

**HOUSE BILL No. 2276**

By Committee on Insurance

2-10

1 AN ACT concerning health insurance; relating to mandate lite health  
2 benefits plans; commissions; specially designed policies.

3  
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. (a) This section shall apply to all insurers transacting  
6 business in the state offering individual or group sickness and accident  
7 insurance. Such insurers also may offer a mandate lite health benefit plan.  
8 A group or individual carrier may also offer a mandate lite health benefit  
9 plan.

10 (b) A mandate lite health benefit plan means an individual or group  
11 sickness and accident insurance plan that does not contain one or more of  
12 the Kansas-mandated benefits other than K.S.A. 40-2,100 and 40-2,166,  
13 and amendments thereto.

14 (c) The mandate lite health benefit plan shall contain the definitions  
15 of group or individual sickness and accident insurance with respect to  
16 major medical benefits and standard provisions or rights of coverage.

17 (d) The mandate lite health benefit plan may be issued on a group or  
18 individual basis.

19 (e) The insured shall be provided with a written notice that one or  
20 more of the state-mandated benefits are not included in the mandate lite  
21 health benefit plan.

22 (1) The mandate lite health benefit plan shall specify the health  
23 services that are included and shall specifically list the health services  
24 that will be limited or not covered from the list of state-mandated  
25 coverage other than K.S.A. 40-2,100 and 40-2,166, and amendments  
26 thereto.

27 (2) The insurer is required to retain a signed copy of this notice on  
28 file as a part of the original application as evidence that the insured has  
29 acknowledged such notice.

30 (3) Such signed copy may be in original form, electronic file form or  
31 in any other reproducible file form as may be consistent with the insurer's  
32 method of retaining application copies.

33 (f) The definition of preexisting conditions may not be more  
34 restrictive than the definition of preexisting conditions normally used for  
35 the corresponding regular individual or group insurance contracts.

36 (g) (1) A mandate lite health benefit plan shall not be required to

1 include coverage for drugs.

2 (2) The mandate lite health benefit plan may offer:

3 (A) Various optional combinations of coverage for generic, formular

4 (B) drug discount plans.

5 (h) A mandate lite health benefit plan may charge additional  
6 premiums for each optional benefit offered. Optional benefits may  
7 include mandated benefits that are not included in the mandate lite health  
8 benefit plan.

9 (i) This section shall be known and may be cited as the mandate lite  
10 health benefit plan act.

11 Sec. 2. (a) Any portion of the health insurance premiums paid by  
12 consumers that are in fact passed through as commissions shall not be  
13 considered a part of administrative expenses and shall be excluded from  
14 all determinations of the medical loss ratio calculations when totaling the  
15 ratio of premiums paid by a consumer used for claims versus  
16 administrative expenses for a policy. Any portion of premiums identified  
17 as commissions must be paid to a nonemployee in order to be excluded.  
18 Any portion of the premiums retained by the insurance company or its  
19 employees must be considered as a part of the calculation of the medical  
20 loss ratio as administrative related income.

21 (b) For the purposes of this section, "commission" means  
22 commissions to agents, consultation fees, counseling fees, consultant  
23 fees, and similar advising or sales compensation to a nonemployee  
24 licensed agent.

25 Sec. 3. (a) For the purposes of this section:

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

30 (2) "Short-term" means an insurance policy period of six months or  
31 12 months, based upon policy design, which offers not more than one  
32 renewal period with or without a requirement of medical re-underwriting  
33 or medical requalification.

34 (A) Because a short-term policy addresses the special needs for  
35 temporary coverage, a short-term policy is not subject to continuation  
36 provisions of the health insurance portability and accountability act of  
37 1996 (Public Law 104-191).

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

43 (b) Specially designed policies shall include policies designed to

1 provide sickness and accident insurance for specific coverage of benefits  
2 or services that may be excluded as benefits or services cited under  
3 section 1, and amendments thereto. Specially designed policies may  
4 include the following stand-alone policies and coverages:

- 5 (1) Chiropractic plans;
- 6 (2) acupuncture coverage plans;
- 7 (3) holistic medical treatment plans;
- 8 (4) podiatrist plans;
- 9 (5) pharmacy plans;
- 10 (6) psychiatric plans;
- 11 (7) allergy plans; and
- 12 (8) such other stand-alone plans or combinations of plans of

13 accepted traditional and nontraditional medical practice as shall be  
14 allowable for exclusion from group or individual plans under section 1,  
15 and amendments thereto.

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

20 Sec. 4. This act shall take effect and be in force from and after its  
21 publication in the statute book.  
22