



## KANSAS BOARD OF REGENTS

### Senate Committee on Financial Institutions and Insurance February 7, 2017

**Blake Flanders, Ph.D.**  
**CEO and President**

Good morning Chairman Longbine, and Members of the Committee. This testimony is submitted in support of Senate Bill 110.

This legislation would modify current law to allow state universities to self-insure employees who are visiting scholars and are eligible to participate in the State Employee Health Plan (SEHP). As visitors to the United States, these researchers and scholars must provide proof of adequate insurance coverage to the U.S. State Department. As outlined below, the benefits offered through the SEHP no longer meet the federal standards for such coverage.

**Background:** Wichita State University, Kansas State University, and the University of Kansas (including the Lawrence and Medical Center campuses) employ 216 benefits-eligible visiting scholars (employees who hold J-1 Visas). Federal law pertaining to these individuals' visa status requires them and their dependents to have health insurance coverage that meets certain requirements. One such requirement is that the deductible of the visa-holders' health insurance must not exceed \$500 per accident or illness (22 CFR 62.14(b); 22 CFR 62.14(h)). In past years, the individual deductible for Plan A of the SEHP was \$500. Thus, the visiting scholars had health insurance that met the requirements of the federal law.

Recent changes to Plan A of the SEHP for 2017 Plan Year included an increase in the individual deductible to \$1,000. As of January 1, 2017, visiting scholars eligible to participate in the SEHP no longer have employer provided health insurance that meets the requirements of the federal law. While the visiting scholars do have the option of purchasing individual insurance that meets the requirements, requiring visiting scholars to do so represents a substantial reduction in benefits for these employees and puts the universities at a competitive disadvantage for recruiting these highly qualified scholars, whose work is essential to furthering the missions of the institutions.

The universities are prevented by state law from subsidizing the purchase of individual insurance or separately contracting for a compliant employer-provided health insurance plan. The three state universities have secured a temporary solution through July 31,

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2017. The universities have reached an agreement with United Health Care, which provides insurance through a Kansas Board of Regents student insurance plan for state university students, to allow these visiting scholars to have temporary coverage under that plan through July 31, 2017. However, this is not a long-term solution although we are very fortunate to have it as a temporary fix.

The most efficient long term solution is the creation of a Health Reimbursement Account (HRA) to bridge the gap between the requirements of federal regulations and the deductible for the SEHP. The creation and operation of the HRA would be wholly funded by the participating universities. Senate Bill 110 authorizes the Board to administer the recommended HRA.

The universities would have negligible administrative costs from enactment of this bill; the cost to provide coverage for the employees would be up to \$500 per employee or \$108,000 (\$500 X 216), depending on deductible costs which cannot be anticipated. The cost of coverage for dependents is not known.

The Kansas Board of Regents supports the changes in this legislation. Thank you for the opportunity to appear before you today.