

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on March 3, 2004 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Bill Wolff, Legislative Research  
Terri Muchmore, Legislative Research  
Ken Wilke, Office of the Revisor of Statutes  
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Senator Barbara Allen  
Bill Yanek, KS. Assoc. of Realtors  
Jerry Wells, LID  
Larrie Ann Lower

Others attending:

See Attached List.

The Chair asked for a motion to approve the Minutes of Feb. 10th, 11th, 12th, 23rd, 24th.

Senator Barnett made a motion to approve. Senator Buhler seconds. Motion passes.

The Chair then opened the hearing on **SB 542 Prohibiting the use of social security numbers on health insurance cards and prescription drug cards.**

Senator Allen testified as a proponent of the bill. (Attachment 1) The Senator stated that the bill is about providing for the safety and security of individuals insured in the state of Kansas. This bill would prohibit any entity that offers any type of accident and sickness policy, or prescription drug coverage, to individuals residing in Kansas, from printing an insured's social security number (SSN) on the magnetic strip or other encoded information on the policy card., after January 1, 2006.

The SSN is the most widely used identifier of a person's identity in the country. If the policy card falls into the wrong hands, the thief can easily obtain all kinds of personal information about you, steal your identity, access your financial information and obtain a driver's license in your name.

Jerry Wells, KID spoke in support of the bill. (Attachment 2) and stated that the Commissioner strongly supported Senator Allens' bill.

Larrie Ann Lower presented testimony on the bill. (Attachment 3) Her organization represents HMO's. Her members recognize the importance of the bill and KAHP member companies are in the process of changing the numbers used on cards from social security numbers to other unique identifying numbers.

It is also the understanding of KAHP that the federal government through HIPPA, is at some point going to address this issue by implementing a unique patient health identifier program. Therefore they believe the legislation is unnecessary.

KAHP is also requesting additional language in the bill which states that if a federal law is implemented any entity that complies with federal law will be deemed in compliance with this act.

If the legislation is determined necessary KAHP requests that the implementation date be changed to July 1, 2006. This would facilitate a smooth transition for those companies that operate in the Kansas City area to have the same implementation date as a similar Missouri law.

The Chair asked Senator Allen if she had any problem with the inclusion of the Federal law language as part of the bill? She did not have a problem at this point, and felt it could be okay. The Kansas Insurance Department indicated they had checked and there was nothing imminent on the Fed moving on this particular issue.

## CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on March 3, 2004 in Room 234-N of the Capitol.

Written testimony from the Hein law firm was mentioned in support of the bill. (Attachment 4). The hearing was closed on **SB 542**.

The hearing was opened on **SB 534—commercial real estate; co-brokerage agreement**, and asked Doctor Wolff to give a brief overview of the bill.

Dr. Wolff stated that the bill concerns real estate brokers and salespersons and the first amendment in the bill is in Sect. 1. The current law sets out all the acts that are prohibited to licensees. There is a new paragraph 27 on page 4 of the bill. The language says that licensees would be prohibited from entering into contracts with persons not licensed by the commission to perform services requiring a license.

The next amendment is new section 2 on page 6 which would insert new language into the licensure act particularly for commercial real-estate transaction. It would allow the licensee to co-operate with and share commissions or other compensation for services with a licensee who has a foreign license( A real estate licensee in good standing in another state).

Bill Yanek testified in support of **SB 534** (Attachment 5). Under current law, Kansas licensees are prohibited from co-brokering with licensees outside the State of Kansas. Increasingly, the real estate marketplace is becoming interstate by nature.

The bill would allow commercial real estate brokers to co-broker transactions with foreign licensees, in good standing of another state or country.

Robert Sutterman testified regarding some areas of interest he had on the bill. He is licensed in the area of Securities, with his own business dealer-broker firm. There are individuals coming into the State doing business when real estate is involved and those deals are done without using a local affiliate, because we are not allowed to share fees in this state. He is totally in support of the bill. It is a very necessary bill not only for people in real estate but also business brokers.

The hearing was then closed on **SB 534**.

Meeting adjourned at 10:21 A.M.

The next meeting is scheduled for Thursday March 4, 2004