

SESSION OF 2016

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2454

As Recommended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2454 would permit a health carrier licensed to offer accident and sickness insurance in Kansas to offer an insurance product that requires some or all of the health care services to be rendered by participating providers, but requires emergency services to be covered even if not delivered by a participating provider (commonly referred to as an Exclusive Provider Organization [EPO] product). The bill would allow an EPO policy to include a gatekeeper requirement, allow the health carrier to determine the cost-sharing amount for services rendered by non-participating providers, and define applicable terms.

The following are among the terms defined in the bill:

- “Health carrier” would mean any insurance company, nonprofit medical and hospital corporation, municipal group funded pool or fraternal benefit society that offers a policy of accident and sickness insurance subject to the Kansas Insurance Code;
- “Gatekeeper requirement” would mean the insured is required to obtain a referral from a primary care professional in order to access specialty care; and
- “Primary care professional” would mean a participating provider designated by the health carrier to supervise, coordinate, or provide initial

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

care or continuing care to an insured and who may be required by the health carrier to initiate a referral for specialty care.

The bill would be in effect upon publication in the *Kansas Register*.

Background

At the hearing in the House Committee on Insurance and Financial Institutions, representatives of the Kansas Insurance Department, Aetna, Blue Cross and Blue Shield of Kansas City, and UnitedHealth Group testified in favor of the bill. The proponents generally stated the bill would allow health insurers to offer an EPO product, which would give consumers another affordable health care option with some of the benefits of a Health Maintenance Organization (HMO) product, but without the additional costs added to HMO products by the increase in the HMO privilege fee enacted during the 2015 Legislative Session. The Kansas Insurance Department representative asked the Committee to consider any appropriate safeguards to protect consumers who may not be fully aware what an EPO policy would cover.

No opponent or neutral testimony was provided at the House Committee hearing.

According to the fiscal note prepared by the Division of the Budget, the Kansas Insurance Department states enactment of the bill could result in lower collections under the privilege fee on HMOs because current HMOs doing business in Kansas would no longer need a separate certificate of authority as an HMO. *The FY 2017 Governor's Budget Report* estimates the state will collect approximately \$106.3 million in HMO privilege fees in FY 2016 and \$110.7 million in FY 2017 to be used in the Kansas Department of Health and Environment for costs associated with KanCare. Any fiscal effect associated with the bill is not reflected in *The FY 2017 Governor's Budget Report*.