



Date: January 20, 2022

To: Senate Committee on Financial Institutions & Insurance
Senator Jeff Longbine, Chairman

From: Alex Orel, Senior Vice President – Government Relations
Kansas Bankers Association

Re: Verbal Proponent Testimony – SB 335

Mr. Chairman and committee members, I am Alex Orel appearing on behalf of the Kansas Bankers Association (KBA). It is also my pleasure to introduce Kathy Taylor, Executive Vice President - General Counsel, and Kelly VanZwoll, Assistant Vice President – Government Relations. We also have two other from our staff here as resources today: Alex Greig, President – KBA Insurance and Elizabeth Roche, SVP – Employee Benefits Administration. Thank you for the opportunity to provide proponent testimony on SB 335, which would help keep the cost of health insurance as low as possible for Association Health Plans (AHP's) like ours that are regulated by the U.S. Department of Labor (DOL) and under the jurisdiction of the Employee Retirement Income Security Act of 1974 (ERISA).

Kansas Bankers Association Insurance Background Information:

KBA Insurance, Inc. is a subsidiary of the KBA founded in 1900 offering bonding, property & casualty products, cybersecurity, bank director liability insurance, and life and health insurance products for the Kansas banking industry. In 1940 at the direction of our members, we embarked on providing a new service, health insurance, to our member banks. Today KBA's self-funded health insurance plan covers more than 12,000 Kansans at 175 banks, making it the second-largest group covered by Blue Cross/Blue Shield behind the state itself. Health insurance premiums collected for our self-funded plan totaled more than \$64 million in 2021 and are growing.

A separate Board of Directors from the KBA Board governs our health plan and has a fiduciary responsibility to keep the cost of health care as low as possible. We currently have strict oversight and regulation from the U.S. DOL and ERISA and were audited at the end of 2019, where we passed with no further action needed by the department. There is no oversight by the state or the Office of State Insurance Commissioner.

Although there is no oversight at the state level, we are subject to a state-level 1% premium tax on our plan, which now totals more than \$630,000. We do not receive any services for this tax, nor is there any oversight. Other ERISA plans in Kansas that are not AHP's are not subject to this state-level 1% premium tax. SB 335 brings parity to all ERISA plans and would exempt AHP's like ours from being subject to the state-level 1% premium tax.



KANSAS BANKERS ASSOCIATION

As this Committee knows, keeping health insurance costs down is a significant issue for everyone. So we see this 1% premium tax as an unnecessary barrier for us trying to do that exact thing.

Once again, thank you for the opportunity to provide proponent testimony on SB 335. When the Committee considers acting on this legislation, we would respectfully ask for favorable consideration so that AHP's like ours can continue to provide the lowest cost of insurance possible. Again, Mr. Chairman, thank you, and I would be happy to stand for questions at the appropriate time. If at a later time you have questions or require additional information, don't hesitate to get in touch with me at aorel@ksbankers.com or (785) 232-3444.

