

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2142

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2142 would amend statutes in the Insurance Code regarding the definitions of a “fraudulent insurance act” and an “external review organization,” would require insurers to submit an antifraud plan to the Insurance Commissioner, and would amend uniform accident and sickness insurance policies provisions relating to individual insurance policies.

Fraudulent Insurance Acts

The bill would amend the definition of a “fraudulent insurance act” to add electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication to the means by which fraudulent insurance acts may be committed. The bill also would amend existing law that makes optional the submission of an antifraud plan by an insurer to the Commissioner as part of the required antifraud initiatives, and instead would require the antifraud plan to be submitted.

External Review Organizations—Accreditation

Further, the bill would amend the definition of an “external review organization,” which is an entity that conducts independent external reviews of adverse health care decisions in utilization reviews, to remove the option such an entity have experience serving in that capacity in health programs administered by the state. The bill would

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

leave as the only option the requirement the external review organization be nationally accredited and utilize health care providers actively engaged in the practice of their profession in the state who are qualified and credentialed with respect to the health care service review.

Accident and Sickness Insurance—Individual Policies

The bill would create an exclusion for individual policies in two provisions within the uniform policy requirements in KSA 40-2203 governing insurance with other insurers. Under current law, group insurance and other coverages are excepted from the definition of “other valid coverage.” The bill would exclude individual accident and sickness policies from these two provisions. (This exclusion would appear to prevent a “stacking” of insurance coverages or policies per occurrence or loss.)

“Accident and sickness insurance” is defined in current law as “any policy or contract insuring against loss resulting from sickness or bodily injury or death by accident, or both, issued by a stock, or mutual company or association or any other insurer.”

Background

The House Committee on Insurance introduced the bill at the request of the Kansas Insurance Department (Department). In the House Committee, a representative of the Department testified in support of the bill. The representative stated the bill would amend the definition of a “fraudulent insurance act” to add other means of communication to the manner in which such acts may be committed. The proponent also noted current state law provides the external review organization used by the Department be nationally accredited or work mostly with Kansas providers. However, the proponent stated the U.S. Department of Health and Human Services (HHS) granted

the state a waiver from the federal requirement that the organization be nationally accredited; this waiver expires on January 1, 2016. The proponent explained, if current law is not amended to require the organization to be nationally accredited after the expiration of the waiver, as is proposed by the bill, HHS would assume all external reviews for Kansas residents. According to the proponent, the organization used in Kansas is expected to be nationally accredited prior to the expiration of the waiver. No other testimony was provided at the hearing.

The Senate Committee on Financial Institutions and Insurance amendments inserted uniform policy provisions and created an exclusion for individual accident and sickness insurance policies.

According to the fiscal note prepared by the Division of the Budget, the Department indicates passage of the bill, as introduced, would have no fiscal effect.