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Testimony of the American Council of Life Insurers
Before the Committee on Health and Human Services
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House Bill 2386

Madam Chair and members of the committee, thank you for the opportunity to provide testimony on proposed House Bill 2386. My name is Tyler Laughlin and I'm the Regional Vice President of State Relations for the American Council of Life Insurers.

ACLI is a national trade association whose 280 member companies account for 94 percent of total assets in the U.S. life insurance and annuity industry. There are 247 ACLI member companies licensed to do business in Kansas.

I'm testifying neutral on HB 2386, as we understand amendments to improve the bill are in order. Respectfully, we request that a couple of our lingering concerns be given proper consideration as the bill advances. We agree with the premise of the bill that there should be transparency in network leasing and provisions that allow providers to opt out of network leasing arrangement should they so choose. In fact, we have worked with state and national dental associations to craft network leasing legislation and the National Council of Insurance Legislator's (NCOIL) *Transparency in Dental Benefits Contracting Model Act* that resolves their issues while also preserving network leasing as a practice, which is beneficial to all parties. We understand that amendments to the bill are forthcoming, which we appreciate.

As you know, network leasing is an important practice that creates value for employers, providers, and consumers by expanding insurer's networks. Through leasing arrangements, dentists receive access to new market segments and new patients while consumers receive the benefits of having more dentists to choose from. Another important benefit of dental network leasing is that it allows insurers to meet state network adequacy requirements, which can be particularly difficult to do in rural and underserved areas.

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

Our requested changes pertain to the section on leasing opt-outs and notification requirements during the contract renewal and amendment process and request that this language be removed. Contracts are sometimes evergreen contracts or they renew on an annual basis. The term “material modification” appears to lack definition and could be left to interpretation on when notification should be provided. Further, annual renewal notification often occurs in an automated manner, making the requirements of the bill impractical, operationally challenging, and administratively burdensome to facilitate.

Dental providers are thoroughly informed of leasing arrangements at the time they enter into contracts with carriers and are allowed to opt out of such arrangements before signing the contract. Therefore, the redundant notifications required at the time the insurer allows the third party to gain access to the contract are also highly impractical and we request they be removed from the bill.

We also request amendments to conform HB 2386 to laws recently enacted in other states and adopted by the National Council of Insurance Legislators (NCOIL) in December 2020 to remove all terms concerning “patient steerage.” These technical changes improve the bill, expedite notification processes, and are widely accepted by insurance regulators across the country.

In a joint trades letter you received from the dental insurance industry, we made some other requests. It’s our understanding that some of our concerns are being addressed and for that, we thank you. We have “red-line” changes that we are willing to offer to address our remaining concerns and respectfully request that such changes be accepted before the legislation is moved to the floor.

Again, thanks for the opportunity testify and listen to our concerns. We welcome further discussions to improve this bill and bring it more in line with other states and the NCOIL model legislation.

Respectfully Submitted,



Tyler Laughlin