Kansas Insurance Department

Wichita Association Health Underwriters
April 21, 2016

Ken Selzer, CPA
Commissioner of Insurance
Kansas Insurance Department
Kansas Insurance Department

- History
- Employees
- Budget
- Direction
  -- Efficiency
  -- Productivity
  -- Responsiveness
  -- More competition
Health & Life Division

The Health & Life Division is charged with the general supervision of all matters relating to the writing of health and life insurance. The division reviews policies and health insurance rates to ensure compliance with all applicable Kansas insurance statutes and regulations to protect Kansas consumers.

The division consists of the following employees:

Debra Guzman    Administrative Assistant
Diane Haverkamp  Policy Examiner
Christine Hollenbeck  Policy Examiner
Julie Holmes     Director
Mark McClaflin   Policy Examiner
Corey Stevens   Statistical Analyst
David Taylor    Policy Examiner
Barbara Torkelson  Policy Examiner
Craig Van Aalst Assistant Director
## Top 5 Insurers by Premium Volume

<table>
<thead>
<tr>
<th>Individual</th>
<th>Group</th>
<th>Long Term Care</th>
<th>Medicare Supplement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Genworth Life Insurance Company</td>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
</tr>
<tr>
<td>Humana Insurance Company</td>
<td>Coventry Health and Life Insurance Co.</td>
<td>Transamerica Life Insurance Company</td>
<td>United World Life Insurance Company</td>
</tr>
<tr>
<td>UnitedHealthcare Insurance Company</td>
<td>Humana Insurance Company</td>
<td>Metropolitan Life Insurance Company</td>
<td>American Continental Insurance Company</td>
</tr>
<tr>
<td>Golden Rule Insurance Company</td>
<td>Aetna Life Insurance Company</td>
<td>Continental Casualty Company</td>
<td>Blue Cross &amp; Blue Shield of Kansas City</td>
</tr>
</tbody>
</table>
## Marketplace Policies Available in Kansas in 2016

<table>
<thead>
<tr>
<th>Company</th>
<th>Type</th>
<th>Total</th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Individual</td>
<td>12</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Blue Cross and Blue Shield of Kansas City</td>
<td>Individual</td>
<td>15</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>BlueCross BlueShield Kansas Solutions, Inc.</td>
<td>Individual</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>United Healthcare of the Midwest, Inc.</td>
<td>Individual</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Individual – Multi-State Plan</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Individual Total:</strong></td>
<td></td>
<td><strong>42</strong></td>
<td><strong>12</strong></td>
<td><strong>18</strong></td>
<td><strong>10</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

Note: Companies offering plans on the Marketplace must also offer those plans off the Marketplace. The plans shown in the Off Marketplace table on the next page are not available on the Marketplace.
# Off the Marketplace Policies in Kansas in 2016

<table>
<thead>
<tr>
<th>Company</th>
<th>Type</th>
<th>Total</th>
<th>Catastrophic</th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Individual</td>
<td>8</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Blue Cross and Blue Shield of Kansas City</td>
<td>Individual</td>
<td>20</td>
<td>2</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>BlueCross BlueShield Kansas Solutions, Inc.</td>
<td>Individual</td>
<td>5</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Celtic Insurance Company</td>
<td>Individual</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Coventry Health and Life Insurance</td>
<td>Individual</td>
<td>18</td>
<td>0</td>
<td>6</td>
<td>9</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Coventry Health Care of Kansas, Inc.</td>
<td>Individual</td>
<td>40</td>
<td>0</td>
<td>12</td>
<td>20</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Freedom Life Insurance Company of America</td>
<td>Individual</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>United Healthcare Life Insurance Company</td>
<td>Individual</td>
<td>9</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td><strong>Individual Total:</strong></td>
<td></td>
<td>103</td>
<td>3</td>
<td>33</td>
<td>45</td>
<td>21</td>
<td>1</td>
</tr>
</tbody>
</table>

*Note: Companies offering plans on the Marketplace must also offer those plans off the Marketplace. The plans shown in the Off Marketplace are not available on the Marketplace. United Healthcare of the Midwest, Inc., is not included because all of their plans were approved to be sold on the Marketplace.*
<table>
<thead>
<tr>
<th>Company</th>
<th>Type</th>
<th>Total</th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Small Group</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Blue Cross and Blue Shield of Kansas City</td>
<td>Small Group</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>BlueCross BlueShield Kansas Solutions, Inc.</td>
<td>Small Group</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Small Group Total:</td>
<td></td>
<td>12</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>
## Off SHOP Marketplace Small Business Policies

<table>
<thead>
<tr>
<th>Company</th>
<th>Type</th>
<th>Total</th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Cross and Blue Shield of Kansas, Inc.</td>
<td>Small Group</td>
<td>26</td>
<td>4</td>
<td>10</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Blue Cross and Blue Shield of Kansas City</td>
<td>Small Group</td>
<td>21</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>BlueCross BlueShield Kansas Solutions, Inc.</td>
<td>Small Group</td>
<td>10</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>United Healthcare Insurance Company</td>
<td>Small Group</td>
<td>39</td>
<td>2</td>
<td>15</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>Federated Mutual Insurance Company</td>
<td>Small Group</td>
<td>186</td>
<td>30</td>
<td>84</td>
<td>54</td>
<td>18</td>
</tr>
<tr>
<td>Aetna Life Insurance Company</td>
<td>Small Group</td>
<td>65</td>
<td>12</td>
<td>40</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Aetna Health Inc.</td>
<td>Small Group</td>
<td>160</td>
<td>30</td>
<td>100</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Humana Health Plan, Inc.</td>
<td>Small Group</td>
<td>34</td>
<td>4</td>
<td>21</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Humana Insurance Company</td>
<td>Small Group</td>
<td>35</td>
<td>4</td>
<td>22</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Small Group Total</td>
<td></td>
<td>576</td>
<td>96</td>
<td>303</td>
<td>153</td>
<td>24</td>
</tr>
</tbody>
</table>
Uninsured rates – Kansas vs. National

Source: Kansas Health Institute (KHI), 2015. KHI estimates are based on data from the U.S. Census Bureau’s 2008–2014 American Community Surveys.
Health Insurance in Kansas

• Distortions created by the ACA

• Rate increases
  • On and off exchange
  • Group plans
  • Upcoming changes at Jan. 1, 2017

• Impact of Presidential election

• For Agents & Brokers – insurers not paying commissions
## Kansas Federal Marketplace Enrollment Comparison 2015/2016

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Individuals with Plan Selection Through the Marketplace</td>
<td>96,197</td>
<td>101,555</td>
</tr>
<tr>
<td>Number of Plan Selections with Financial Assistance</td>
<td>80%</td>
<td>83%</td>
</tr>
<tr>
<td>Total Consumers Reenrolling in Coverage Through the Marketplace</td>
<td>46,393</td>
<td>60,661</td>
</tr>
<tr>
<td>Total Active Reenrollees</td>
<td>23,398</td>
<td>50,743</td>
</tr>
<tr>
<td>Active Reenrollees Who Switched Plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age &lt; 18</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Age 18 - 25</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Age 26 - 34</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Age 35 - 44</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Age 45 - 54</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Age 55 – 64</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>Age ≥ 65</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
ACA “Marketplace” in Kansas

• 101,555 plan selections for 2016, up 5.6% from prior year
  • Accounts for 3% of Kansas population
  • Another 2% buy coverage which satisfies the individual mandate off exchange

• Marketplace carriers
  • BCBS KS, Kansas Solutions Inc., BCBS KC
  • Coventry exit 12/31/15
  • UnitedHealthcare entrance 1/1/16
  • Possible new entrants for 1/1/17

• Impact of 3rd party payers

• 83% of insureds have a subsidy (APTC)

• less than 80% of effectuated policies likely to be in force at end of year
ACA “Navigators”

- Authorized by Federal Law (KID does not regulate)
- Adverse ruling against Missouri in its attempt to regulate
- “Navigator” grants provided by Federal Gov’t for training
- Two grants in Kansas (3 years each)
  - Kansas Association for the Medically Underserved (KAMU) - $516,000
  - Ascension Health - $246,886
  - New grants to be awarded by CMS in 2018
- Estimated 130 – 150 “Navigators” in Kansas
- They work in health departments, area agencies on aging, mental health centers, hospitals, and non profit organizations
Agent Licensing Topics

• Agents are key to our mission at KID (Educating and Advocating for consumers)

• Licenses issued:
  • 23,000 resident (14,500 health)
  • 100,000 non resident (53,000 health)

• First-time pass rate – 64%

• Fingerprinting of new agents
  • Current trends
  • Why needed

• Continuing Education requirements (12 hours per license)
  • Kansas is an outlier
  • NARAB II standards

• Ethics training – 1 hour per 12 hours of CE
Other Agent Matters

- Position of Trust
- Ethics; ethics training
- Wayward agents
- Agent Advisory Board at the Kansas Insurance Department
Resources for Agents at KID

• Check us out on:
  • the web – www.ksinsurance.org (hits & downloads are up)
  • Facebook - www.facebook.com/KansasInsuranceDepartment
    (helpful tips you can “share” with your customers)
  • YouTube
  • periodic articles in newspapers

• Call us at 1-800-432-2484
  • Consumer Assistance Division (12,000 calls, 3,000 complaints)
  • Fraud unit
  • Producers Licensing unit

• Who reaches out to KID: consumers, agents, insurance companies,
  healthcare providers, legislators, press, other government agencies, NAIC,
  etc.
Kansas Budget – Insurance Issues

• HMO Privilege Fee
  • increased from 1.0% to 3.3% in 2015 session
  • generated $72 million new money for SGF
  • some interested in further increases

• Exclusive Provider Organization (EPO) bill
• Efficiency study has resulted in bills to
  • form interim study group to consolidate agencies (HB 2721)
  • mandate school districts to purchase P&C insurance through a pool (HB 2730)
  • mandate school districts to purchase health insurance through the State Employee Health Plan
Cyber Risk

• Health insurance data especially vulnerable to cyber risk
  • data rich
  • more valuable in black market than other data
  • foreign governments
• 2014 was year of credit information breaches
• 2015 was year of health insurance breaches
  • Anthem (79m files)
  • Primera Blue Cross (11m)
  • Excellus Blue Cross (10m)
• Cyber resilient framework
  • only as strong as the weakest link
  • data at rest/in transit
  • Personally Identifiable Information needs higher level of protection
  • cleanup after the fact is especially difficult
Legislative Update

• Exclusive Provider Organization (EPO) bill

• Transfer to affiliate bill, Pharmacy bill, others

• Minimum auto limits

• Pool exam bill

• Efforts to make Kansas government more cost effective
Regulation Updates & New Products

• Coordination of Benefits
  • public hearing on April 30

• Utilization Review regulation update

• KID has approved several new products
  • GAP policies
  • Mandate Lite

• Likely in near future
  • EPOs (as discussed earlier)
NAIC Projects Impacting Health Underwriters

- Risk-Based Capital
- LTCi
- Cyber Risk
- Weekly webinar discussions on ACA issues with State Insurance Departments
Additional Department Initiatives

• Insurance Education Initiative

• Don’t Text While Driving contest

• Regulatory environment review

• Review of agency fee structure
Other Items of Interest

• Why health policies are not sold across state lines

• Origins of the work-based health insurance delivery system in the U.S.
Kansas Insurance Department

Ken Selzer, CPA
Commissioner of Insurance

420 SW 9th Street
Topeka, KS 66612
Phone: (785) 296-3071
Fax: (785) 296-7805

www.ksinsurance.org
commissioner@ksinsurance.org

Consumer Assistance Hotline:
1-800-432-2484