

**SENATE BILL No. 34**

By Committee on Financial Institutions and Insurance

1-22

1 AN ACT concerning insurance; relating to health insurance; exempting  
2 certain association health plans from regulation under statutes  
3 governing small employer health plans; amending K.S.A. 40-2209e and  
4 repealing the existing section.

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

7 Section 1. K.S.A. 40-2209e is hereby amended to read as follows: 40-  
8 2209e. (a) Any individual or group health benefit plan issued to a group  
9 authorized by ~~subsection (a) of~~ K.S.A. 40-2209(a), and amendments  
10 thereto, shall be subject to the provisions of this act if it provides health  
11 care benefits covering employees of a small employer and if it meets any  
12 one of the following conditions:

13 (1) Any portion of the premium is paid by a small employer, or any  
14 covered individual, whether through wage adjustments, reimbursement,  
15 withholding or otherwise;

16 (2) the health benefit plan is treated by the employer or any of the  
17 covered individuals as part of a plan or program for the purposes of section  
18 106 or section 162 of the United States internal revenue code; or

19 (3) with the permission of the board, the carrier elects to renew or  
20 continue a health benefit plan covering employees of an employer who no  
21 longer meets the definition of a "small employer."

22 (b) For purposes of this act an aggregation of two or more small  
23 employers covered under a trust arrangement ~~or a policy issued to an~~  
24 ~~association of small employers~~ pursuant to K.S.A. 40-2209, and  
25 amendments thereto, shall permit employee or member units of more than  
26 two but less than 51 employees or members and their dependents to  
27 participate in any health benefit plan to which this act applies. Any group  
28 ~~which~~ *that* includes employee or member units of 50 or fewer employees  
29 shall be subject to the provisions of this act notwithstanding its inclusion  
30 of employee or member units with more than 50 employees or members.

31 (c) Except as expressly provided in this act, no health benefit plan  
32 offered to a small employer shall be subject to:

33 (1) Any law that would inhibit any carrier from contracting with  
34 providers or groups of providers with respect to health care services or  
35 benefits;

36 (2) any law that would impose any restriction on the ability to

1 negotiate with providers regarding the level or method of reimbursing care  
2 or services provided under the health benefit plan.

3 (d) Individual policies of accident and sickness insurance issued to  
4 individuals and their dependents totally independent of any group,  
5 association or trust arrangement permitted under K.S.A. 40-2209, and  
6 amendments thereto, shall not be subject to the provisions of this act.

7 Sec. 2. K.S.A. 40-2209e is hereby repealed.

8 Sec. 3. This act shall take effect and be in force from and after April  
9 1, 2019, and its publication in the Kansas register.