

SESSION OF 2007

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 239**

As Amended by House Committee on  
Insurance and Financial Institutions

**Brief\***

SB 239, as amended, would enact new law by creating the Kansas Long-Term Care Insurance Prompt Payment Act, an act applying to any long-term care insurance policy issued or renewed in Kansas. The bill also would add dental claims to the Kansas Health Care Prompt Payment Act.

Provisions of the Kansas Long-Term Care Insurance Prompt Payment Act include:

- A requirement that within 30 days after receipt of any claim, any insurance company that issues a long-term care insurance policy pay a clean claim (defined as a claim having no defect or impropriety that prevents payment as a prompt payment) for reimbursement or send a notice acknowledging receipt of and the status of the claim.
- Insurance companies failing to comply with the 30-day payment provision would be responsible for paying interest at the rate of one percent per month. The individual filing the original claim would not be required to file any additional claim for the late reimbursement.
- Persons receiving a request for additional information must submit all additional information requested by the insurance company within 30 days after receipt of the request. Failure to do so would not invalidate or reduce the claim, provided the information is provided as soon as possible (as defined in KSA 40-2203). The insurance

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

company is required, within 30 days of the receipt of additional information, to pay a clean claim or send a notice stating a refusal to reimburse and specific reasons for denial.

Any violation of this act by an insurance company with flagrant and conscious disregard, or with such frequency as to constitute a general business practice, would be considered a violation of the Unfair Trade Practices Act. Additionally, the Commissioner of Insurance would be required to adopt rules and regulations necessary to carry out the provisions of the Act.

The provisions of the Kansas Long-Term Care Insurance Prompt Payment Act would take effect upon publication in the statute book and be in force on and after January 1, 2008.

The bill also would remove “dental” from the Act exclusions for the Kansas Health Care Prompt Payment Act and would add “dental” to the listing of policies and contracts permitted under the definition of “policy of accident and sickness insurance.”

## **Background**

SB 239 was requested by the Insurance Commissioner whose representative indicated that prompt pay is necessary as consumer complaints have been frequent, with certain companies consistently two to three months late with payments. The bill was supported by America’s Health Insurance Plans, the Kansas Health Care Association, and the American Council of Life Insurers.

The Senate Committee on Financial Institutions and Insurance amendment increases the time-frame for the response of the insurance company to the receipt of additional information from 15 days to 30 days. The Kansas Insurance Department, in consultation with America’s Health Insurance Plans, requested the amendment.

The House Committee on Insurance and Financial Institutions recommended an amendment to the bill to include the provisions of SB 273 (as amended by the Senate Committee on Financial Institutions and Insurance).

The fiscal note prepared by the Division of the Budget on the original bill indicates that passage of the bill would have no fiscal effect on the operations of the Kansas Insurance Department. While consumers may receive their claim reimbursements in a timely manner, the passage of this bill is unlikely to change an insurance company's determination regarding which claims should be paid and the extent to which the claims should be paid. Therefore, the note concludes, passage of the bill is unlikely to have a fiscal effect on consumers.