

**Recommendation Form for the  
2015 Transition to Employee Choice  
Due to HHS June 2, 2014 for FF-SHOP States**

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Instructions: Please fill out the following form and attach your recommendation for a one year transition to employee choice including an evidence-based assessment of the full landscape of the small group market in your State.

**State: Kansas**

**Insurance Commissioner (signature):**



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**Sandy Praeger  
Commissioner of Insurance**

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Please adequately explain that it is in your expert judgment, based on a documented assessment of the full landscape of the small group market in your State, that the 2015 Transition to Employee Choice would be in the best interest of small employers and their employees and dependents, given the likelihood that implementing employee choice would cause issuers to price their products and plans higher than they would otherwise price them. Please base your recommendation on discussions with those issuers expected to participate in the SHOP, including naming those insurers, and keep your recommendations specific to 2015 since this is a one year transitional policy.

**See attached letter**



# Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

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June 2, 2014

**TRANSMITTED BY ELECTRONIC MAIL**

**Shop@cms.hhs.gov**

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health & Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

***RE: 2015 Transition to Employee Choice in the Federally-Facilitated SHOP***

Dear Secretary Sebelius:

As described in the Final Rule published in the Federal Register on May 27, 2014, I am submitting my recommendation that in my expert judgment, based on a documented assessment of the small group market in Kansas, not implementing employee choice for the 2015 plan year would be in the best interests of Kansas small employers, their employees and dependents.

Our deadline for submission of rate and form filings for issuers seeking to offer coverage on the FF-SHOP is June 4, 2014. However, we held discussions with the two issuers who offered SHOP plans for the 2014 year, and are expected to participate in 2015, Blue Cross and Blue Shield of Kansas and BlueCross BlueShield of Kansas City. We also solicited comments from another issuer that is very active in our small group market, Aetna. All three of the companies expressed their concerns about the implementation of employee choice for 2015 and have indicated they would need to increase the price of their products and plans to account for the employee choice adverse selection impact and the potential increase in medical costs. In addition, they also pointed to the potential for higher pricing due to the increase in administrative costs they will incur to prepare for offering employee choice later this year. Finally, our companies also expressed their concerns and uncertainty about the FF-SHOP functionality and readiness to implement employee choice for 2015.

We share the concerns raised by our issuers and the impact that all of these factors might have on small employers and their employees in Kansas. These concerns also extend to the potential impact on the entire small group market, both inside and outside of the FF-SHOP. Since ACA market rules require issuers to offer the same premium for health plans sold on and off the FF-SHOP, the impact on pricing affects all small employers purchasing coverage for their employees, regardless of whether they purchase a plan through the FF-SHOP or in our outside market. We also agree with the concerns about the readiness of the FF-SHOP to handle the

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new requirements and complexities associated with offering employee choice and believe that the additional time to prepare would be of great benefit to both the issuers and our consumers.

In light of all of the concerns expressed above, including higher costs for employee choice and implementation risks, I believe this one-year transition in the implementation of employee choice for the FF-SHOP is in the best interests of Kansas small employers and consumers.

If you have any further questions about my recommendation or would like to discuss this further, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Praeger". The signature is written in black ink and is positioned below the word "Sincerely,".

Sandy Praeger  
Commissioner of Insurance