

SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE BILL NO. 303

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 303, as amended, would amend provisions enacted in 2014 HB 2744 relating to insurance coverage for Autism Spectrum Disorder (ASD), including amendments to the terms “large employer” and “small employer.”

Specifically, the bill would amend the provision requiring coverage for the diagnosis and treatment of ASD for covered individuals less than 12 years old on grandfathered individual or group health insurance policies, medical service plans, contracts, fraternal benefit societies, or health maintenance organizations providing coverage for accident and health services and which is delivered, issued for delivery, amended, or renewed on or after January 1, 2016. The bill would update the descriptor of “grandfathered individual or group” health insurance policy to “individual or small group” health insurance policy.

The bill would amend “large employer” to increase the number of employees from at least 51 to at least 101 employees. The limit on the number of employees of a “small employer” would be changed from the current limit of 50 to a limit of 100 employees. (“Small” and “large” employers are terms used in connection with group health benefit plans and the ASD coverage requirement.)

The bill would take effect and be in force from and after January 1, 2016, and its publication in the statute book.

*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>

Background

The bill was introduced by the Senate Ways and Means Committee at the request of Senator Denning. At the bill hearing in the Senate Committee on Financial Institutions and Insurance, a representative of the Kansas Insurance Department (Department) provided informational remarks on the subject of the bill. The representative indicated the topic of the bill has been discussed with insurers as forms were being submitted for the next health plan year. Concerns were expressed regarding the definition of “small employer” established in the federal Affordable Care Act (ACA) and effective January 1, 2016, and the 2014 state law (HB 2744) definition of “large employer.” Further, in order to comply with ACA essential health benefits requirements, the representative indicated a state law could not provide separate coverage limitations for groups of 1-50 and groups of 51 or greater; if no changes are made to the 2014 law, Kansas would incur a liability since the language does not conform to federal law. The representative offered an amendment to update the two employer definitions, effective January 1, 2016, for consideration. No others provided testimony on the bill.

[*Staff Note:* 42 USC § 18024 (Section 1304, Patient Protection and Affordable Care Act) includes definitions associated with individual and small and large group markets and large and small employers. States are permitted, for plan years beginning before January 1, 2016, to elect to define small groups as no more than 50 employees. On and after January 1, 2016, a “small employer” must mean an employer with at least 1 but not more than 100 employees.]

The Senate Committee amendment deletes reference to an exemption contained in the bill from ASD coverage requirements for qualified health plans, as defined in the federal Patient Protection and Affordable Care Act (one of two acts known collectively as the ACA). The Senate Committee amendment also modifies a reference to grandfathered individual or group health insurance policies and modifies the

definitions of “large employer” and “small employer.” The changes to the definitions will be effective on and after January 1, 2016. The amendment was submitted by Senator Denning, in consultation with Blue Cross and Blue Shield of Kansas City and other parties.

The fiscal note prepared by the Division of the Budget on the bill, as introduced, states the Department indicates the State would face some liability for this coverage if the bill is not enacted. It is not, however, possible at the time to make an exact fiscal estimate because of the many variables that would affect the liability.