



Landon State Office Building
900 SW Jackson Street, Room 900-N
Topeka, KS 66612

Phone: 785-296-3981
Fax: 785-296-4813
www.kdheks.gov/hcf/

Robert Moser, MD, Secretary
Andrew Allison, PhD, Director

Sam Brownback, Governor

MEMORANDUM

TO: Health Care Commission
J. Scott Day
Steve Dechant
Sandy Praeger
Nancy Ruoff
Dennis Taylor

FROM: Mike Michael

DATE: September 16, 2011

SUBJECT: **Voluntary Insurance Plans**

The State Employee Health Plan (SEHP) offers a comprehensive benefit package. Periodically, the SEHP is contacted by agents and brokers of various voluntary insurance plans such as cancer insurance, critical illness insurance, accidental injury insurance, and other similar benefit offerings. Benefits paid under these types of plans are paid to the employee who may use the money to pay their out-of-pocket cost or to replace lost income resulting from their injury or illness or may spend the money however they choose.

Voluntary insurance offerings include cancer insurance, critical illness insurance, accidental injury insurance, may be provided without an employer contribution toward the premium. Employees interested in these products are able to purchase them in the individual insurance market or from religious groups, unions and many other organizations. The main benefit to employees in getting these plans through their employer is the ability to use payroll deduction and the ability to use pre-tax income to pay their premiums. If pre-tax funds are used, this reduces the taxable income for both the employee and the State. There will be administrative costs to the State for the set up and maintenance of additional insurance plan offerings and payroll deductions.

As K.S.A 75-6501(b) provides for a rather broad scope of eligible health plan offerings, additional clarification from the Health Care Commission (HCC) is needed on whether or not the HCC is interested in providing any of these voluntary insurance plan offerings. A request for proposal (RFP) would need to be prepared and handled in accordance with the standard competitive bidding requirements of the HCC and the State of Kansas.