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# Sneed Law Firm, LLC

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## Memorandum

To: The Honorable Jene Vickrey, Chair  
House Insurance Committee

From: William W. Sneed, Retained Counsel  
America's Health Insurance Plans

Date: March 6, 2019

RE: SB 32

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am Retained Counsel for America's Health Insurance Plans ("AHIP"). I am writing today on behalf of AHIP to respectfully oppose S.B. 32, legislation that has the potential to harm Kansas' individual health insurance market and result in higher costs for consumers that rely on the individual market for health coverage.

AHIP is the national association whose members provide coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers. Our members are committed to providing consumers with affordable products that offer a broad range of robust provider networks of quality, cost-efficient providers.

Although we appreciate the work of the legislature to address the issues of affordability and accessibility of health insurance across Kansas, this proposal could inadvertently harm many Kansans by creating an unlevel playing field for insurance products at the expense of vital consumer protections. Permitting the sale of a product that closely resembles insurance but without valuable consumer protections poses a danger to those that purchase the product without knowing the crucial differences between the two.

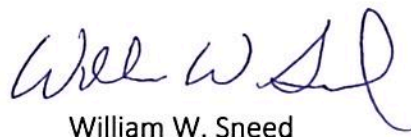
A critical element of market stability is the existence of a system where the same rules apply to all actors in a competing market. Parallel markets with different requirements for different actors inevitably results in risk-shifting that destabilizes the individual and small group market. Because S.B. 32 would exempt health benefit plans administered by the Farm Bureau from the Insurance Department's oversight, these plans may not contain the same consumer protections and other regulatory requirements that other insurance products must include. It could also result in the transfer of more favorable risk to these plans, which would increase premiums in the individual and small group market. The resulting market instability would leave individuals with serious or chronic conditions especially vulnerable to high premiums.

Moreover, the federal Department of Labor acknowledged in its proposed rule for association health plans (AHPs) that these plans, along with other multiple employer welfare arrangements, have a significant history of fraud and insolvency. Most notably, the abuses of the late 1970s and early 1980s led to the 1982 ERISA Amendments. Between 2000 and 2002, these associations left behind unpaid medical bills totaling \$252 million.

The Kansas Insurance Department has the experience of working with the state's robust insurance industry, which contributes to the state in many ways. Because of that, regulators like the Kansas Insurance Department are best situated to monitor the market conduct of association health plans. Removing these specific health benefits plans from the Insurance Department's jurisdiction would create a situation that could harm Kansans and have a negative impact on the state's insurance market.

AHIP shares the Legislature's desire to ensure that Kansans have access to affordable health care coverage options. However, as currently drafted, Senate Bill 32 is unlikely to do so. For these reasons, we oppose this bill. I am happy to answer questions at your convenience.

Respectfully submitted,



William W. Sneed

WWS:kjb