

As Amended by House Committee

Session of 2014

HOUSE BILL No. 2668

By Committee on Appropriations

2-12

1 AN ACT concerning insurance for qualified professional associations;  
2 amending K.S.A. 40-2222a and 40-2222b and K.S.A. 2013 Supp. 40-  
3 2222 and repealing the existing sections.

4  
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2013 Supp. 40-2222 is hereby amended to read as  
7 follows: 40-2222. **(a)** Any person or other entity which provides coverage  
8 in this state for medical, surgical, chiropractic, physical therapy, speech  
9 pathology, audiology, professional mental health, dental, hospital, or  
10 optometric expenses, whether such coverage is by direct payment,  
11 reimbursement, or otherwise, shall be presumed to be subject to the  
12 jurisdiction of the commissioner of insurance unless the person or other  
13 entity: ~~(a)-~~

14 **(1)** Is a professional association of architects incorporated in Kansas  
15 on October 4, 1954, which provides coverage for the payment of expenses  
16 described herein to or for the members of the association or dependents  
17 through a trust established November 1, 1986, and complies with K.S.A.  
18 40-2222a, and amendments thereto;

19 ~~(b)~~**(2)** is a professional association of dentists incorporated in Kansas  
20 on July 3, 1972, which provides coverage for the payment of expenses  
21 described herein to or for the members of the association or dependents  
22 through a trust established November 1, 1985, and complies with K.S.A.  
23 40-2222a, and amendments thereto;

24 ~~(c)~~~~(1)~~**(3) (A)** is a trade association of banks incorporated in Kansas  
25 on August 9, 1978, which provides coverage for the payment of expenses  
26 described herein to or for the members of the association or dependents  
27 through a trust established July 1, 1989, and complies with K.S.A. 40-  
28 2222a, and amendments thereto; or

29 ~~(2)~~**(B)** is a trade organization of banks incorporated in Kansas on  
30 June 1, 1982, which provides coverage for expenses described herein to or  
31 for members of the association or dependents, and complies with K.S.A.  
32 40-2222a, and amendments thereto;

33 ~~(d)~~**(4)** is a trade association of truckers incorporated in Kansas on  
34 July 1, 1985, which provides coverage for the payment of expenses  
35 described herein to or for the members of the association or dependents  
36 through a trust established January 1, 1990, and complies with K.S.A. 40-

1 2222a, and amendments thereto;

2 ~~(e)~~**(5)** is an association of physicians practicing in the Kansas City  
3 metropolitan area, incorporated in Missouri on March 5, 1891, and  
4 qualified as a foreign corporation in Kansas on May 19, 1987, which  
5 provides coverage for the payment of expenses described herein to or for  
6 the members of the association, their employees and dependents through a  
7 trust established November 1, 1984, and complies with K.S.A. 40-2222a,  
8 and amendments thereto;

9 **(6) is organized as a farmers' cooperative under the Kansas**  
10 **cooperative marketing act, K.S.A. 17-1601 et seq., and amendments**  
11 **thereto, on January 13, 1983, and is an association of farmers'**  
12 **cooperatives and other like associations operated on a cooperative**  
13 **basis and their affiliated companies, which provides benefits for**  
14 **employees, and family members of such employees, of such**  
15 **associations, and complies with K.S.A. 40-2222a, and amendments**  
16 **thereto;**

17 ~~(f)~~**(7)** *is any other qualified trade, merchant, retail or professional*  
18 *association, ~~trade association~~ or business league incorporated in Kansas*  
19 *which complies with K.S.A. 40-2222a, and amendments thereto;*

20 ~~(g)~~**(8)** conclusively shows by submission of an appropriate certificate,  
21 license, letter or other document issued by the United States department of  
22 labor that such person or entity is not subject to Kansas law; or

23 ~~(h)~~~~(#)~~**(9)** conclusively shows that it is subject to the jurisdiction of an  
24 agency of this state or the federal government. For purposes of this act, tax  
25 exempt status under section 501(c) of the federal internal revenue code of  
26 1986 shall not be deemed to be jurisdiction of the federal government.

27 **(b) For the purposes of this section, a qualified trade, merchant,**  
28 **retail or professional association or business league shall mean any**  
29 **bona fide trade, merchant, retail or professional association or**  
30 **business league that:**

31 **(1) Has been in existence for at least five calendar years; and**

32 **(2) is comprised of five or more employers.**

33 Sec. 2. K.S.A. 40-2222a is hereby amended to read as follows: 40-  
34 2222a. At the time the initial application for coverage is taken with respect  
35 to new applicants and upon the first renewal, reinstatement or extension of  
36 coverage following the effective date of this act with respect to persons  
37 previously covered, each association described in ~~subsections (a), (b), (c),~~  
38 ~~(d) and (e) and (f)~~ **subsection (a)** of K.S.A. 40-2222, and amendments  
39 thereto, shall provide a written notice stating that:

40 (a) The coverage is not provided by an insurance company;

41 (b) the plan is not subject to the laws and regulations relating to  
42 insurance companies;

43 (c) the plan is not under the jurisdiction of the commissioner of

1 insurance; and

2 (d) if the plan does not pay medical expenses that are eligible for  
3 payment under the plan for any reason, the individuals covered by the plan  
4 may be liable for such expenses.

5 Sec. 3. K.S.A. 40-2222b is hereby amended to read as follows: 40-  
6 2222b. (a) As a condition precedent to continuation of the exemption  
7 provided by K.S.A. 40-2222, and amendments thereto, each association  
8 described in ~~subsections (a), (b), (c), (d) and, (e) thereof and (f) of K.S.A.~~  
9 **subsection (a) of K.S.A. 40-2222, and amendments thereto**, shall, no later  
10 than May 1 of each year, pay a tax at the rate of 1% per annum upon the  
11 annual Kansas gross premium collected during the preceding calendar  
12 year. In the computation of the tax, such associations shall be entitled to  
13 deduct any annual Kansas gross premiums returned on account of  
14 cancellation or dividends returned to members or expenditures used for the  
15 purchase of reinsurance or stop-loss coverage.

16 (b) Every association subject to taxation under the provisions of this  
17 section shall pay the tax imposed and make a return ~~thereof~~ under oath to  
18 the commissioner of insurance under such rules and regulations and in  
19 such form and manner as the commissioner may prescribe.

20 Sec. 4. K.S.A. 40-2222a and 40-2222b and K.S.A. 2013 Supp. 40-  
21 2222 are hereby repealed.

22 Sec. 5. This act shall take effect and be in force from and after its  
23 publication in the statute book.