

House Health and Human Services Committee

To: Chairperson Brenda Landwehr and the Honorable Members
of the House Health and Human Services Committee

Subject: HB 2287: Health Reimbursement Arrangements

My name is Scott Day and I am a co-owner of Day Insurance Solutions, LLC, a health and life insurance agency located in Topeka, KS. I am here today to testify in favor of HB 2287.

HB 2287 would permit individual insurance premiums to run through a Cafeteria 125, which allows pretax contributions for employees. Through the establishment of a Health Reimbursement Arrangement (HRA) the employer can make pretax contributions to individual premiums, thus giving them both an incentive to contribute. This would equalize the tax discrimination that has favored those purchasing health insurance through group plans.

Shopping for group health insurance is a hassle. Employers would rather run their companies than be dealing with health insurance. Since employees under HB 2287 are allowed to select their own individual plans, they can choose from a marketplace of carriers and plan designs for the one that best meets their personal need. The employer determines the amount of contribution, if any, that they want to provide.

Since the employee owns the health insurance, it goes with them when they leave an employer. No more COBRA or State Continuation issues when an employee leaves. When health insurance is employer-based, a transitional workforce will always have a high percentage of temporarily uninsured workers. Portability is important in helping to cover this group.

Most small group carriers require that the employer contribute at least 50 percent of the premium for the individual employee. Many employers would like to contribute to their employees' health insurance, but would like to have the flexibility to determine their contribution amount. HB 2287 gives them this flexibility.

Most small group carriers require that at least 50 percent of employees participate in a plan. If this requirement is not met the whole group loses the insurance and they are all uninsured. HB 2287 allows employers to contribute to premiums without this constraint.

HB 2287 opens many possibilities for the small business owner to provide affordable health insurance coverage to their employees. The advantages are many and can help to reduce the number of uninsured without additional tax burden to our citizens.