

## SENATE BILL No. 474

By Senator Sykes

2-4

AN ACT concerning insurance; relating to accident and health coverage; enacting the Kansas short-term limited duration insurance act; establishing definitions, disclosure, premium, renewal and underwriting requirements related thereto; authorizing the commissioner of insurance to adopt rules and regulations to implement and administer the act; amending K.S.A. 40-2,193 and repealing the existing section.

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

New Section 1. (a) This act shall be known and may be cited as the Kansas short-term limited duration insurance act.

(b) As used in this act:

(1) "Covered individual" means an individual entitled to coverage under a short-term insurance plan.

(2) "PPACA" means the federal patient protection and affordable care act, public law 111-148, as amended by the federal health care and education reconciliation act of 2010, public law 111-152.

(3) "Short-term insurance plan" means a policy of health insurance that:

(A) May be renewed for the greater of:

(i) 36 months; or

(ii) the maximum period permitted under federal law;

(B) has a term of not more than 364 days; and

(C) has an annual limit of at least \$2,000,000.

(c) A short-term insurance plan shall include coverage for the following:

(1) Ambulatory patient services;

(2) hospitalization;

(3) emergency services; and

(4) laboratory services.

(d) (1) This subsection applies to an insurer that issues a short-term insurance plan and undertakes a preferred provider plan to render healthcare services to covered individuals under the short-term insurance plan.

(2) An insurer described in paragraph (1) shall ensure that the preferred provider plan meets the following requirements:

(A) The plan includes essential community providers in accordance

1 with the PPACA;

2 (B) except for mental health and substance abuse treatment providers,  
3 the preferred provider plan is sufficient in number and types of providers  
4 to ensure that covered individuals have access to all healthcare services  
5 without unreasonable delay; and

6 (C) the plan is consistent with the network adequacy requirements  
7 that:

8 (i) Apply to qualified health plan issuers under 45 C.F.R. §  
9 156.230(a) and 45 C.F.R. § 156.230(b); and

10 (ii) each qualified health plan issuer satisfy the requirements under 45  
11 C.F.R. § 156.230(a)(1) and (2).

12 (e) (1) An insurer that issues a short-term insurance plan shall  
13 disclose to an applicant in bold 12-point type, that:

14 (A) The short-term insurance plan is not required to include coverage  
15 for all 10 of the essential health benefits required under the PPACA;

16 (B) the short-term insurance plan does not necessarily provide the full  
17 coverage that is required under PPACA; and

18 (C) the full coverage required by the PPACA may be obtained during  
19 the next PPACA annual open enrollment, which typically commences on  
20 November 1 and can be found at [https://www.healthcare.gov/quick-](https://www.healthcare.gov/quick-guide/dates-and-deadlines/)  
21 [guide/dates-and-deadlines/](https://www.healthcare.gov/quick-guide/dates-and-deadlines/); and

22 (2) an insurer shall obtain the signature of an applicant to whom the  
23 disclosures required by paragraph (1) are made.

24 (f) An insurer shall not, as a condition of enrollment or continued  
25 enrollment in a short-term insurance plan, require an individual to pay a  
26 premium or contribution greater than the premium or contribution for a  
27 similarly situated individual enrolled in the short-term insurance plan on  
28 the basis of a health status-related factor in relation to the individual or a  
29 dependent of the individual.

30 (g) This act does not prevent an insurer from establishing a premium  
31 discount, rebate or out-of-pocket payment modification in return for  
32 adherence to programs of health promotion and disease prevention.

33 (h) The commissioner shall adopt rules and regulations required to  
34 implement and administer the provisions of this act and may adopt rules  
35 and regulations regulating short-term limited duration plans that are  
36 consistent with the provisions of this act.

37 Sec. 2. K.S.A. 40-2,193 is hereby amended to read as follows: 40-  
38 2,193. (a) For the purposes of this section:

39 (1) "Specially designed policy" means an insurance policy that by  
40 design may not meet all or part of the definitions of a group or individual  
41 sickness and accident insurance policy and includes temporary sickness  
42 and accident insurance on a short-term basis.

43 (2) "Short-term insurance plan" or "short-term policy" means ~~an~~

~~insurance policy period of six months or 12 months, based upon policy design, which offers not more than one renewal period with or without a requirement of medical re-underwriting or medical requalification the same as defined in section 2, and amendments thereto.~~

(A) Because a short-term policy addresses the special needs for temporary coverage, a short-term policy is not subject to continuation provisions of the health insurance portability and accountability act of 1996{public law 104-191}.

(B) Because a short-term policy addresses the special needs for temporary coverage, a short-term policy shall be exempt from medical loss ratio calculations associated with individual sickness and accident insurance issued within the state unless such calculation excludes any monthly administration fee associated with the sale of such policy.

(b) Specially designed policies shall include policies designed to provide sickness and accident insurance for specific coverage of benefits or services that may be excluded as benefits or services cited under K.S.A. 40-2,192, and amendments thereto. Specially designed policies may include the following stand-alone policies and coverages:

- (1) Chiropractic plans;
- (2) acupuncture coverage plans;
- (3) holistic medical treatment plans;
- (4) podiatrist plans;
- (5) pharmacy plans;
- (6) psychiatric plans;
- (7) allergy plans; and
- (8) such other stand-alone plans or combinations of plans of accepted traditional and nontraditional medical practice as shall be allowable for exclusion from group or individual plans under K.S.A. 40-2,192, and amendments thereto.

(c) No specially designed policy shall be deemed to be included under the definition of group sickness and accident insurance, including short-term, limited-duration health insurance, issued or renewed inside or outside of this state and covering persons residing in this state.

Sec. 3. K.S.A. 40-2,193 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.