

February 23, 2011

The Honorable Clark Shultz, Chairperson
House Committee on Insurance
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Shultz:

SUBJECT: Fiscal Note for HB 2208 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2208 is respectfully submitted to your committee.

HB 2208 would require insurers that want to change rates on any policy form, contract, or certificate to electronically submit a rate filing request with the Commissioner of Insurance. The bill would prohibit the insurer from using the rate change unless it is approved by the Commissioner of Insurance and unless policyholders have received notice of the change. In addition, HB 2208 would require the Commissioner to post a rate filing on the Kansas Insurance Department website within three days of the filing. The bill details the information that is required to be submitted to the Commissioner for each rate filing, as well as the information that must be conveyed to policyholders. Also, the bill establishes a Consumer Advocate within the Insurance Department to represent and advocate on behalf of the interests of health insurance policyholders with the goal of obtaining the lowest possible rates for health insurance.

The Kansas Insurance Department indicates that the passage of HB 2208 would have a fiscal effect on its operations. The bill would require expenditures for rate change hearings and for the new FTE position of Consumer Advocate in the Department's Consumer Assistance Division. An additional FTE position would also be needed in the Department's Accident and Health Division for premium rate review from the increased workload this bill would create. The Department states that costs associated with rate change hearings could vary depending on travel expenses, rent of forums for public hearings, and the salaries and wages for the additional FTE positions. The Kansas Insurance Department estimates an annual cost ranging from \$200,000 to \$250,000 from agency fee funds to implement HB 2208. Any fiscal effect associated with HB 2208 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance Department