

KANSAS OFFICE of  
**REVISOR of STATUTES**  
LEGISLATURE of THE STATE of KANSAS  
*Legislative Attorneys transforming ideas into legislation.*

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**MEMORANDUM**

To: Chairman Sutton and members of the General Government Budget Committee

From: Zach Fridell, Assistant Revisor of Statutes

Date: Feb. 13, 2018

Subject: House Bill 2634, Payroll deductions for indemnity insurance

House Bill 2634 (HB 2634) would allow the Kansas State Employees Health Care Commission to offer state employees the option to buy indemnity insurance plans and to pay for the plans through payroll deductions. The employees who elect to purchase the indemnity insurance would be responsible for the cost of such insurance.

The statutes amended in this bill currently allow the commission to offer long-term care insurance. The ability to offer long-term care insurance was added in 1996 and has not been amended since.

Indemnity insurance is a supplemental insurance also referred to as "fee-for-service" insurance. This bill would direct the health care commission to offer the indemnity insurance and would authorize the commission to negotiate and enter into contracts with insurance providers.

Section 1 adds the definition of indemnity insurance. Subsection 2(a) add indemnity insurance to the list of what the commission shall offer. Subsection 2(b) authorizes the commission to enter into contracts to provide indemnity insurance. In 2(c), the bill exempts the commission from open meetings requirements when meeting solely to discuss and prepare strategies for negotiations for long-term care insurance or indemnity insurance. Subsection 2(d) states that the contracts will not be subject to competitive bid regulations, are not to extend more than three years and may be renegotiated and renewed. Subsection 2(e) states that the commission may adopt rules and regulations to enter into contracts.

Section 3 states that the insurance is voluntary, and the cost will be paid by the employee. It also states that the secretary of administration can make payroll deductions for the cost.