Kansas Administrative Regulations
Economic Impact Statement
For the Kansas Division of the Budget

Kansas Board of Regents
Agency
K.A.R. 88-30-1, permanent.
K.A.R. Number(s)

Submit a hard copy of the proposed rule(s) and regulation(s) and any external documents that the proposed rule(s) and regulation(s) would adopt, along with the following to: Division of the Budget
900 SW Jackson, Room 504-N
Topeka, KS 66612

I. Brief description of the proposed rule(s) and regulation(s).
K.A.R. 88-30-1 is one of three regulations that implement the Board of Regents authority under K.S.A. 75-4101(e)(1) to “enter into one or more group insurance contracts to provide health and accident insurance coverage . . . for all students attending a state educational institution . . . and such students’ dependents . . . .” K.S.A. 75-4101(e)(4) authorizes the Board to “adopt rules and regulations necessary to administer and implement the provisions of this section.”

K.A.R. 88-30-1 defines terms that are used in the Board’s student health insurance regulations and currently defines a “student” who would be eligible for coverage under the Board’s plans to exclude any student who is enrolled in only online/distance education courses. This limitation was required to allow the insurance provider to eliminate the possibility of covering students who might be anywhere in the world and never physically present on campus in order to moderate the plans’ costs so that the Board could keep the premium as low as possible. Because one of the primary reasons the Board offers student health insurance is to keep the campus community healthy, and because the insurance provider works closely with our campus health clinics to contain costs, it is normally appropriate to limit eligibility in this manner. However, with the COVID-19 stay-at-home orders and the need to avoid group activities, the six state universities have suspended in-person classes and at this time there is no certainty as to when those in-person classes might resume. The Board is therefore seeking to amend the definition, both on a temporary and permanent basis, to allow continued coverage for students who wish to take advantage of the Board’s plans.

The proposed amendment to K.A.R. 88-30-1 would suspend the eligibility requirement that students not be entirely online or receive instruction by distance education only, beginning with the upcoming plan year, August 1, 2020, during any semester when the institution at which the student is enrolled has eliminated or substantially restricted in-person class options.

II. Statement by the agency if the rule(s) and regulation(s) is mandated by the federal government and a statement if approach chosen to address the policy issue is different from that utilized by agencies of contiguous states or the federal government. (If the approach is different, then include a statement of why the Kansas rule and regulation proposed is different)
The Board of Regents’ student health insurance regulations and the proposed amendments to K.A.R. 88-30-1 are not mandated by federal law. The federal
Affordable Care Act and other federal statutes related to certain visa holders do impact the student health insurance plan in terms of benefits that are required to be included, but those statutes do not require the Board of Regents or the State of Kansas to offer student health insurance coverage. Likewise, while the federal Families First Coronavirus Response Act and the CARES Act have provisions related to higher education institutions and their students, those Acts do not mandate the provision of student health insurance or require the specific amendments the Board is seeking at this time. According to UnitedHealthcare, Student Resources (UHC-SR), which is one of only a few entities in the student health insurance business, the Board’s student health insurance plan is comparable to other states’ student health insurance plans. UHC-SR is in the process of allowing similar amendments to their other states’ higher education institution plans.

III. Agency analysis specifically addressing following:

A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

There is no expectation that this rule and regulation, or the amendments thereto, will either enhance or restrict business activities and growth in any significant way.

B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that would be affected by the proposed rule and regulation and on the state economy as a whole;

The only businesses, sectors, public utility ratepayers, individual, or local governments that would be affected by the proposed rule and regulation are the student health insurance provider, students (and their dependents) who choose to elect coverage under the plan, and the state universities, which pay a percentage of the student-only coverage for eligible graduate students. The proposed amendment would create the potential for students who are not currently eligible for coverage to access the Board of Regents’ plan, and it would enable students who are already in the plan but who are no longer allowed to attend in-person classes due to the effects of the COVID-19 pandemic to continue their coverage. This regulation and the proposed amendments to it, could have a positive beneficial economic impact on students who choose to participate in the Board’s plan and the universities because alternative insurance options for these students would likely mean higher premiums and reduced benefits.

There will be no economic impact on other public agencies or private businesses as a result of this regulation and the regulation will neither enhance or restrict business activities and growth.

C. Businesses that would be directly affected by the proposed rule and regulation;

The only businesses that might be affected by the proposed rule and regulation amendments are the student health insurance provider and possibly other health insurance providers that might pick up the coverage.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

This proposed regulation amendment would be used to extend and continue coverage for students who would otherwise be eligible but-for the COVID-related university actions to discontinue in-person instruction and, because it is only operational in those instances, would minimize the costs of coverage to both the insurer and the insureds, as well as the state universities.
E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

Amendment of this regulation is necessary for the Board to continue providing a student health insurance option during the pendency of any campus limiting in-person instruction as is currently being experienced with the COVID-19 pandemic. The amendment has been limited to apply only during such times, thus minimizing the cost and impact of the amendment.

F. An estimate, expressed as a total dollar figure, of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to business, local governments, or members of the public.

No annual implementation or compliance costs are reasonably expected to be incurred or passed along to others as a result of enacting these changes.

Do the above total implementation and compliance costs exceed $3.0 million over any two-year period?

YES □ NO ☒

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

The Board Office simply relates the information above and has no data upon which to rely beyond our knowledge of how the student health insurance plan is administered.

Prior to the submission or resubmission of the proposed rule(s) and regulation(s), did the agency hold a public hearing if the total implementation and compliance costs exceed $3.0 million over any two-year period to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

YES □ NO ☒

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

The proposed amendments to this regulation will not increase or decrease revenues of cities, counties or school districts, or impose functions or responsibilities on those entities.
H. Describe how the agency consulted and solicited information from businesses, associations, local governments, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s).

In the interest of time and because of all of the changes that are occurring on a daily basis both on campuses and elsewhere, the Board’s Student Insurance Advisory Committee (SIAC), made up of university health center directors, international student advisors, a university CFO, and student representatives across the six campuses, has been apprised of this proposed amendment but has not had an opportunity to discuss it as yet. The Committee is scheduled to meet May 5 and this regulation amendment will be on the agenda for that meeting. This Committee is advised by both the health insurance provider and the Midwest Higher Education Commission (MHEC) and seeks feedback from each campus’s student health advisory committee. The SIAC is advisory to the Council of Business Officers (COBO), made up of each state university CFO, and COBO weighs in on the annual SIAC recommendation before taking decision items to the Council of Presidents (COPs), made up of the five state university Presidents and the Chancellor. Additionally, while the Insurance Department of is not impacted by the proposed amendments to this regulation, Board staff will send copies of the proposed regulations and a summary of them to the Department. As noted previously, these regulation amendments are anticipated to have no noticeable effect on other businesses, cities, counties, or state agencies.

1. For environmental rule(s) and regulation(s) describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, as well as the persons would bear the costs and would be affected by the failure to adopt the rule(s) and regulation(s).

Not applicable.