



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

FOR IMMEDIATE RELEASE

March 2, 2011

For more information, contact:

Bob Hanson
Public Information Officer
785-296-7807
bhanson@ksinsurance.org

Insurance Department hearing will focus on health reform provision

TOPEKA, Kan. — Kansas Insurance Commissioner Sandy Praeger will conduct a public fact-finding hearing March 14 regarding the impact on Kansas insurance companies and agents of a medical loss ratio (MLR) provision in the federal Affordable Care Act (ACA).

The hearing will begin at 1 p.m. in the Shawnee A Room of the Maner Conference Center adjacent to the Capitol Plaza Hotel, 1717 S.W. Topeka Blvd, Topeka.

“I am concerned about the impact of this new provision on the insurance companies operating in Kansas, and any potential disruption of the insurance market as a whole,” Commissioner Praeger said. “We want the companies and their agents to have the opportunity to give written and oral testimony about its potential effect.”

The ACA sets a minimum loss ratio of 80 percent in the *individual* health insurance market. That means each company must spend 80 cents of every dollar of health insurance premium they received on claims, leaving 20 cents for all administrative costs. This standard is in effect for 2011, and health insurers who do not meet the standard will have to provide refunds to consumers beginning in 2012.

In Kansas, the individual health insurance market is approximately 6.5 percent of the population, approximately 176,000 people. Most Kansans are covered by employer coverage, Medicare or Medicaid.

Those interested in presenting oral testimony at the hearing should contact Linda Sheppard, director of the Kansas Insurance Department’s Accident and Health Division, at ljshep@ksinsurance.org.

-More-

“Kansas insurance agents asked our department to conduct this hearing, and we think it is important to have their testimony on the record,” Commissioner Praeger said. “We intend to compile the information, and, if there is justification, petition the U.S. Department of Health and Human Services (HHS) to adjust the MLR percentage as stated in the ACA.”

HHS is the federal agency overseeing the implementation of the federal law.

-30-

The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org.