January 28, 2019

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

    SUBJECT: Fiscal Note for SB 32 by Senate Committee on Financial Institutions and Insurance

    In accordance with KSA 75-3715a, the following fiscal note concerning SB 32 is respectfully submitted to your committee.

    SB 32 would add nonprofit agricultural membership organizations that were incorporated in Kansas on June 23, 1931, that provide healthcare benefit coverage that is not considered "insurance" to the list of entities that are not subject to the jurisdiction of the Commissioner of Insurance. The bill would also make several technical amendments to existing statute regarding non-insurance healthcare benefits coverage.

    According to the Insurance Department, enactment of SB 32 would allow Farm Bureau to offer a health insurance plan that would be considered non-insurance healthcare benefits coverage and would be exempt from the Commissioner of Insurance's jurisdiction. The Insurance Department indicates the bill may result in a decrease in premium taxes collected by the state if individuals switch from a fully-insured plan to a self-funded plan offered by Farm Bureau. This is because carriers of fully-insured plans pay a 2.0 percent premium tax or a 5.77 percent privilege fee and carriers of self-insured plans pay a 1.0 percent premium tax. The Insurance Department also indicates that enactment of SB 32 may result in a net increase in premium taxes collected by the state if enrollment in the health insurance plan includes mostly individuals who were previously uninsured. However, the fiscal effect cannot be estimated as the type of plan that Farm Bureau intends to offer and the individuals that would comprise the membership of the plan are unknown. Any fiscal effect associated with SB 32 is not reflected in *The FY 2020 Governor's Budget Report*.

          Sincerely,

          Larry L. Campbell
          Director of the Budget

cc: Glenda Haverkamp, Insurance