

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on March 2, 2005 in Room 234-N of the Capitol.

All members were present except:  
Jim Barone- excused

Committee staff present:  
Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Ken Wilke, Office of Revisor of Statutes  
Sandy Yingling, Committee Secretary

Conferees appearing before the committee:  
Jarrod Forbes, KID

Others attending:  
See attached list.

Madam Chair reopened hearing on **SB 103**.

**SB 103 - Insurance; effect of military deployment on certain policies.**

Jarrod Forbes, Kansas Insurance Department, presented the official version for the substitute to **SB 103**. (Attachment 1) Mr. Forbes stated the compromise was two parts, health and property and casualty. Mr. Forbes stated that when a deployed individual returns and reinstates his/her insurance, the only new issue to be considered would be their age. The rest of the policy would remain the same.

Madam Chair pointed out that there are some criteria in the reinstatement. The individual would be required to have an honorable discharge. The reinstatement request must be made within 30 days after deactivation. The policyholders must be notified in writing as set forth in Section 2, paragraph (c).

Senator Brownlee asked when the person returns and goes back on their regular health insurance, if they have conditions that occurred while they were deployed, what insurance will cover that? Brad Smoot answered the individual would have a choice of going to the VA Hospital, but if they elected to use their primary insurance, the BCBS would provide coverage as well.

Senator Barnett asked why disability, dental and long term care were excluded? Brad Smoot answered, yes they are excluded. Senator Barnett asked if a military person has an existing policy covering long term care or dental care, are we not going to protect them and if so why not? Jarrod Forbes stated that was not the intention of the bill. Senator Barnett asked why are we not protecting the military personnel in this regard? Madam Chair stated she would prefer to deal with the issues before the committee and once passed the bill could be amended in the Senate.

Senator Schmidt followed up on Senator Brownlee's discussion by asking if a preexisting condition would be a factor. Mr. Forbes answered, only their age would be a consideration.

Senator Brownlee addressed Senator Barnett's concerns with regard to long term conditions. Dave Hanson stated they would prefer to see that the language was kept consistent. Larrie Ann Lower said she believes the concept is this issue could bring forth more questions by taking out the language than by leaving it in.

Ken Wilke, Office of Revisor of Statutes, offered the new structure of the bill. Ken stated that basically they took the language offered by the insurance department and put it into the original bill. The original bill had basically four sections. Now the definitions have been alphabetized. The new material is section 2 through 5. Ken set the bill up as a substitute bill so it would look cleaner as the Chair requested. (Attachment 2)

Mr. Wilke asked the insurance industry, in view of the comments that have been raised about section 3, are you considering this to be a mandate? Brad Smoot answered, no

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 2, 2005 in Room 234-N of the Capitol.

Madam Chair pointed out in section 1c that health plan means an insurance company or health insurance maintenance organization which issues individual coverage to a resident in this state. It does not go any broader than that.

Madam Chair closed the hearing on **SB 103**

Senator Wysong moved to amend **SB 103** to adopt the amendments of the Insurance Department and set up as a substitute bill. Senator Wilson seconded. The motion carried.

The meeting was adjourned.

FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: Wed, March 2, 2005

NAME	REPRESENTING
Alex A. Kotoyantz	P.I. A
<del>Janet</del>	KID
Kelly Levi	KID
Dag Wareham	Kansas Bankers Assn.
Bill Sneed	State Farm

# SENATE BILL NO. 103

(Compromised language offered by the Kansas Insurance Department)

AN ACT concerning insurance; relating to certain insurance policies issued to Kansas residents deployed in military service.

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

Section 1. As used in this act:

(a) "Personal insurance" means private passenger automobile, motorcycle, mobile homeowners, homeowners, renters and non-commercial dwelling fire insurance policies and boat, personal watercraft, snowmobile and recreational vehicle policies. ~~Personal insurance shall also include individual life and individual health insurance including an individual health insurance policy containing spouse or spouse and dependent coverage.~~

(b) "Adverse tier placement" means being subject to the rates of any tier with less coverage or higher premiums than the tier within which the insured is currently insured.

(c) "Health Plan" means any insurance company or health maintenance organization which issues individual coverage to a resident of this state.

(d) "Individual coverage" means health insurance or health maintenance organization coverage issued on other than a group or blanket basis, including an individual coverage containing coverage for a spouse, dependent, or both

(e) "Insureds" means those persons enrolled under individual coverage issued by a health plan.

(f) "Federal government sponsored health insurance program" means the TriCare program providing coverage for civilian dependents of military personnel.

Section. 2. (a) No Kansas resident activated for military service, and no spouse or any dependents of such a resident who become eligible for a federal government sponsored health insurance program as a result of such activation, shall be denied reinstatement into the same individual coverage with the same health plan that such resident lapsed as a result of activation or becoming covered by the federal government sponsored health insurance program. Such resident will have the right to reinstatement in the same individual coverage without medical underwriting and in the same rating tier that the resident held prior to activation or becoming covered under the federal government sponsored health insurance program, subject to payment of the current premium charged to other persons of the same age and gender that are covered under the same individual coverage. Except in the case of birth or adoptions that occur during the period of activation, reinstatement must be into the same membership type, or a membership type covering fewer persons, as such resident held prior to lapsing the individual coverage, and at the same or higher deductible level. The reinstatement rights shall not be available

Attachment 1  
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to an insured or dependents if the activated person is discharged from the military under other than honorable conditions.

(b) The health plan with which the reinstatement is being requested must receive a request for such reinstatement no later than 30 days following the later of deactivation or loss of coverage under the federal government sponsored health insurance program. The health plan may request proof of loss and the timing of the loss of such government funded coverage in order to determine eligibility for reinstatement into the individual coverage. The effective date of the individual coverage will be first of the month following receipt of the notice requesting reinstatement.

(c) All health plans must provide written notice to the policyholder of individual coverage of the rights described in section 2(a). In lieu of the inclusion of such notice in the individual coverage policy, an insurance company will satisfy the notification requirement by providing a single written notice either, 1) to a policyholder enrolling into the individual coverage initially after the effective date of this act, in conjunction with the enrollment process and 2) by mailing written notice to policyholders whose coverage was effective prior to the effective date of this act no later than 90 days following the effective date of this act.

Sec. 3. The provisions of Section 2 shall not apply to any policy or certificate providing coverage for any specified disease, specified accident or accident-only coverage, credit, dental, disability income, hospital indemnity, long-term care, as defined by K.S.A. 40-2227, and any amendments thereto, medicare supplement, as defined by the commissioner of insurance by rules and regulations, vision care or other limited-benefit supplemental insurance, nor any coverage issued as a supplement to any liability insurance, workers' compensation or similar insurance, or any insurance under which benefits are payable with or without regard to fault, whether written on a group, blanket or individual basis.

Sec. 4. Nothing herein shall require a health plan to reinstate such resident if the health plan requires residency in an enrollment area and those residency requirements are not met after deactivation or loss of coverage under the government-sponsored health insurance program.

Sec. 5. All terms, conditions and limitations of the individual coverage into which reinstatement is made, will apply equally to all insureds enrolled in such coverage.

Sec. 6 No personal line of insurance issued to a Kansas resident on active military deployment beyond the borders of the United States of America, or the spouse or any dependent of such Kansas resident, shall be subject to cancellation, non-renewal, premium increase or adverse tier placement for the term of their deployment based solely upon said Kansas resident's military deployment. ~~unless such cancellation, nonrenewal, premium increase or adverse tier placement is the result of:~~  
(a) Unpaid premiums; or

~~(b) policy changes initiated by a covered individual; or  
(c) negligence on the part of any individual covered under such personal line of insurance.~~

| Sec. 7 The commissioner of insurance is hereby authorized to adopt such rules and regulations as may be necessary to carry out the provisions of this act.

| Sec. 8 This act shall take effect and be in force from and after its publication in the statute book.

## Substitute for SENATE BILL NO. 103

By Committee on Financial Institutions and Insurance

AN ACT concerning insurance; relating to certain insurance policies issued to Kansas residents deployed in military service.

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

Section 1. As used in this act:

(a) "Adverse tier placement" means being subject to the rates of any tier with less coverage or higher premiums than the tier within which the insured is currently-insured.

(b) "Federal government sponsored health insurance program" means the TriCare program providing coverage for civilian dependents of military personnel.

(c) "Health plan" means any insurance company or health maintenance organization which issues individual coverage to a resident of this state.

(d) "Individual coverage" means health insurance or health maintenance organization coverage issued on other than a group or blanket basis, including an individual coverage containing coverage for a spouse, dependent, or both.

(e) "Insureds" means persons enrolled under individual coverage issued by a health plan. Insureds includes persons covered under a policy of personal insurance.

(f) "Personal insurance" means private passenger automobile, motorcycle, mobile homeowners, homeowners, renters and non-commercial dwelling fire insurance policies and boat, personal watercraft, snowmobile and recreational vehicle policies.

Sec. 2. (a) No Kansas resident activated for military service, and no spouse or any dependents of such a resident who become eligible for a federal government sponsored health insurance program as a result of such activation, shall be denied reinstatement into the same individual coverage with the same health plan that such resident lapsed as a result of activation or becoming covered by the federal government sponsored health insurance program. Such resident will have the right to

*Attachment 2*  
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reinstatement in the same individual coverage without medical underwriting and in the same rating tier that the resident held prior to activation or becoming covered under the federal government sponsored health insurance program, subject to payment of the current premium charged to other persons of the same age and gender that are covered under the same individual coverage. Except in the case of birth or adoptions that occur during the period of activation, reinstatement must be into the same membership type, or a membership type covering fewer persons, as such resident held prior to lapsing the individual coverage, and at the same or higher deductible level. The reinstatement rights shall not be available to an insured or dependents if the activated person is discharged from the military under other than honorable conditions.

(b) The health plan with which the reinstatement is being requested must receive a request for such reinstatement no later than 30 days following the later of deactivation or loss of coverage under the federal government sponsored health insurance program. The health plan may request proof of loss and the timing of the loss of such government funded coverage in order to determine eligibility for reinstatement into the individual coverage. The effective date of the individual coverage will be first of the month following receipt of the notice requesting reinstatement.

(c) All health plans must provide written notice to the policyholder of individual coverage of the rights described in subsection (a) of section 2 and amendments thereto. In lieu of the inclusion of such notice in the individual coverage policy, an insurance company will satisfy the notification requirement by providing a single written notice either:

(1) To a policyholder enrolling into the individual coverage initially after the effective date of this act, in conjunction with the enrollment process; or

(2) by mailing written notice to policyholders whose coverage was effective prior to the effective date of this act no



later than 90 days following the effective date of this act.

Sec. 3. The provisions of section 2, and amendments thereto, shall not apply to any policy or certificate providing coverage for any specified disease, specified accident or accident-only coverage, credit, dental, disability income, hospital indemnity, long-term care, as defined by K.S.A. 40-2227, and any amendments thereto, medicare supplement, as defined by the commissioner of insurance by rules and regulations, vision care or other limited-benefit supplemental insurance, nor any coverage issued as a supplement to any liability insurance, workers' compensation or similar insurance, or any insurance under which benefits are payable with or without regard to fault, whether written on a group, blanket or individual basis.

Sec. 4. Nothing herein shall require a health plan to reinstate such resident if the health plan requires residency in an enrollment area and those residency requirements are not met after deactivation or loss of coverage under the government-sponsored health insurance program.

Sec. 5. All terms, conditions and limitations of the individual coverage into which reinstatement is made, will apply equally to all insureds enrolled in such coverage.

Sec. 6. No personal insurance issued to a Kansas resident on active military deployment beyond the borders of the United States of America, or the spouse or any dependent of such Kansas resident, shall be subject to cancellation, non-renewal, premium increase or adverse tier placement for the term of their deployment based solely upon said Kansas resident's military deployment.

Sec. 7. The commissioner of insurance is hereby authorized to adopt such rules and regulations as may be necessary to carry out the provisions of this act.

Sec. 8. This act shall take effect and be in force from and after its publication in the statute book.