

Kansas

Department of Insurance
420 S.W. 9th Street
Topeka, KA 66612-1678
(785) 296-7850

Summary of Important Regulations

| | |
|-----------------------------|-----|
| MEWA Regulations | No |
| TPA Regulations | Yes |
| Stop-Loss Regulations | Yes |
| UR Regulations | Yes |

NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u> | <u>Model/Similar</u> | <u>Related</u> |
|--|--|--|
| Health Insurance Reserves Model Regulation | Kan. Admin. Reg. § 40-4-21 | None |
| Comprehensive Health Ins. Cost Containment Model Act | None | None |
| Standardized Health Claims Form Model Regulation | None | Kan. Stat. Ann. § 40-2253; Kan. Admin. Regs. § 40-4-40 |
| Small Employer Health Insurance Availability Model Law | Kan Stat. Ann. §§ 40-22096 to 40-2209p | None |
| Model Regulation To Eliminate Unfair Sex Discrimination | Kan Admin. Regs. § 40-1-31; Bulletin No. 1977-3 | None |
| Health Information Privacy Model Law | None | None |
| Preferred Provider Arrangements Model Law | None | None |
| Utilization Review Model Law | None | None |
| Managed Care Plan Network Adequacy Model Law | None | Kan. Stat. Ann. §§ 40-4601 to 40-4608 |
| Third Party Administrator Law | Kan. Stat. Ann. §§ 40-3801 to 40-3811 | None |
| Stop-loss Insurance Model Law Kansas | None 2 | Bulletin 1993-12 and 1993-12 |

Addendum; Bulletin 1997-7

NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u> | <u>Model/Similar</u> | <u>Related</u> |
|--|--|--|
| Jurisdiction of Health Care Providers Model Law | None | Kan. Stat. Ann. §§ 40-2222 to 40-2223 |
| Standard Group Health Model Law | Kan. Stat. Ann. § 40-2209 (A) – (C) | None |
| Group Health Insurance Mandatory Conversion Law | Kan. Stat. Ann. § 40-2209 (D) | None |
| Group Coverage Discontinuance/ Replacement Model Regulation | None | None |
| Premium Rates and Renewability of Coverage-Small Groups | Kan. Stat. Ann. §§ 2209b to 2209o | None |
| Group Coordination of Benefits Model Law | Kan. Admin. Reg. § 40-4-34 | None |
| Model Regulation for Certification of Health Plans | None | None |
| Off-Label Drug Use Model Law | None | Kan. Stat. Ann. §§ 40-2,164 to 40-2,170 |
| Group Health Mandatory Drug/ Alcohol Dependency Law | Kan. Stat. Ann. § 40-2, 105 | None |
| Model Newborn Children's Law | Kan. Stat. Ann. § 40-2,102 | None |
| Health Examination Benefits Availability Law | None | Kan. Stat. Ann. § 40-2,102 |

NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u> | <u>Model/Similar</u> | <u>Related</u> |
|--|--|--|
| Accident and Sickness Insurance Minimum Standards Model Law | Kan. Stat. Ann. §§ 40-2216 to 40-2220 | None |
| Agents and Brokers Licensing Model Law | None | Kan. Stat. Ann. §§ 40-240; 40-241 to 40-246a |
| MEWA Licensing Model Law | None | Bulletin 1991-21 |
| Managing General Agents Law | Kan. Stat. Ann. §§ 40-2,139 to 40-2,137 | Kan. Admin. Regs. § 40-3-48 |
| Health Maintenance Organization Model Law | Kan. Stat. Ann. §§ 40-3201 to 40-3230 | None |
| Insurance Information and Privacy Protection Law | Kan. Stat. Ann. §§ 40-2,111 to 40-2,113 | None |
| Unfair Trade Practices Law | Kan. Stat. Ann. §§ 40-2401 to 40-2421 | None |
| Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Physical or Mental Impairment | None | Kan. Stat. Ann. § 40-2,109 |
| Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Total or Partial Blindness | Kan. Stat. Ann. § 40-2404(7)(c) | None |

NAIC Model Laws or Regulations

| <u>Name of Model Law/Regulation</u> | <u>Model/Similar</u> | <u>Related</u> |
|--|-------------------------------|----------------|
| Unfair Discrimination against Subjects of Domestic Abuse in Health Benefit Plans Model Law | Kan. Stat. Ann. § 40-2404 | None |
| Unfair Claims Settlement Practices Law | Kan. Stat. Ann. §§ 40-2404 | None |
| Improper Termination Practices Law | None | None |
| Employee Leasing Registration Model Law | None | None |
| Private Employer Workers' Compensation Group Self- Insurance Model Law | None | None |
| Public Employee Workers' Compensation Group Self- Insurance Model Law | None | None |
| Twenty Four Hour Coverage Pilot Project Model Law | None | None |

State-Mandates

Benefits That Must Be Covered

- Alcoholism treatment
- Bone mass measurement
- Breast reconstruction
- Dental anesthesia
- Diabetic supplies, education
- Drug abuse treatment
- Emergency services
- Gynecological exams
- Mammography screening
- Mental health, general
- Mental health, parity (45 day limit on in-patient and out-patient treatment)
- Minimum maternity stays
- Off-label drug use
- Prostate cancer screening
- Well-child care

Benefits That Must Be Offered

Maternity care

Persons Who Must Be Allowed Coverage

- Adopted children
- Continuation/dependents
- Continuation/employees
- Conversion to non-group
- Newborns

Providers Who Must Be Covered

- Chiropractors
- Dentists
- Licensed Health Professionals
- Nurse (Anesthetists)
- Nurse Practitioners
- Optometrists
- Podiatrists
- Psychologists
- Social Workers

Coordination of Benefits

- Birthday Rule? Yes
- Divorced/Separated Rule? Yes
- Joint Custody Rule? No
- Active v. Inactive Rule? Yes
- Longer v. Shorter Rule? Yes
- Managed Care Rule? No
- COBRA Rule? No
- Preservation Rule? Yes

Patient's Bill of Rights Legislation

None

High Risk Health Pool

Yes- no premium cap, however.

External Grievance System

Yes – all health plans

Basis of Filing Grievance

Investigational treatment appeals and medical necessity

Status of Decision of Grievance Panel

Advisory only

Prompt Payment of Health Claim Requirement

Yes - 30 days

Commentary

- When reimbursement or indemnity for laboratory or X-ray services are covered, mammograms or pap smears must also be covered, when performed at the direction of a licensed medical practitioner. The same deductibles, coinsurance, and other limitations that apply to other covered services may be applied to mammograms or pap smears.
- All Kansa group health plans that provide coverage to family members must also cover foster children within 280 days of the date of the child's placement in the family's home.

MEWA Regulation

MEWAs covering certain associations of architects, dentists, banks, truckers, and physicians are subject to a 1% tax on gross premiums. Additionally, these MEWAs must disclose to both newly covered and renewed persons that coverage is not provided by an insurance company or subject to state insurance laws.¹ The disclosure must also state that if the plan does not cover expenses, covered individuals may be liable for the expenses.

TPA Regulations

Kansas adopted an administrator law in 1978.²

- Fees and taxes – both initial and renewal fees are \$50.
- Records – five-year retention.
- Bond – not required.
- Registration – in offering registration, the Insurance commissioner is looking for these facts or items:
 1. Copies of TPA/insurer agreements.
 2. Any previous insurance department licenses, TPA or other business licenses canceled in previous five years.
 3. ERISA district court judgment against the TPA.
 4. No TPA insolvency or bankruptcy within past five years.
 5. No Criminal proceedings against any officers/directors of TPA within past ten years.

The TPA may have its license suspended or revoked and be fined as follows: violation of statute – up to \$500; with TPA's knowledge of wrongdoing – up to \$5,000. Specifically, there is a \$500 fine to the TPA for failing to obtain a license.

Filing Details of Self-Funded Plans

The Kansas TPA Registration Statute provides that the Commissioner of Insurance shall have access to the books and records of a registered administrator for the purpose of examination, audit, and inspection. To perform the function of regulating administrators, the Commissioner should be aware of the provisions of each agreement between and administrator and an insurer. This can be accomplished by the submission of a short synopsis of the agreement, rather than submitting a full copy of the agreement. If necessary, a representative of this office could be dispatched to examine the agreement and prepare a synopsis for our future use. In lieu of this costly and cumbersome procedure, the commissioner requests that the administrator provide it with a synopsis of each agreement.

Each synopsis should reveal the effective date of the agreement, the name of the insurance company, the name of the group insured, the state of the group's domicile where the master policy is issued, the type of insurance involved, the administrator's responsibilities as respects premiums and claims, and any other relevant information.

Please note that the submission of the administrator's entire written agreement with an insurance company is not necessary. Furthermore, a reasonable time in which to furnish this department with a synopsis of each written agreement should be within ten days of the effective date of that agreement.

Stop-Loss Regulation

By department bulletin,³ the Kansas Insurance Department limits specific to a \$10,000 minimum and aggregate to no less than 210% of expected claims.

Utilization Firm Regulations

| | |
|---------------------------------|--|
| Agency Responsible ⁴ | Dept. of Insurance |
| Requirements | Certification |
| Exemptions | Reviews solely to determine compliance with a health care plan; for internal purposes by a provider; by an HMO on its own members; workers' compensation |
| Waivers | If firm is URAC-approved |

Miscellaneous

State Premium Taxes

Commercial insurers and Blue Cross pay 1% (domestic) and 2% (out-of-state). HMOs pay 1% generally, but older HMOs may pay a lower rate.

MSA Legislation

No action.

Small Group Reform⁵

Kansas has enacted legislation allowing for the creditation of small employer health plans that would not be obligated to comply with the mandated benefit rules, including mandated providers or continuation benefits.

Specifically, if any two or more employers decide to establish a small employer health benefit plan to provide health benefits for eligible employees and their family members, they must notify the Insurance Commission and provide such Commissioner with information on the number of employees and family members to be covered. A plan may contract with more than one carrier to provide insurance.

A plan may impose a maximum aggregate amount of the benefits that are available to any covered employee or dependents. To participate in the plan, an employer may employ no more than 25 employees who do not have health insurance as a spouse, dependent, or in any other way, or who are not eligible for Medicaid or state medical assistance. In addition, an employer must not have contributed within the past two years to any health insurance premium on behalf of an employee who will be covered by the employer's contribution, other than one made solely for the benefit of the employer or the employer's dependents. The employer must make a minimum contribution, as set by the plan's board of directors, toward the premium on behalf of the covered employee.

The plan may not require the employer to be a member in any association, organization, or any other entity as a prerequisite to membership and full participation. Each employee eligible for plan coverage must make a monthly contribution equal to the total cost per month or the benefit coverage that he selects, including the administrative expenses, less the portion contributed by the employer. An employee may enroll in more than one option at a time, as long as the options do not offer overlapping services. An employer is not required to enroll an employee who is already enrolled in another health benefit plan. After an employee elects to participate in the plan, the employer must make payroll deductions for the cost payable by the employee.

Continuation of Coverage and Conversion of Benefits

Kansas law different in several respects from the COBRA requirements, including:

- Kansas law applies to employers with more than five employees. COBRA applies to employers of 20 or more employees.
- Kansas law requires that individuals be covered by a plan for three months before becoming eligible for continuation coverage. COBRA does not include such a waiting period.
- Kansas law requires that individuals apply, and pay, for coverage within 31 days of the loss of coverage. This, if an individual is too late to apply for Kansas continuation coverage, he or she still may apply for COBRA continuation coverage.

Endnotes

- ¹ Kan. Stat. Ann. § 40-2222.
 - ² Kan. Stat. Ann. § 40-3811 et. seq.
 - ³ Ins. Dept. Bulletin § 1993-12.
 - ⁴ Kan. Stat. Ann. § 44-501 et. seq.
 - ⁵ Kan. Stat. Ann. §§ 40-2239 to 40-2252.
-