

Premium Tax Exemption for Self-Funded Health Plans; SB 335

SB 335 exempts certain qualified trade, merchant, retail, and professional associations and business leagues (business entities) in the state that provide health benefits through a self-funded health plan subject to the federal Employee Retirement Income Security Act of 1974 (ERISA), and not subject to the jurisdiction of the Kansas Insurance Department, from payment of the annual premium tax to the Department.

Current law requires each of these business entities, no later than May 1 of each year, to pay a tax to the Department at the rate of 1.0 percent per annum upon the annual Kansas gross premium collected during the preceding calendar year. For persons and entities with a principal office in a metropolitan area with boundaries in Kansas and associations with a principal office within the state that offer policies to non-residents of Kansas, the premium tax owed is based on the gross premium collected during the preceding year on health benefit plans issued to members having their principal place of business in Kansas. Such persons or entities are entitled to deduct any annual Kansas gross premiums returned due to cancellation, dividends returned to members, or expenditures used for the purchase of reinsurance or stop-loss coverage.