

SENATE BILL No. 163

By Committee on Public Health and Welfare

2-8

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

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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 that
24 will be limited or not covered from the list of state-mandated coverage
25 other than K.S.A. 40-2,100 and 40-2,166, and amendments thereto.

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

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

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

35 (g) (1) A mandate lite health benefit plan shall not be required to
36 include coverage for drugs.

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

2 (A) Various optional combinations of coverage for generic, formulary
3 and non-formulary drugs.

4 (B) The mandate lite health benefit plan may offer drug discount
5 plans.

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

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

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

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

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

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

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

35 (A) Because a short-term policy addresses the special needs for
36 temporary coverage, a short-term policy is not subject to continuation
37 provisions of the health insurance portability and accountability act of
38 1996 (public law 104-191).

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

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

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

13 (8) such other stand-alone plans or combinations of plans of accepted
14 traditional and nontraditional medical practice as shall be allowable for
15 exclusion from group or individual plans under section 1, and amendments
16 thereto.

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

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