

HOUSE BILL No. 2255

By Representative Holland

2-2

10 AN ACT concerning insurance; pertaining to changing terms of certain
11 individual policies; amending K.S.A. 40-2257 and repealing the existing
12 section.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 40-2257 is hereby amended to read as follows: 40-
16 2257. (a) Except as provided in this section, an accident and sickness
17 insurer which offers individual policies providing hospital, medical or sur-
18 gical expense benefits shall renew or continue in force such coverage at
19 the option of the individual.

20 (b) *Subject to the provisions of subsection (c)*, an accident and sick-
21 ness insurer may nonrenew or discontinue an individual policy providing
22 hospital, medical or surgical expense benefits based only on one or more
23 of the following:

24 (1) If the individual has failed to pay premiums or contributions in
25 accordance with the terms of the health insurance coverage or the acci-
26 dent and sickness insurer has not received timely premium payments;

27 (2) if the individual has performed an act or practice that constitutes
28 fraud or made an intentional misrepresentation of material fact under the
29 terms of the coverage;

30 (3) if the accident and sickness insurer is ceasing to offer individual
31 policies providing hospital, medical or surgical expense benefits in ac-
32 cordance with subsection (c);

33 (4) in the case of accident and sickness insurer which offers individual
34 policies providing hospital, medical or surgical expense benefits through
35 enrollment area, if the individual no longer resides, lives or works in the
36 medical service enrollment area (or in an area for which the accident and
37 sickness insurer is authorized to do business) but only if such coverage is
38 terminated under this paragraph uniformly without regard to any health
39 status-related factor of covered individuals; or

40 (5) if the case of a policy providing hospital, medical or surgical ex-
41 pense benefits that is made available to individuals only through one or
42 more bona fide associations, the membership of the individual in the
43 association (on the basis of which the coverage is provided) ceases but

1 only if such coverage is terminated under this paragraph uniformly with-
2 out regard to any health status-related factor of covered individuals.

3 *(c) Notwithstanding the provisions of subsection (b), no accident and*
4 *sickness insurer shall nonrenew, discontinue, modify or cancel a partic-*
5 *ular individual policy, or any provision thereof, providing hospital, med-*
6 *ical or surgical expense benefits prior to the end of the term of such policy.*

7 ~~(c)~~ *(d) If the accident and sickness insurer decides to discontinue*
8 *offering a particular individual policy providing hospital, medical or sur-*
9 *gical expense benefits such policy may only be discontinue if:*

10 (1) The accident and sickness insurer provides notice to each covered
11 individual who is provided such policy providing hospital, medical or sur-
12 gical expense benefits at least 90 days prior to the date of the discontin-
13 uation of such coverage;

14 (2) the accident and sickness insurer offers to each covered individual
15 who is provided such policy providing hospital, medical or surgical ex-
16 pense benefits the option to purchase any other individual policy provid-
17 ing hospital, medical or surgical expense benefits which is being sold by
18 the accident and sickness insurer; and

19 (3) in exercising the option to discontinue coverage and in offering
20 the option of coverage under subsection (b), the accident and sickness
21 insurer acts uniformly without regard to any health status-related factor
22 of enrolled individuals or individuals who may become eligible for cov-
23 erage under the policy.

24 ~~(c)~~ *(e) Subject to subsection ~~(c)~~ (d), if the accident and sickness in-*
25 *surer elects to discontinue offering any individual policies providing hos-*
26 *pital, medical or surgical expense benefits in this state, such insurance*
27 *coverage may be discontinued only if:*

28 (1) The accident and sickness insurer provides notice to the commis-
29 sioner and to each individual policyholder of such discontinuation at least
30 180 days prior to the date of the expiration of such coverage; and

31 (2) the accident and sickness insurer is prohibited from the issuance
32 of any individual policies providing hospital, medical or surgical expense
33 benefits in the state during a five-year period beginning on the date of
34 the discontinuation of the last individual policy providing hospital, med-
35 ical or surgical expense benefits which is not renewed.

36 ~~(c)~~ *(f) An accident and sickness insurer may modify the terms and*
37 *conditions of the individual policy providing hospital, medical or surgical*
38 *expense benefits so long as such modification is consistent with other*
39 *provisions of the insurance code and is effective on a uniform basis among*
40 *all individuals who are covered by such policy except that no such modi-*
41 *fication of the hospital, medical or surgical expense benefits or the rate or*
42 *amount of the premium for such policy shall become effective prior to the*
43 *end of such policy's term.*

- 1 ~~(f)~~ (g) In applying this section in the case of individual policies pro-
2 viding hospital, medical or surgical expense benefits that are made avail-
3 able by accident and sickness insurer to individuals only through one or
4 more associations, a reference to an “individual” is deemed to include a
5 reference to such an association of which the individual is a member.
- 6 ~~(g)~~ (h) As used in this section, “health status-related factor” means:
7 (1) A physical or mental illness medical condition; (2) claims experience;
8 (3) receipt of health care; (4) medical history; (5) genetic information; (6)
9 evidence of insurability including conditions arising out of acts of domes-
10 tic violence; and (7) disability.
- 11 ~~(h)~~ (i) As used in this section, “policies providing hospital, medical or
12 surgical expense benefits” does not include short term, limited duration
13 policies of insurance.
- 14 ~~(i)~~ (j) The commissioner is hereby authorized to adopt such rules and
15 regulations as may be necessary to carry out the provisions of this section.
- 16 Sec. 2. K.S.A. 40-2257 is hereby repealed.
- 17 Sec. 3. This act shall take effect and be in force from and after its
18 publication in the statute book.