

HOUSE BILL No. 2054

By Committee on Insurance

1-22

1 AN ACT concerning insurance; relating to health insurance; amending
2 certain requirements of fully-insured association health plans;
3 amending K.S.A. 2018 Supp. 40-2209 and repealing the existing
4 section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2018 Supp. 40-2209 is hereby amended to read as
8 follows: 40-2209. (a) (1) Group sickness and accident insurance is
9 declared to be that form of sickness and accident insurance covering
10 groups of persons, with or without one or more members of their families
11 or one or more dependents. Except at the option of the employee or
12 member and except employees or members enrolling in a group policy
13 after the close of an open enrollment opportunity, no individual employee
14 or member of an insured group and no individual dependent or family
15 member may be excluded from eligibility or coverage under a policy
16 providing hospital, medical or surgical expense benefits both with respect
17 to policies issued or renewed within this state and with respect to policies
18 issued or renewed outside this state covering persons residing in this state.
19 For purposes of this section, an open enrollment opportunity shall be
20 deemed to be a period no less favorable than a period beginning on the
21 employee's or member's date of initial eligibility and ending 31 days
22 thereafter.

23 (2) An eligible employee, member or dependent who requests
24 enrollment following the open enrollment opportunity or any special
25 enrollment period for dependents as specified in ~~subsection~~ *paragraph* (3)
26 shall be considered a late enrollee. An accident and sickness insurer may
27 exclude a late enrollee, except during an open enrollment period. However,
28 an eligible employee, member or dependent shall not be considered a late
29 enrollee if:

30 (A) The individual:

31 (i) Was covered under another group policy which provided hospital,
32 medical or surgical expense benefits or was covered under section 607(1)
33 of the employee retirement income security act of 1974 (ERISA) at the
34 time the individual was eligible to enroll;

35 (ii) states in writing, at the time of the open enrollment period, that
36 coverage under another group policy—~~which~~ *that* provided hospital,

1 medical or surgical expense benefits was the reason for declining
2 enrollment, but only if the group policyholder or the accident and sickness
3 insurer required such a written statement and provided the individual with
4 notice of the requirement for a written statement and the consequences of
5 such written statement;

6 (iii) has lost coverage under another group policy providing hospital,
7 medical or surgical expense benefits or under section 607(1) of the
8 employee retirement income security act of 1974 (ERISA) as a result of
9 the termination of employment, reduction in the number of hours of
10 employment, termination of employer contributions toward such coverage,
11 the termination of the other policy's coverage, death of a spouse or divorce
12 or legal separation or was under a COBRA continuation provision and the
13 coverage under such provision was exhausted; and

14 (iv) requests enrollment within 30 days after the termination of
15 coverage under the other policy; or

16 (B) a court has ordered coverage to be provided for a spouse or minor
17 child under a covered employee's or member's policy.

18 (3) (A) If an accident and sickness insurer issues a group policy
19 providing hospital, medical or surgical expenses and makes coverage
20 available to a dependent of an eligible employee or member and such
21 dependent becomes a dependent of the employee or member through
22 marriage, birth, adoption or placement for adoption, then such group
23 policy shall provide for a dependent special enrollment period as described
24 in subsection (3)(B) of this section during which the dependent may be
25 enrolled under the policy and in the case of the birth or adoption of a child,
26 the spouse of an eligible employee or member may be enrolled if
27 otherwise eligible for coverage.

28 (B) A dependent special enrollment period under this subsection shall
29 be a period of not less than 30 days and shall begin on the later of: (i) The
30 date such dependent coverage is made available; or (ii) the date of the
31 marriage, birth or adoption or placement for adoption.

32 (C) If an eligible employee or member seeks to enroll a dependent
33 during the first 30 days of such a dependent special enrollment period, the
34 coverage of the dependent shall become effective: (i) In the case of
35 marriage, not later than the first day of the first month beginning after the
36 date the completed request for enrollment is received; (ii) in the case of the
37 birth of a dependent, as of the date of such birth; or (iii) in the case of a
38 dependent's adoption or placement for adoption, the date of such adoption
39 or placement for adoption.

40 (4) (A) No group policy providing hospital, medical or surgical
41 expense benefits issued or renewed within this state or issued or renewed
42 outside this state covering residents within this state shall limit or exclude
43 benefits for specific conditions existing at or prior to the effective date of

1 coverage thereunder. Such policy may impose a preexisting conditions
2 exclusion, not to exceed 90 days following the date of enrollment for
3 benefits for conditions whether mental or physical, regardless of the cause
4 of the condition for which medical advice, diagnosis, care or treatment was
5 recommended or received in the 90 days prior to the effective date of
6 enrollment. Any preexisting conditions exclusion shall run concurrently
7 with any waiting period.

8 (B) Such policy may impose a waiting period after full-time
9 employment starts before an employee is first eligible to enroll in any
10 applicable group policy.

11 (C) A health maintenance organization ~~which~~ *that* offers such policy
12 ~~which~~ *that* does not impose any preexisting conditions exclusion may
13 impose an affiliation period for such coverage, provided that: (i) Such
14 application period is applied uniformly without regard to any health status
15 related factors; and (ii) such affiliation period does not exceed two months.
16 The affiliation period shall run concurrently with any waiting period under
17 the plan.

18 (D) A health maintenance organization may use alternative methods
19 from those described in this subsection to address adverse selection if
20 approved by the commissioner.

21 (E) For the purposes of this section, the term "preexisting conditions
22 exclusion" shall mean, with respect to coverage, a limitation or exclusion
23 of benefits relating to a condition based on the fact that the condition was
24 present before the date of enrollment for such coverage whether or not any
25 medical advice, diagnosis, care or treatment was recommended or received
26 before such date.

27 (F) For the purposes of this section, the term "date of enrollment"
28 means the date the individual is enrolled under the group policy or, if
29 earlier, the first day of the waiting period for such enrollment.

30 (G) For the purposes of this section, the term "waiting period" means
31 with respect to a group policy the period ~~which~~ *that* must pass before the
32 individual is eligible to be covered for benefits under the terms of the
33 policy.

34 (5) Genetic information shall not be treated as a preexisting condition
35 in the absence of a diagnosis of the condition related to such information.

36 (6) A group policy providing hospital, medical or surgical expense
37 benefits may not impose any preexisting condition exclusion relating to
38 pregnancy as a preexisting condition.

39 (7) A group policy providing hospital, medical or surgical expense
40 benefits may not impose any preexisting condition waiting period in the
41 case of a child who is adopted or placed for adoption before attaining 18
42 years of age and who, as of the last day of a 30-day period beginning on
43 the date of the adoption or placement for adoption, is covered by a policy

1 specified in subsection (a). This subsection shall not apply to coverage
2 before the date of such adoption or placement for adoption.

3 (8) Such policy shall waive such a preexisting conditions exclusion to
4 the extent the employee or member or individual dependent or family
5 member was covered by: (A) A group or individual sickness and accident
6 policy; (B) coverage under section 607(1) of the employees retirement
7 income security act of 1974 (ERISA); (C) a group specified in K.S.A. 40-
8 2222, and amendments thereto; (D) part A or part B of title XVIII of the
9 social security act; (E) title XIX of the social security act, other than
10 coverage consisting solely of benefits under section 1928; (F) a state
11 children's health insurance program established pursuant to title XXI of the
12 social security act; (G) chapter 55 of title 10 United States code; (H) a
13 medical care program of the Indian health service or of a tribal
14 organization; (I) the Kansas uninsurable health plan act pursuant to
15 K.S.A. 40-2217 et seq., and amendments thereto, or a similar health
16 benefits risk pool of another state; (J) a health plan offered under chapter
17 89 of title 5, United States code, (K) a health benefit plan under section
18 5(e) of the peace corps act (22 U.S.C. § 2504(e)); or (L) a group subject to
19 K.S.A. 12-2616 et seq., and amendments thereto, ~~which~~ *that* provided
20 hospital, medical and surgical expense benefits within 63 days prior to the
21 effective date of coverage with no gap in coverage. A group policy shall
22 credit the periods of prior coverage specified in subsection (a)(7) without
23 regard to the specific benefits covered during the period of prior coverage.
24 Any period that the employee or member is in a waiting period for any
25 coverage under a group health plan or is in an affiliation period shall not
26 be taken into account in determining the continuous period under this
27 subsection.

28 (b) (1) An accident and sickness insurer which offers group policies
29 providing hospital, medical or surgical expense benefits shall provide a
30 certification as described in subsection (b)(2): (A) At the time an eligible
31 employee, member or dependent ceases to be covered under such policy or
32 otherwise becomes covered under a COBRA continuation provision; (B) in
33 the case of an eligible employee, member or dependent being covered
34 under a COBRA continuation provision, at the time such eligible
35 employee, member or dependent ceases to be covered under a COBRA
36 continuation provision; and (C) on the request on behalf of such eligible
37 employee, member or dependent made not later than 24 months after the
38 date of the cessation of the coverage described in ~~subsection (b)~~
39 *paragraph* (1)(A) or ~~(b)~~(1)(B), whichever is later.

40 (2) The certification described in this subsection is a written
41 certification of: (A) The period of coverage under a policy specified in
42 subsection (a) and any coverage under such COBRA continuation
43 provision; and (B) any waiting period imposed with respect to the eligible

1 employee, member or dependent for any coverage under such policy.

2 (c) Any group policy may impose participation requirements, define
3 full-time employees or members and otherwise be designed for the group
4 as a whole through negotiations between the group sponsor and the insurer
5 to the extent such design is not contrary to or inconsistent with this act.

6 (d) (1) An accident and sickness insurer offering a group policy
7 providing hospital, medical or surgical expense benefits must renew or
8 continue in force such coverage at the option of the policyholder or
9 certificateholder except as provided in paragraph (2) ~~below~~.

10 (2) An accident and sickness insurer may nonrenew or discontinue
11 coverage under a group policy providing hospital, medical or surgical
12 expense benefits based only on one or more of the following
13 circumstances:

14 (A) If the policyholder or certificateholder has failed to pay any
15 premium or contributions in accordance with the terms of the group policy
16 providing hospital, medical or surgical expense benefits or the accident
17 and sickness insurer has not received timely premium payments;

18 (B) if the policyholder or certificateholder has performed an act or
19 practice that constitutes fraud or made an intentional misrepresentation of
20 material fact under the terms of such coverage;

21 (C) if the policyholder or certificateholder has failed to comply with a
22 material plan provision relating to employer contribution or group
23 participation rules;

24 (D) if the accident and sickness insurer is ceasing to offer coverage in
25 such group market in accordance with ~~subsections~~ subsection (d)(3) or ~~(d)~~
26 (4);

27 (E) in the case of accident and sickness insurer that offers coverage
28 under a policy providing hospital, medical or surgical expense benefits
29 through an enrollment area, there is no longer any eligible employee,
30 member or dependent in connection with such policy who lives, resides or
31 works in the medical service enrollment area of the accident and sickness
32 insurer or in the area for which the accident and sickness insurer is
33 authorized to do business; or

34 (F) in the case of a group policy providing hospital, medical or
35 surgical expense benefits ~~which that~~ is offered through an association or
36 trust pursuant to ~~subsections~~ subsection (f)(3) or ~~(f)~~(5), the membership of
37 the employer in such association or trust ceases but only if such coverage
38 is terminated uniformly without regard to any health status related factor
39 relating to any eligible employee, member or dependent.

40 (3) In any case in which an accident and sickness insurer ~~which that~~
41 offers a group policy providing hospital, medical or surgical expense
42 benefits decides to discontinue offering such type of group policy, such
43 coverage may be discontinued only if:

1 (A) The accident and sickness insurer notifies all policyholders and
2 certificateholders and all eligible employees or members of such
3 discontinuation at least 90 days prior to the date of the discontinuation of
4 such coverage;

5 (B) the accident and sickness insurer offers to each policyholder who
6 is provided such group policy providing hospital, medical or surgical
7 expense benefits ~~which~~ *that* is being discontinued the option to purchase
8 any other group policy providing hospital, medical or surgical expense
9 benefits currently being offered by such accident and sickness insurer; and

10 (C) in exercising the option to discontinue coverage and in offering
11 the option of coverage under subparagraph (B), the accident and sickness
12 insurer acts uniformly without regard to the claims experience of those
13 policyholders or certificateholders or any health status related factors
14 relating to any eligible employee, member or dependent covered by such
15 group policy or new employees or members who may become eligible for
16 such coverage.

17 (4) If the accident and sickness insurer elects to discontinue offering
18 group policies providing hospital, medical or surgical expense benefits or
19 group coverage to a small employer pursuant to K.S.A. 40-2209f, and
20 amendments thereto, such coverage may be discontinued only if:

21 (A) The accident and sickness insurer provides notice to the
22 insurance commissioner, to all policyholders or certificateholders and to
23 all eligible employees and members covered by such group policy
24 providing hospital, medical or surgical expense benefits at least 180 days
25 prior to the date of the discontinuation of such coverage;

26 (B) all group policies providing hospital, medical or surgical expense
27 benefits offered by such accident and sickness insurer are discontinued and
28 coverage under such policies are not renewed; and

29 (C) the accident and sickness insurer may not provide for the issuance
30 of any group policies providing hospital, medical or surgical expense
31 benefits in the discontinued market during a five year period beginning on
32 the date of the discontinuation of the last such group policy which is
33 nonrenewed.

34 (e) An accident and sickness insurer offering a group policy
35 providing hospital, medical or surgical expense benefits may not establish
36 rules for eligibility (including continued eligibility) of any employee,
37 member or dependent to enroll under the terms of the group policy based
38 on any of the following factors in relation to the eligible employee,
39 member or dependent: (A) Health status;; (B) medical condition,
40 including both physical and mental illness;; (C) claims experience;; (D)
41 receipt of health care;; (E) medical history;; (F) genetic information;; (G)
42 evidence of insurability, including conditions arising out of acts of
43 domestic violence;; or (H) disability. This subsection shall not be

1 construed to require a policy providing hospital, medical or surgical
2 expense benefits to provide particular benefits other than those provided
3 under the terms of such group policy or to prevent a group policy
4 providing hospital, medical or surgical expense benefits from establishing
5 limitations or restrictions on the amount, level, extent or nature of the
6 benefits or coverage for similarly situated individuals enrolled under the
7 group policy.

8 (f) Group accident and health insurance may be offered to a group
9 under the following basis:

10 (1) Under a policy issued to an employer or trustees of a fund
11 established by an employer, who is the policyholder, insuring at least two
12 employees of such employer, for the benefit of persons other than the
13 employer. The term "employees" shall include the officers, managers,
14 employees and retired employees of the employer, the partners, if the
15 employer is a partnership, the proprietor, if the employer is an individual
16 proprietorship, the officers, managers and employees and retired
17 employees of subsidiary or affiliated corporations of a corporation
18 employer, and the individual proprietors, partners, employees and retired
19 employees of individuals and firms, the business of which and of the
20 insured employer is under common control through stock ownership
21 contract, or otherwise. The policy may provide that the term "employees"
22 may include the trustees or their employees, or both, if their duties are
23 principally connected with such trusteeship. A policy issued to insure the
24 employees of a public body may provide that the term "employees" shall
25 include elected or appointed officials.

26 (2) Under a policy issued to a labor union—~~which~~ *that* shall have a
27 constitution and bylaws insuring at least 25 members of such union.

28 (3) Under a policy issued to the trustees of a fund established by two
29 or more employers or business associations or by one or more labor unions
30 or by one or more employers and one or more labor unions, which trustees
31 shall be the policyholder, to insure employees of the employers or
32 members of the union or members of the association for the benefit of
33 persons other than the employers or the unions or the associations. The
34 term "employees" shall include the officers, managers, employees and
35 retired employees of the employer and the individual proprietor or partners
36 if the employer is an individual proprietor or partnership. The policy may
37 provide that the term "employees" shall include the trustees or their
38 employees, or both, if their duties are principally connected with such
39 trusteeship.

40 (4) A policy issued to a creditor, who shall be deemed the
41 policyholder, to insure debtors of the creditor, subject to the following
42 requirements:—~~(a)~~ (A) The debtors eligible for insurance under the policy
43 shall be all of the debtors of the creditor whose indebtedness is repayable

1 in installments, or all of any class or classes determined by conditions
2 pertaining to the indebtedness or to the purchase giving rise to the
3 indebtedness-~~(b)~~; and (B) the premium for the policy shall be paid by the
4 policyholder, either from the creditor's funds or from charges collected
5 from the insured debtors, or from both.

6 (5) A policy issued to an association-~~which~~ that has been organized
7 and is maintained for the purposes other than that of obtaining insurance,
8 insuring-at least 25 members, employees, or employees of members of the
9 association for the benefit of persons other than the association or its
10 officers. The term "employees" shall include retired employees. The
11 premiums for the policies shall be paid by the policyholder, either wholly
12 from association funds; or funds contributed by the members of such
13 association, or by employees of such members or any combination thereof.

14 (6) Under a policy issued to any other type of group which the
15 commissioner of insurance may find is properly subject to the issuance of
16 a group sickness and accident policy or contract.

17 (g) Each such policy shall contain in substance: (1) A provision that a
18 copy of the application, if any, of the policyholder shall be attached to the
19 policy when issued, that all statements made by the policyholder or by the
20 persons insured shall be deemed representations and not warranties, and
21 that no statement made by any person insured shall be used in any contest
22 unless a copy of the instrument containing the statement is or has been
23 furnished to such person or the insured's beneficiary.

24 (2) A provision setting forth the conditions under which an
25 individual's coverage terminates under the policy, including the age, if any,
26 to which an individual's coverage under the policy shall be limited, or, the
27 age, if any, at which any additional limitations or restrictions are placed
28 upon an individual's coverage under the policy.

29 (3) Provisions setting forth the notice of claim, proofs of loss and
30 claim forms, physical examination and autopsy, time of payment of claims,
31 to whom benefits are payable, payment of claims, change of beneficiary,
32 and legal action requirements. Such provisions shall not be less favorable
33 to the individual insured or the insured's beneficiary than those
34 corresponding policy provisions required to be contained in individual
35 accident and sickness policies.

36 (4) A provision that the insurer will furnish to the policyholder, for
37 the delivery to each employee or member of the insured group, an
38 individual certificate approved by the commissioner of insurance setting
39 forth in summary form a statement of the essential features of the
40 insurance coverage of such employee or member, the procedure to be
41 followed in making claim under the policy and to whom benefits are
42 payable. Such certificate shall also contain a summary of those provisions
43 required under paragraphs (2) and (3)-of this subsection-(g) in addition to

1 the other essential features of the insurance coverage. If dependents are
2 included in the coverage, only one certificate need be issued for each
3 family unit.

4 (h) No group disability income policy~~which~~ *that* integrates benefits
5 with social security benefits, shall provide that the amount of any
6 disability benefit actually being paid to the disabled person shall be
7 reduced by changes in the level of social security benefits resulting either
8 from changes in the social security law or due to cost of living adjustments
9 which become effective after the first day for which disability benefits
10 become payable.

11 (i) A group policy of insurance delivered or issued for delivery or
12 renewed~~which~~ *that* provides hospital, surgical or major medical expense
13 insurance, or any combination of these coverages, on an expense incurred
14 basis, shall provide that an employee or member or such employee's or
15 member's covered dependents whose insurance under the group policy has
16 been terminated for any reason, including discontinuance of the group
17 policy in its entirety or with respect to an insured class, and who has been
18 continuously insured under the group policy or under any group policy
19 providing similar benefits~~which~~ *that* it replaces for at least three months
20 immediately prior to termination, shall be entitled to have such coverage
21 nonetheless continued under the group policy for a period of 18 months
22 and have issued to the employee or member or such employee's or
23 member's covered dependents by the insurer, at the end of such eighteen-
24 month period of continuation, a policy of health insurance~~which~~ *that*
25 conforms to the applicable requirements specified in this subsection. This
26 requirement shall not apply to a group policy which provides benefits for
27 specific diseases or for accidental injuries only or a group policy issued to
28 an employer subject to the continuation and conversion obligations set
29 forth at title I, subtitle B, part 6 of the employee retirement income
30 security act of 1974 or at title XXII of the public health service act, as each
31 act was in effect on January 1, 1987, to the extent federal law provides the
32 employee or member or such employee's or member's covered dependents
33 with equal or greater continuation or conversion rights; or an employee or
34 member or such employee's or member's covered dependents shall not be
35 entitled to have such coverage continued or a converted policy issued to
36 the employee or member or such employee's or member's covered
37 dependents if termination of the insurance under the group policy occurred
38 because:

39 (1) The employee or member or such employee's or member's
40 covered dependents failed to pay any required contribution after receiving
41 reasonable notice of such required contribution from the insurer in
42 accordance with rules and regulations adopted by the commissioner of
43 insurance; (2) any discontinued group coverage was replaced by similar

1 group coverage within 31 days; (3) the employee or member is or could be
2 covered by medicare (title XVIII of the United States social security act as
3 added by the social security amendments of 1965 or as later amended or
4 superseded); (4) the employee or member is or could be covered to the
5 same extent by any other insured or lawful self-insured arrangement which
6 provides expense incurred hospital, surgical or medical coverage and
7 benefits for individuals in a group under which the person was not covered
8 prior to such termination; or (5) coverage for the employee or member, or
9 any covered dependent thereof, was terminated for cause as permitted by
10 the group policy or certificate of coverage approved by the commissioner.
11 In the event the group policy is terminated and not replaced the insurer
12 may issue an individual policy or certificate in lieu of a conversion policy
13 or the continuation of group coverage required herein if the individual
14 policy or certificate provides substantially similar coverage for the same or
15 less premium as the group policy. In any event, the employee or member
16 shall have the option to be issued a conversion policy ~~which~~ *that* meets the
17 requirements set forth in this subsection in lieu of the right to continue
18 group coverage.

19 (j) The continued coverage and the issuance of a converted policy
20 shall be subject to the following conditions:

21 (1) Written application for the converted policy shall be made and the
22 first premium paid to the insurer not later than 31 days after termination of
23 coverage under the group policy or not later than 31 days after notice is
24 received pursuant to paragraph (20) of this subsection.

25 (2) The converted policy shall be issued without evidence of
26 insurability.

27 (3) The employer shall give the employee and such employee's
28 covered dependents reasonable notice of the right to continuation of
29 coverage. The terminated employee or member shall pay to the insurance
30 carrier the premium for the eighteen-month continuation of coverage and
31 such premium shall be the same as that applicable to members or
32 employees remaining in the group. Failure to pay such premium shall
33 terminate coverage under the group policy at the end of the period for
34 which the premium has been paid. The premium rate charged for
35 converted policies issued subsequent to the period of continued coverage
36 shall be such that can be expected to produce an anticipated loss ratio of
37 not less than 80% based upon conversion, morbidity and reasonable
38 assumptions for expected trends in medical care costs. In the event the
39 group policy is terminated and is not replaced, converted policies may be
40 issued at self-sustaining rates that are not unreasonable in relation to the
41 coverage provided based on conversion, morbidity and reasonable
42 assumptions for expected trends in medical care costs. The frequency of
43 premium payment shall be the frequency customarily required by the

1 insurer for the policy form and plan selected, provided that the insurer
2 shall not require premium payments less frequently than quarterly.

3 (4) The effective date of the converted policy shall be the day
4 following the termination of insurance under the group policy.

5 (5) The converted policy shall cover the employee or member and the
6 employee's or member's dependents who were covered by the group policy
7 on the date of termination of insurance. At the option of the insurer, a
8 separate converted policy may be issued to cover any dependent.

9 (6) The insurer shall not be required to issue a converted policy
10 covering any person if such person is or could be covered by medicare
11 (title XVIII of the United States social security act as added by the social
12 security amendments of 1965 or as later amended or superseded).
13 Furthermore, the insurer shall not be required to issue a converted policy
14 covering any person if:

15 (A) (i) Such person is covered for similar benefits by another
16 hospital, surgical, medical or major medical expense insurance policy or
17 hospital or medical service subscriber contract or medical practice or other
18 prepayment plan or by any other plan or program, or

19 (ii) such person is eligible for similar benefits (whether or not
20 covered therefor) under any arrangement of coverage for individuals in a
21 group, whether on an insured or uninsured basis, or

22 (iii) similar benefits are provided for or available to such person,
23 pursuant to or in accordance with the requirements of any state or federal
24 law, and

25 (B) the benefits provided under the sources referred to in ~~clause~~
26 ~~subparagraph (A)(i) above~~ for such person or benefits provided or
27 available under the sources referred to in ~~clauses~~ *subparagraphs* (A)(ii)
28 and ~~(A)(iii) above~~ for such person, together with the benefits provided by
29 the converted policy, would result in over-insurance according to the
30 insurer's standards. The insurer's standards must bear some reasonable
31 relationship to actual health care costs in the area in which the insured
32 lives at the time of conversion and must be filed with the commissioner of
33 insurance prior to their use in denying coverage.

34 (7) A converted policy may include a provision whereby the insurer
35 may request information in advance of any premium due date of such
36 policy of any person covered as to whether:

37 (A) Such person is covered for similar benefits by another hospital,
38 surgical, medical or major medical expense insurance policy or hospital or
39 medical service subscriber contract or medical practice or other
40 prepayment plan or by any other plan or program;

41 (B) such person is covered for similar benefits under any arrangement
42 of coverage for individuals in a group, whether on an insured or uninsured
43 basis; or

1 (C) similar benefits are provided for or available to such person,
2 pursuant to or in accordance with the requirements of any state or federal
3 law.

4 (8) The converted policy may provide that the insurer may refuse to
5 renew the policy and the coverage of any person insured for the following
6 reasons only:

7 (A) Either the benefits provided under the sources referred to in
8 ~~clauses paragraph (6) (A)(i) and (A)(ii) of paragraph (6)~~ for such person
9 or benefits provided or available under the sources referred to in ~~clause~~
10 ~~(A)(iii) of paragraph (6)(A)(iii)~~ for such person, together with the benefits
11 provided by the converted policy, would result in over-insurance according
12 to the insurer's standards on file with the commissioner of insurance, or the
13 converted policyholder fails to provide the requested information;

14 (B) fraud or material misrepresentation in applying for any benefits
15 under the converted policy; or

16 (C) other reasons approved by the commissioner of insurance.

17 (9) An insurer shall not be required to issue a converted policy ~~which~~
18 *that* provides coverage and benefits in excess of those provided under the
19 group policy from which conversion is made.

20 (10) If the converted policy provides that any hospital, surgical or
21 medical benefits payable may be reduced by the amount of any such
22 benefits payable under the group policy after the termination of the
23 individual's insurance or the converted policy includes provisions so that
24 during the first policy year the benefits payable under the converted policy,
25 together with the benefits payable under the group policy, shall not exceed
26 those that would have been payable had the individual's insurance under
27 the group policy remained in force and effect, the converted policy shall
28 provide credit for deductibles, copayments and other conditions satisfied
29 under the group policy.

30 (11) Subject to the provisions and conditions of this act, if the group
31 insurance policy from which conversion is made insures the employee or
32 member for major medical expense insurance, the employee or member
33 shall be entitled to obtain a converted policy providing catastrophic or
34 major medical coverage under a plan meeting the following requirements:

35 (A) A maximum benefit at least equal to either, at the option of the
36 insurer, ~~paragraphs the amount described in clause (i) or (ii) below:~~

37 (i) The smaller of the following amounts:

38 The maximum benefit provided under the group policy or a maximum
39 payment of \$250,000 per covered person for all covered medical expenses
40 incurred during the covered person's lifetime.

41 (ii) The smaller of the following amounts:

42 The maximum benefit provided under the group policy or a maximum
43 payment of \$250,000 for each unrelated injury or sickness.

1 (B) Payment of benefits at the rate of 80% of covered medical
2 expenses ~~which~~ *that* are in excess of the deductible, until 20% of such
3 expenses in a benefit period reaches \$1,000, after which benefits will be
4 paid at the rate of 100% during the remainder of such benefit period.
5 Payment of benefits for outpatient treatment of mental illness, if provided
6 in the converted policy, may be at a lesser rate but not less than 50%.

7 (C) A deductible for each benefit period which, at the option of the
8 insurer, shall be: (i) The sum of the benefits deductible and \$100; or (ii)
9 the corresponding deductible in the group policy. The term "benefits
10 deductible," as used herein, means the value of any benefits provided on
11 an expense incurred basis ~~which~~ *that* are provided with respect to covered
12 medical expenses by any other hospital, surgical, or medical insurance
13 policy or hospital or medical service subscriber contract or medical
14 practice or other prepayment plan, or any other plan or program whether
15 on an insured or uninsured basis, or in accordance with the requirements of
16 any state or federal law and, if pursuant to the conditions of paragraph
17 (13), the converted policy provides both basic hospital or surgical
18 coverage and major medical coverage, the value of such basic benefits.

19 If the maximum benefit is determined by ~~clause subparagraph (A)(ii)~~
20 ~~of this paragraph~~, the insurer may require that the deductible be satisfied
21 during a period of not less than three months if the deductible is \$100 or
22 less, and not less than six months if the deductible exceeds \$100.

23 (D) The benefit period shall be each calendar year when the
24 maximum benefit is determined by ~~clause subparagraph (A)(i) of this~~
25 ~~paragraph~~ or 24 months when the maximum benefit is determined by
26 ~~clause subparagraph (A)(ii) of this paragraph~~.

27 (E) The term "covered medical expenses," as used above, shall
28 include at least, in the case of hospital room and board charges 80% of the
29 average semiprivate room and board rate for the hospital in which the
30 individual is confined and twice such amount for charges in an intensive
31 care unit. Any surgical schedule shall be consistent with those customarily
32 offered by the insurer under group or individual health insurance policies
33 and must provide at least a \$1,200 maximum benefit.

34 (12) The conversion privilege required by this act shall, if the group
35 insurance policy insures the employee or member for basic hospital or
36 surgical expense insurance as well as major medical expense insurance,
37 make available the plans of benefits set forth in paragraph (11). At the
38 option of the insurer, such plans of benefits may be provided under one
39 policy.

40 The insurer may also, in lieu of the plans of benefits set forth in
41 paragraph (11), provide a policy of comprehensive medical expense
42 benefits without first dollar coverage. The policy shall conform to the
43 requirements of paragraph (11). An insurer electing to provide such a

1 policy shall make available a low deductible option, not to exceed \$100, a
2 high deductible option between \$500 and \$1,000, and a third deductible
3 option midway between the high and low deductible options.

4 (13) The insurer, at its option, may also offer alternative plans for
5 group health conversion in addition to those required by this act.

6 (14) In the event coverage would be continued under the group policy
7 on an employee following the employee's retirement prior to the time the
8 employee is or could be covered by medicare, the employee may elect, in
9 lieu of such continuation of group insurance, to have the same conversion
10 rights as would apply had such person's insurance terminated at retirement
11 by reason of termination of employment or membership.

12 (15) The converted policy may provide for reduction of coverage on
13 any person upon such person's eligibility for coverage under medicare
14 (title XVIII of the United States social security act as added by the social
15 security amendments of 1965 or as later amended or superseded) or under
16 any other state or federal law providing for benefits similar to those
17 provided by the converted policy.

18 (16) Subject to the conditions set forth above, the continuation and
19 conversion privileges shall also be available:

20 (A) To the surviving spouse, if any, at the death of the employee or
21 member, with respect to the spouse and such children whose coverage
22 under the group policy terminates by reason of such death, otherwise to
23 each surviving child whose coverage under the group policy terminates by
24 reason of such death, or, if the group policy provides for continuation of
25 dependents' coverage following the employee's or member's death, at the
26 end of such continuation;

27 (B) to the spouse of the employee or member upon termination of
28 coverage of the spouse, while the employee or member remains insured
29 under the group policy, by reason of ceasing to be a qualified family
30 member under the group policy, with respect to the spouse and such
31 children whose coverage under the group policy terminates at the same
32 time; or

33 (C) to a child solely with respect to such child upon termination of
34 such coverage by reason of ceasing to be a qualified family member under
35 the group policy, if a conversion privilege is not otherwise provided above
36 with respect to such termination.

37 (17) The insurer may elect to provide group insurance coverage
38 ~~which that~~ complies with this act in lieu of the issuance of a converted
39 individual policy.

40 (18) A notification of the conversion privilege shall be included in
41 each certificate of coverage.

42 (19) A converted policy ~~which that~~ is delivered outside this state must
43 be on a form ~~which that~~ could be delivered in such other jurisdiction as a

1 converted policy had the group policy been issued in that jurisdiction.

2 (20) The insurer shall give the employee or member and such
3 employee's or member's covered dependents: (A) Reasonable notice of the
4 right to convert at least once during the eighteen-month continuation
5 period; or (B) for persons covered under 29 U.S.C. §§ 1161 et seq., notice
6 of the right to a conversion policy required by this subsection (d) shall be
7 given at least 30 days prior to the end of the continuation period provided
8 by 29 U.S.C. §§ 1161 et seq. or from the date the employer ceases to
9 provide any similar group health plan to any employee. Such notices shall
10 be provided in accordance with rules and regulations adopted by the
11 commissioner of insurance.

12 (k) (1) No policy issued by an insurer to which this section applies
13 shall contain a provision ~~which~~ *that* excludes, limits or otherwise restricts
14 coverage because medicaid benefits as permitted by title XIX of the social
15 security act of 1965 are or may be available for the same accident or
16 illness.

17 (2) Violation of this subsection shall be subject to the penalties
18 prescribed by K.S.A. 40-2407 and 40-2411, and amendments thereto.

19 (l) The commissioner is hereby authorized to adopt such rules and
20 regulations as may be necessary to carry out the provisions of this section.

21 Sec. 2. K.S.A. 2018 Supp. 40-2209 is hereby repealed.

22 Sec. 3. This act shall take effect and be in force from and after its
23 publication in the Kansas register.