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REVISOR of STATUTES

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MEMORANDUM

To: Chairman Longbine and the Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: March 19, 2024

Subject: **SB 553 – Permitting a plan sponsor to authorize electronic delivery as the standard method of delivery for all plan documents and health insurance identification cards made to health benefit plan covered persons covered by a health benefit plan.**

SB 553 would enact one new provision of law and amend the electronic notice and document act.

Section 1 of the bill would grant the plan sponsor of a health benefit plan (HBP) to provide the consent on behalf of health benefit plan covered persons (HBPCP) to the delivery of all communications and HBP identification cards related to the plan by electronic means. Prior to commencing the electronic delivery of such items, a plan sponsor shall confirm that each HBPCP routinely uses electronic communications during the normal course of such individual's employment. Additionally, the HBP shall provide each HBPCP with an opportunity to opt-out of electronic delivery and select U.S. Mail as the preferred method of delivery of plan communications for that individual, and document that all relevant requirements under K.S.A. 40-5804 have been satisfied.

Section 2 of the bill adds section 1 to the act.

Section 3 provides the definitions section for the electronic notice and document act. Here, we've added three new defined terms: "health benefit plan covered person," "insured" and "plan sponsor." The definition of "party" has been amended to exclude a "health benefit plan covered person."

Section 4 amends K.S.A. 40-5804, which sets out the requirements for delivery of notice to a party or any other document required under an insurance transaction. Subsections (a) through (d) pertain and subsection (i) specifically to delivery of notice or a document to a "party." These subsections pertain primarily to property and casualty insurance transactions whose requirements for electronic delivery of notices and documents differ from those of health benefit plans. Subsections (e) – (h) have been amended to include HBPCPs to allow those subsections to apply to both a "party" and a "HBPCP."

If enacted, SB 553 would go into effect upon publication in the statute book.