

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 am. on February 8, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Judi Stork, Deputy Bank Commissioner
Pat Hubbell, American Express
Kris Kellim, Kansas Insurance Department

Others attending:

See attached list.

Chairman Teichman welcomed everyone to the meeting.

Hearing on

SB 64 – Banking, criminal record history information, requiring fingerprints

Melissa Calderwood, Legislative Research, gave an overview of SB 64. She stated that this bill would allow the Office of the State Bank Commissioner to require fingerprinting and completion of a criminal background check for key individuals related to an application for a money transmitter license, an application for a bank holding company, or a notice of a proposed bank acquisition. She said the bill would also allow the Kansas State Banking Board the option of requiring fingerprinting and completion of a criminal background check for key individuals related to an application for a new bank or trust company. She added that the bill requires that all costs associated with the fingerprinting and criminal background checks be paid by the applicant or parties to the application and would have no net fiscal effect on the office of the State Bank Commissioner.

Judi Stork, Deputy Bank Commissioner, testified in support of SB 64. She stated that this bill amends four statutes under the supervision of the bank commissioner's office and that all of these statutes relate to applications received by the Office of the State Bank Commissioner. She said currently, a criminal background check through the Kansas Bureau of Investigation is limited to looking for criminal convictions that have occurred in Kansas. She said as a result, it is entirely ineffective in revealing any federal crime a person may have committed, or any crime they have committed in any other state. Continuing, she stated the KBI has advised their agency that in order to do a complete check of all criminal records throughout the United States, they need to access the NCIC database and that requires individuals to be fingerprinted. She said the use of fingerprinting would be an additional tool to ensure the commissioner and the banking board are able to make the most educated decisions based on factual evidence. (Attachment 1)

Pat Hubbell, American Express Corporation, offered an amendment to SB 64. He stated that fingerprinting requirements in SB 64 are not needed for publicly traded corporations under the federal securities laws enforced by the U.S. Securities and Exchange Commission. He suggested the following amendment to SB 64. In line 28 of page 1 after the words "...parties to the application." add a new sentence to read as follows: "If the applicant is a publicly traded corporation or a subsidiary of a publicly traded corporation, a fingerprint check of any such person of the applicant shall not be required." (Attachment 2)

Following Q & A, the Chair closed the hearing on SB 64.

Hearing on

SB 65 – Health insurance; internal and external review of health care decisions

CONTINUATION SHEET

Minutes of the Senate Judiciary Committee at 9:30 a.m. on February 8, 2011 in Room 548-S of the Capitol.

Melissa Calderwood gave an overview of SB 65. She stated that under current law, a request for external review of an adverse decision by a health insurer must be made within 90 days and an external review must be completed within seven business days when an emergency medical condition exists. She said SB 65 would extend the amount of time an insured person has to request an external review to 120 days. In addition, she said this bill would require an external review to be completed within 72 hours after the date of receipt of the request for an expedited external review, or as expeditiously as the insured's medical condition or circumstances require.

Kris Kellim, Kansas Insurance Department, said SB 65 seeks to amend four provisions of the Kansas external review statutes in order to comply with the Uniform Model Act.

He said the first amendment expands the definition of an “emergency medical condition” to include urgent situations where the timeframe for completion of external review would seriously jeopardize the life or health of the insured or would jeopardize the insured's ability to regain maximum function. He said the expanded definition also includes situations involving experimental or investigational treatments, where the timeframe for completion of external review would render the treatment significantly less effective. The second amendment includes new language which provides a claimant is deemed to have exhausted the internal appeals process whenever an insurer or health insurance plan fails to strictly adhere to all appeal requirements under state or federal law. He said this rule applies regardless of whether the insurer's error was minimal or whether the insurer substantially complied with state or federal law. The third amendment changes the existing time limit for requesting external review from within 90 days to within 120 days of receipt of an adverse decision by a health insurance plan or an insurer. The fourth and final amendment changes the existing time limit for an external review organization to resolve all issues in the case of an expedited review where an emergency medical condition exists from seven business days to not more than 72 hours after the date of receipt of the request for an expedited external review, or as expeditiously as the insured's medical condition or circumstance require. Concluding, he said these amendments are necessary for Kansas to substantially retain its current external review processes, and control over those processes going forward.

(Attachment 3)

The Chair closed the hearing on SB 65.

The next meeting is scheduled for February 9, 2011.

The meeting was adjourned at 10:15 am.