

Approved:

03-30-2012

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(Date)

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 AM on Thursday, March 15, 2012 in 152-S of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Ken Wilke, Revisor of Statutes Office  
Marilyn Arnone, Committee Assistant

Conferees appearing before the Committee:

John Frederico, Frederico Consulting

Others in attendance:

See attached list.

Chairman Teichman opened the meeting by opening **HB 2520–Interstate health care compact**. This bill would allow Kansas to join the Interstate Health Care Compact. This issue was heard earlier in the Committee as **SB 373**.

The Chair asked John Frederico if he had any comments about the bill as he had been a proponent at the hearing in the Senate FI&I Committee. Mr. Frederico said this was the House bill with the exact same language, and nothing had changed from the bill that had been heard earlier in this Committee.

The Chair closed the hearing on **HB 2520**.

The Chair opened the hearing on **HB 2697–Relating to collateral assignment of the proceeds of life insurance policies**. Melissa Calderwood gave an overview of the bill. **HB 2697**, as

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amended, would enact new law requiring the Department of Health and Environment in conjunction with the Department of Social and Rehabilitation Services, to review and update rules and regulations which establish eligibility requirements for Medicaid. The bill would require KDHE, as part of the review and update process, to establish a procedure allowing for irrevocable collateral assignment of the proceeds of life insurance policies to the Kansas Medicaid program and to seek any necessary waivers from the federal government to accomplish the purpose of the bill. The collateral assignment would be irrevocable as established by a written agreement preventing the holder of the life insurance policy from affecting or using the cash surrender value after the irrevocable assignment. This bill passed the House 118-0.

Ms. Calderwood answered questions from the Committee.

Mr. Frederico also commented that he represented the Kansas Health Care Association and the Nursing Home Association and they are both behind this bill 100%.

Mr. Wilke commented that under the current regulations for spend down if you are trying to be eligible for Medicaid, you basically have to convert the life insurance policy at the cash surrender value which is far less than what the proceeds are, so this creates a mechanism for the actual proceeds of the policy to be used rather than losing money for the cash surrender value.

The Chair closed the hearing on **HB 2697**.

The Chair asked for Final Action on **HB 2520–Interstate health care compact**.

*Senator Masterson moved to pass **HB 2520** favorably out of Committee. Senator Taddiken seconded and the motion passed.*

The Chair asked for Final Action on **HB 2486–Changing the frequency of examinations for health maintenance organizations and Medicare provider organizations**. This bill increased the examination provision for HMOs and Medicare providers from once every three years to once every five years.

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*Senator Taddiken moved to pass **HB 2486** favorably out of Committee. Senator Olson seconded and the motion carried.*

The Chair asked for Final Action on **HB 2485–Requiring insurers to submit an antifraud plan and affix antifraud warnings to all applications and claims forms.** Melissa Calderwood gave an overview of the bill. This bill was a request from the Insurance Department to clarify the term, “fraudulent insurance act,” and to update a requirement for the submission of anti-fraud plans. The Committee heard a request to include provisions of **HB 2519** that relate to access by the Insurance Department for expunged records of applicants for insurance agent licenses.

**SB 71–Substitute for SB 71 by Committee on Financial Institutions and Insurance -- Insurance agents; additional lines, fingerprinting and criminal history record check requirements** did not get a hearing in the House and was requested to be put into **HB 2485.**

*Senator Masterson moved to insert the balloon for **HB 2519** into **HB 2485.** Senator Olson seconded and the motion carried.*

*Senator Masterson moved to insert **Substitute for SB 71 as amended into HB 2485.** Senator Longbine seconded and the motion carried.*

*Senator Masterson moved to move **HB 2485** favorably as amended out of Committee. Senator Olson seconded and the motion carried.*

The contents of **HB 2373** and **HB 2508** were discussed in an informational hearing in the Committee. Melissa Calderwood said that in addition to changes for the Insurance Holding Company act, the Department has an amendment that Mr. Wilke reviewed to take out the references to affiliates in Section 7, and to reduce a penalty provision from \$5,000 to \$1,000 which were requested by industry representatives before the House Committee. **HB 2372** was passed out of the House and **HB 2508** was recommended for an Interim Committee.

The Chair would like to put **HB 2373** and **HB 2508** into **HB 2077** that had the contents of the bill removed last year.

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Senator Taddiken moved that **HB 2373** and **HB 2508** be inserted as amended into **HB 2077**.  
Senator Schmidt seconded and the motion carried.

Senator Schmidt moved to pass **HB 2077** as amended favorably out of Committee. Senator Masterson seconded and the motion carried.

The Chair asked for Final Action on **HB 2697–Relating to collateral assignment of the proceeds of life insurance policies.**

Senator Masterson moved to pass **HB 2697** favorably out of Committee. Senator Longbine seconded and the motion carried.

This is the last scheduled meeting for the Financial Institutions and Insurance Committee for the 2012 Session. Chairman Teichman thanked the Committee and the Staff for their good work and support for this Session.

The meeting adjourned at 10:00 AM.