

Office of the President

March 1, 2019

Dear Friends,

More than 100 years ago farmers and ranchers across our great state came together with the belief that together their voices could accomplish more than they could alone. Since that time Kansas Farm Bureau has existed to strengthen agriculture and the lives of Kansans through advocacy, education and service.

Meeting the needs of our members has taken many different paths. Today, addressing the unsustainable cost of health coverage to ensure access to affordable care is critical to the future of agriculture and rural Kansas. We invite your partnership in this undertaking and your support for Senate Bill 32.

Why SB 32?

From 2010 to 2018, Affordable Care Act (ACA) premiums have increased by 176 percent for individual coverage and 216 percent for family coverage. Deductibles have also increased. Even the opponents of SB 32 acknowledge that premiums in the individual marketplace are unaffordable.¹ In a recent study, farmers identified the cost of health insurance as the most serious threat to their farm.² A threat more serious than the cost of land, inputs or market conditions. The same is likely true for small businesses on main streets across our state.

What is SB 32?

Hearing this consistent concern across the countryside led KFB to identify options that have worked in other states and ultimately to propose SB 32, authorizing the Kansas Farm Bureau Member Healthcare Benefit Plan. SB 32 allows for a competitive and innovative option for our members who do not qualify for ACA subsidies and have no other options for affordable coverage. As it stands today, 53 percent of Kansans receive their insurance through an employer; 31 percent from the government (Medicare, Medicaid, VA, CHIP); 8 percent are buying individual coverage, often at unaffordable rates; and 8 percent are uninsured. Plans offered under the authorization sought in SB 32 will benefit our members who are buying their own coverage or are not insured.

SB 32 authorizes Kansas Farm Bureau to offer a member healthcare benefit that is not insurance, is not offered by an insurance company and can be reinsured. During deliberations before the Senate Financial Institutions and Insurance committee some Senators were concerned there was no financial oversight of the entity offering this product. Kansas Farm Bureau worked with the

¹ Senate FI&I Committee recordings, January 30 at 9:43:42 and 9:47:41

² Health Insurance and National Farm Policy: <http://www.choicesmagazine.org/choices-magazine/submitted-articles/health-insurance-and-national-farm-policy>

committee to include language in the bill to require filing of annual certified actuarial statements which illustrate our financial ability to cover the risk associated with the products we offer. If the Insurance Commissioner detects an irregularity in the report, she may contact the Attorney General who may then investigate under the authorities of Kansas Consumer protection laws. The measure is now pending in the House Committee on Insurance.

What will coverage look like?

Following authorization from the Legislature, KFB will develop healthcare benefit coverage that will be fully underwritten and provide robust coverage. During the underwriting process, which is critical to creating affordable coverage, we expect to find health conditions. Our goal is to address those conditions and offer coverage to as many as possible. Conditions could be addressed as follows:

- Denial of coverage is an option. In our effort to say yes to as many as possible we will say no to some. In that event every other coverage option currently available will still be available.
- Health conditions could be excluded from coverage while contracts are issued for the remainder of an individual's care.
- A waiting period may be used where coverage is assumed later.

Costs of coverage may increase or decrease based upon the performance of the group of similar policy holders or age. Once a person is accepted, they will not be denied coverage. Our members and the market place will determine what is or is not needed.

KFB believes competition will enhance the marketplace and result in reduced premiums for all. SB 32 is about the future of Kansas. Families and individuals of all ages, entrepreneurs and friends making a conscious choice to return to rural communities; to raise their children, grow our economy and build a bright future for our state.

To learn more or to join us in the effort please visit www.kfb.org/kshealthplans.

Very best regards,



Rich Felts
President