

Written testimony to the Kansas Senate  
Committee on Financial Institutions and Insurance  
SB 199

Senator Longbine , Chairman; Senator Fagg and Senator Peck, Vice Chairs

By David J Powell, CLU, ChFC, CFP, RHU – KANSAS INSURANCE AGENT

Good morning, Chairman Longbine, Vice Chairs Fagg and Peck and members of this committee. My name is David J Powell from El Dorado. I am an independent insurance agent and owner of 2 insurance agencies doing business in Kansas for the past 44 years, specializing in Health Insurance. I have read the Federal Healthcare law as passed in 2010 (PPACA) and all the amendments and have written a book on it entitled "ObamaCare Unwrapped."

I am also the author Kanas Statutes 40-2, 193 – Specifically designed policies; short -term policies – signed into law by Governor Brownback in 2013 with the help of a member of this committee – Beverly Gossage.

I should also point out that this law is currently being used as a model by other states for both past and current legislation. The short-term law has been used by both Oklahoma and Nebraska to write their short-terms laws since they did not have such laws on the books previously.

Short term insurance and specially designed health plans are extremely important to Kansans in 2021. I say this because national surveys show Kansas as having the distinction of having the 2<sup>nd</sup> highest rate increases in the nation for individual health plans sold on the Healthcare web site.

SB 199 is a modification of 40-2, 193. I presented this to the insurance department under then commissioner Ken Selzer four years ago, in order to bring our law into compliance with both current Federal standards and the prevailing standards of many other states. Under the direction of then President Trump, short-term policies were extended nationally to be renewable up to 3 time or a maximum of 36 months. This proposed change brings Kansas into line with that.

The rational is simple. These policies give people health insurance coverage that is priced considerably lower than current individual policies available in the Kansas markets. Often at half the price or less. Many of them, currently available, also offer buy up options to include more than the 'catastrophic' temporary coverage these policies typically have offered, including office call copays as well as prescription coverage. There are even some of them that are "guaranteed issue," so they cover pre-existing conditions, at least on a limited basis.

And yes, since these policies are very affordable, they do provide an option for those currently without health insurance who do not qualify for a subsidy through Healthcare .gov and may even cost less for many who do get current subsidies.

Expanding coverage to up to 36 months gives a longer-term solution for many of these Kansans. I strongly recommend this passage.

**I did and do not recommend** the striking of the Specially designed policies provision of this statute.

I wrote that section into the law because we were seeing and continue to see a proliferation of these types of plans being brought to the insurance market by innovative companies addressing the special needs of many of our citizens.

In the past, specialty product development and distribution in Kansas had been stymied and even turned down because these insurance products did not meet the definition of insurance – either individual or group – as contained in our statutes. But they were never intended to. They are designed ONLY for special needs or circumstances. These are stand alone plans not addressing the full range of coverage that a typical individual or group health insurance plan must cover, much like short term policies do.

To date there have been several insurance companies that have used this provision to make specialized plans available for sale in Kansas.

Other states surrounding us have and are approving these types of plans, but they would be not available to Kansans if this section is removed.

So, again, I strongly suggest NOT striking this section from the law.

Please pass this bill favorably out of committee after restoring the Specially designed policies section.

Thank you.