
Sneed Law Firm, LLC

Memorandum

To: The Honorable Jene Vickrey, Chair
House Insurance Committee

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

Date: February 11, 2019

RE: H.B. 2074

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I represent America's Health Insurance Plans ("AHIP"). AHIP is the national trade association representing the health insurance industry. AHIP members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual and small group insurance markets, and public programs such as Medicare and Medicaid. Members offer a broad range of health insurance products in the commerce marketplace and have also demonstrated a strong commitment to participation in public programs throughout the country. Please accept this memorandum as my client's opposition to the guaranteed issue provision and preexisting condition exclusion prohibition in House Bill 2074.

AHIP is the national association whose members provide insurance 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. It is our position that every American should be able to get affordable, comprehensive coverage, regardless of their income, health status, or any pre-existing conditions.

We understand and share the concerns of the legislature about the possibility of consumers losing pre-existing condition protections should the Affordable Care Act be struck down or become unenforceable. However, enacting pre-existing condition protections, (such as community rating requirements, and a mandate to guarantee issue a policy to any individual) as a stand-alone policy will not ensure access to coverage for people with pre-existing conditions. We have specific operational and implementation concerns regarding the proposal outlined in House Bill 2074.

Operational Concerns

Enacting guaranteed issue provisions on their own can lead to a lack of affordable insurance options for everyone shopping for insurance in the individual market, both those who have pre-existing conditions and those who don't. Additional protections are needed in tandem with guaranteed issue provisions for the market to be stable and function properly. Most critically, broad-based participation is critical for an affordable and stable individual insurance marketplace. The Affordable Care Act successfully increased marketed participation because it implemented premium tax credits and a structure to shop and purchase health insurance in addition to mandating coverage on a guaranteed issue basis. This entire package of reforms continues to be crucial to ensuring Kansans who don't have employer-sponsored coverage, Medicaid, or Medicare can find and afford coverage. Broad-based enrollment in Kansas' commercial health insurance market is necessary to create and sustain a balanced risk pool and well-functioning market, and without it, the market may deteriorate because individuals and families drop coverage because it is unaffordable. Moreover, if a market is dysfunctional, experience in other states has shown that health insurance providers exit the market, reducing competition and access to coverage.

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Implementation Concerns

We have specific concerns that, as drafted, the legislation will go into effect immediately if the federal guaranteed issue and pre-existing condition protections are no longer enforceable or no longer preempt state law. Due to the nature of product filing timelines, this could pose serious implementation problems that would cause unnecessary disruption to the state's insurance markets. For the individual and small group markets, rates are usually due to the insurance department mid-summer for the following plan year (e.g., rates for 2019 were due in early July 2018). Insurers need to know what rules will apply one year before the coverage would be effective to develop those products and meet the July filing deadline for insurance department review.

For these reasons, we oppose House Bill 2074. We appreciate the opportunity to work with you on this vital issue. We look forward to working to ensure that Kansans continue to have access to affordable, comprehensive coverage.

I am available for questions at your convenience.

Respectfully submitted,



William W. Sneed

WWS:kjb