable without regard to fault. The benefits will be subject to the state employee health benefit pilot plan beginning on July 1, 2020.

Estimated State Fiscal Effect				
	FY 2020 SGF	FY 2020 All Funds	FY 2021 SGF	FY 2021 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$2,380,475
FTE Pos.	--	--	--	--

The Kansas Insurance Department indicates SB 401 would constitute a new mandate for purposes of state cost defrayal under the Affordable Care Act, however, the provisions of the bill would have no fiscal effect on local governments.

SB 401 would require the State Employee Health Plan begin this additional coverage on July 1, 2020. The Kansas Department of Health and Environment estimates that adding the coverage will increase State Employee Health Plan expenditures by \$2.4 million in FY 2021 and \$2.5 million in FY 2022. In addition, the Kansas Department of Health and Environment states that if enacted, SB 401 could result in the State of Kansas paying defrayal for mandating a benefit after December 31, 2011, if the benefit is determined to be outside of the essential health benefits requirements under the Affordable Care Act. Any fiscal effect associated with SB 401 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in cursive script that reads "L. L. Campbell". The signature is written in black ink and is positioned above the printed name and title.

Larry L. Campbell
Director of the Budget

cc: Bobbi Mariani, Insurance
Dan Thimmesch, Health & Environment