

SENATE BILL No. 474

By Senator Sykes

2-4

1 AN ACT concerning insurance; relating to accident and health coverage;
2 enacting the Kansas short-term limited duration insurance act;
3 establishing definitions, disclosure, premium, renewal and underwriting
4 requirements related thereto; authorizing the commissioner of insurance
5 to adopt rules and regulations to implement and administer the act;
6 amending K.S.A. 40-2,193 and repealing the existing section.
7

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

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

11 (b) As used in this act:

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

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

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

19 (A) May be renewed for the greater of:

20 (i) 36 months; or

21 (ii) the maximum period permitted under federal law;

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

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

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

26 (1) Ambulatory patient services;

27 (2) hospitalization;

28 (3) emergency services; and

29 (4) laboratory services.

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

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

36 (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

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

5 (A) Because a short-term policy addresses the special needs for
6 temporary coverage, a short-term policy is not subject to continuation
7 provisions of the health insurance portability and accountability act of
8 1996 (, public law 104-191).

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

14 (b) Specially designed policies shall include policies designed to
15 provide sickness and accident insurance for specific coverage of benefits
16 or services that may be excluded as benefits or services cited under K.S.A.
17 40-2,192, and amendments thereto. Specially designed policies may
18 include the following stand-alone policies and coverages:

19 (1) Chiropractic plans;
20 (2) acupuncture coverage plans;
21 (3) holistic medical treatment plans;
22 (4) podiatrist plans;
23 (5) pharmacy plans;
24 (6) psychiatric plans;
25 (7) allergy plans; and

26 (8) such other stand-alone plans or combinations of plans of accepted
27 traditional and nontraditional medical practice as shall be allowable for
28 exclusion from group or individual plans under K.S.A. 40-2,192, and
29 amendments thereto.

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

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

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