



Testimony on Senate Bill 382
Before the Senate Financial Institutions & Insurance Committee
By Kerri Spielman
March 8, 2012

Thank you, Madame Chair and Members of the Committee, for the opportunity to offer testimony in support of SB 382. My name is Kerri Spielman and I represent the Kansas Association of Insurance Agents. We have approximately 435 member agencies across the state and another 110 branch offices that employ a total of over 2,500 people. Most of our agencies have a staff member who is licensed for life and health insurance and provide the coverage for their clients. Independent agents are free to represent a number of different insurance companies.

SB 382 would stop health insurance carriers from limiting freedom of contract rights and encourage free market competition. It would stop unfair trade practices.

Health insurance companies will be the first to tell anyone who will listen that if you want to lower health insurance costs, you should ensure free market forces come to bear. Free market competition will eliminate inefficiencies and drive down insurance costs.

KAIA supports free market competition. SB 382 would set the stage for free market competition in contract negotiations between companies and providers. Currently, some contracts restrict these negotiations. Free market competition cannot happen if Carrier B has an unfair advantage by requiring in its contracts with providers that the provider must give Carrier B the same discount given to Carrier C if Carrier C's rate is lower. SB 382 would simply level the playing field in carrier-provider contract negotiations.

Health insurance companies would be the first to argue that less government involvement will lower health insurance costs. We would submit to you that there are times when government plays a critical role in encouraging and ensuring that free market competition. This is one of them.

We would ask for your favorable support of SB 382 to encourage free market competition that could ultimately drive down health insurance costs.

Thank you. I am available for questions.



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