

Approved: February 4, 2010
Date

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairman Clark Shultz at 3:30 p.m. on February 2, 2010, in Room 152-S of the Capitol.

All members were present except:

Representative Rob Olson - excused

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes
Sean Ostrow, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Lauren Douglass, Kansas Legislative Research Department
Sue Fowler, Committee Assistant

Conferees appearing before the Committee:

Cindy Hermes, Kansas Insurance Department
John H. Meetz, Kansas Insurance Department

Others attending:

See attached list.

Hearing on:

HB 2490 **Allowing the insurance commissioner to adopt rules and regulations to enforce the regulation of life insurance companies.**

Melissa Calderwood, Kansas Legislative Research Department, gave a brief overview on **HB 2490**.

Cindy Hermes, Kansas Insurance Department, (Attachment #1), appeared before the committee in support of **HB 2490**.

Hearing closed on **HB 2490**.

Hearing on:

HB 2491 **Expanding the definition of creditable individual health insurance to include Title XXI of the Social Security Act.**

Melissa Calderwood, Kansas Legislative Research Department, gave a brief overview on **HB 2491**.

John H. Meetz, Kansas Insurance Department, (Attachment #2), gave testimony before the committee in support of **HB 2491**.

Hearing closed on **HB 2491**.

Discussion and action on:

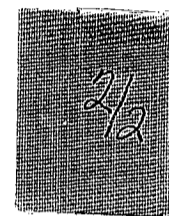
HB 2492 **Motor vehicle liability coverage, evidence of financial security.**

Representative Swenson moved **HB 2492** favorable for passage and place on the Consent Calendar. Seconded by Representative Hermanson Motion passed.

Representative Grant moved without objection to pass the January 28, 2010 committee minutes as written.

The next meeting is scheduled for February 4, 2010.

The meeting was adjourned at 3:54 p.m.



House Insurance Committee
 Guest Sign In Sheet
 Tuesday, February 2, 2010

Name	Representing
Mike Reebert	Laches Braden
Herri Spielman	KATA
Alex Kotyantz	P.I.A.
Linda Sheppard	KID
Linda Korman	KID
Sohn Meetz	KID
Lori Church	KS Life & Health Assoc.
David Hanson	KS Life & Health Assoc.
Kari Prusley	Kearney & Associates
Michelle Butler	Cap. Strategist
Lameka Brown	Adm
John Campbell	KID



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TESTIMONY ON HB 2490

HOUSE INSURANCE COMMITTEE February 2, 2010

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill 2490. This bill would allow insurance companies to sell a hybrid insurance product that includes an annuity and long-term care insurance. The Pension Protection Act of 2006 included a provision that addressed the taxation of combination annuity plans featuring long-term care insurance. The rules apply only to nonqualified annuities coupled with tax-qualified long-term care. Nonqualified annuities are made with after-tax dollars that can accumulate tax deferred until the annuity payments are made. The Act states that effective January 1, 2010, long-term care insurance benefits paid out of these plans are paid as tax-free long-term care insurance benefits. Prior to this law, there was no mechanism that allowed for gains in a contract to be paid out on a tax-free basis. The benefit payout structure allows long-term care insurance benefit payments to be made from the annuity while waiving the surrender charges. The long-term care insurance payments will not be treated as taxable withdrawals.

Stand alone products for an annuity and long-term care have been around for years and life insurance products with long-term care benefits are currently being sold in Kansas. When talking to individuals about long-term care, they often are leery of paying premiums for something they may never use. The annuity/long-term care hybrid product would allow for the surrender and annuitization benefits even if the long-term care was never needed.

HB 2490 allows the Insurance Department to approve the hybrid product and the licensed health agent in Kansas to sell the annuity/long-term care hybrid product.

This bill would allow Kansas consumers more choice in their decision-making for the future. It would increase the number of products available for sale in the state of Kansas by licensed insurance agents.

It is for these reasons that we ask the committee to recommend HB 2490 favorable for passage.

Thank you for the opportunity to appear, and I would be happy to stand for questions at the appropriate time.

House Insurance
Date: 2-2-10
Attachment # 1



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TESTIMONY ON HB 2491

HOUSE INSURANCE COMMITTEE February 2, 2010

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify before the committee today. HB 2491 was a bill that was requested by the Kansas Insurance Department on behalf of the United States Centers for Medicare and Medicaid Services (CMS). Every 3 years CMS reviews each state's mechanism for fulfilling the requirements of the Health Insurance Portability and Accountability Act (HIPAA). During last year's review process officials from CMS asked the Kansas Insurance Department to make two technical changes to our statutes governing the state high risk pool or the Kansas Uninsurable Health Insurance Plan Act.

The first change is to add title XXI of the Social Security Act (or SCHIP as it is more commonly referred) to the definition for creditable coverage under statute for the Kansas high risk pool. The definition for creditable coverage is used to define the prior coverages that if held by an eligible individual for 18 months prior to application for the high risk pool would exclude them from the high risk pool's 90 day waiting period for defined pre-existing conditions. This provision does not represent a policy change in the way creditable coverage is offered to eligible high risk pool applicants. Benefit Management Inc., the third party administrator for the state high risk pool has always considered SCHIP as a creditable coverage under KSA 40-2118 (f)(9).

The second change was to replace the words "had been" with the word "if," under the section that includes COBRA as an eligibility factor under the federal definition. The Kansas Insurance Department has also been informed by Benefit Management Inc. that this will not represent a substantive change in their eligibility requirements of federally qualified individuals.

The changes being proposed here were not the brainchild of the Kansas Insurance Department. We believe this bill represents no substantive changes to Kansas law and are entirely technical in nature. However a failure to implement these changes at the request of CMS could potentially jeopardize the states exclusive authority to administer the high risk plan.

Thank you for the opportunity to appear today and I will stand for questions at the appropriate time.

John Meetz
Government Affairs Liaison

House Insurance
Date: 2-2-10
Attachment # 2