

Kentucky

Department of Insurance
215 W. Main Street
Frankfort, KY 40602
(502) 564-6004

Summary of Important Regulations

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| MEWA Regulations | No |
| TPA Regulations | No |
| Stop-Loss Regulations | No |
| 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 | None | Ky. Rev. Stat. § 304.6-070 |
| Comprehensive Health Ins. Cost Containment Model Act | None | None |
| Standardized Health Claims Form Model Regulation | None | Ky. Rev. Stat. § 304.14-135 |
| Small Employer Health Insurance Availability Model Law | None | None |
| Model Regulation To Eliminate Unfair Sex Discrimination | None | None |
| Health Information Privacy Model Law | None | None |
| Preferred Provider Arrangements Model Law | None | 806 Ky. Admin. Regs. 18:020 |
| Utilization Review Model Law | None | None |
| Managed Care Plan Network Adequacy Model Law | None | None |
| Third Party Administrator Law | Ky. Rev. Stat. §§ 304.9-051 To 304.9-052;304.9-371 to 340.9-377 | None |
| Stop-loss Insurance Model Law Kentucky | None | None |

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 | Ky. Rev. Stat. §§ 304.11-040 to 304.11-050 | None |
| Standard Group Health Model Law | None | Ky. Rev. Stat. § 304.18-010 to 304.18-030 |
| Group Health Insurance Mandatory Conversion Law | None | None |
| Group Coverage Discontinuance/ Replacement Model Regulation | Ky. Rev. Stat. §§ 304.18-124 to 304.18-127 | None |
| Premium Rates and Renewability of Coverage-Small Groups | None | None |
| Group Coordination of Benefits Model Law | 806 Ky. Admin. Regs. § 18:030 | None |
| Model Regulation for Certification of Health Plans | None | None |
| Off-Label Drug Use Model Law | None | Ky. Rev. Stat. § 304.17A-137 |
| Group Health Mandatory Drug/ Alcohol Dependency Law | None | Ky. Rev. Stat. § 304.18-130 to 304.18-180; 806 Ky. Admin. Regs. § 18:010 |
| Model Newborn Children's Law | Ky. Rev. Stat. § 304.17-042, § 304.18-032, §304.38-198 | None |

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|---|------|------|
| Health Examination Benefits Availability Law | None | None |
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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 | None | None |
| Agents and Brokers Licensing Model Law | None | Ky. Rev. Stat. §§ 304.9-010 to 304.9-460 |
| MEWA Licensing Model Law | None | None |
| Managing General Agents Law | Ky. Rev. Stat. §§ 304.3-500 to 304.3-570 | None |
| Health Maintenance Organization Model Law | None | Ky. Rev. Stat. §§ 304.38-010 to 304.38-210 |
| Insurance Information and Privacy Protection Law | None | None |
| Unfair Trade Practices Law | Ky. Rev. Stat. §§ 304.12-010 to 304.12-230 | None |
| Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Physical or Mental Impairment | None | None |
| Model Regulation on Unfair Discrimination in Life and Health Insurance on the Basics of Total or Partial Blindness | Ky. Rev. Stat. §§ 304.12-080 to 304.12-085 | 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 | None | None |
| Unfair Claims Settlement Practices Law | Ky. Rev. Stat. §§ 304.12-230 | 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 | Ky. Rev. Stat. §§ 216.2960, 342.352 |

State-Mandates

Benefits That Must Be Covered

- Ambulatory surgery
- Bone marrow transplant
- Breast reconstruction
- Diabetic supplies, education
- Emergency services
- Long term care
- Mammography screening
- Minimum mastectomy stays
- Minimum maternity stays
- Off-label drug use
- TMJ disorders

Benefits That Must Be Offered

- Alcoholism
- Bone mass measurement
- General mental health
- Home health care

Persons Who Must Be Allowed Coverage

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

Providers Who Must Be Covered

- Chiropractors
- Dentists
- Optometrists
- Osteopaths

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

Continuation or Conversion

Yes

Patient's Bill of Rights Legislation

None

High Risk Health Pool

Yes- \$2,000,000 lifetime benefit cap.

External Grievance System

Yes – all health plans

Basis of Filing Grievance

Any denial

Status of Decision of Grievance Panel

Binding

Prompt Payment of Health Claim Requirement

Yes - 30 days

Commentary

- Kentucky law¹ requires group plans to allow covered group members to continue coverage for up to nine months if normal coverage terminates due to employment termination, death of a covered member, divorce, or a dependent child losing eligibility because of his or her age.
- Individuals who elect continuation coverage are still entitled to convert to individual coverage after the required period of continuation coverage has expired. Conversion coverage must cover a specified range of expenses.²

MEWA Regulation

Kentucky does not regulate MEWAs.

TPA Regulations

Kentucky does not have the model NAIC statute, but does require registration of TPAs that service Kentucky residents. The law was enacted in 1986.

The scope of the plans and administrators is essentially as set forth on the NAIC model law.

Kentucky merely requires that the TPAs so acting are licensed and known. The insurance commissioner has the right, of course, to accept or reject the new or ongoing license of any TPA.

- Licensing fee is \$50 in odd years and \$25 in even years.
- All individuals acting on behalf of a TPA firm must be designated on the application and must hold a TPA license.
- An applicant must be at least 21 years of age, financially responsible, and show certain education background as required by the Department of Insurance.
- TPAs can be fined \$2,000 per violation of the law.
- There is no bonding requirement. However, the statute requires that it be demonstrated to the satisfaction of the Commissioner that the applicant is financially responsible.

Miscellaneous

Plan Registration. A private employer that self-funds an employee medical plan must register with the insurance department.

Stop-Loss Regulation

Kentucky does not regulate stop-loss.

Utilization Firm Regulations

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|---------------------------------|----------------------------|
| Agency Responsible ³ | Dept. of Insurance |
| Requirements | Registration-Certification |
| Exemptions | Workers' compensation |
| Waivers | None |
| Comments | Provider internal reviews |

Miscellaneous

State Premium Taxes

All carriers pay 2%; Blue Cross and HMOs must pay an additional 25¢ per outpatient drug prescription if tax is not paid by the pharmacist.

MSA Legislation

No action.

Small Group Reform⁴

A newly enacted statute allows employers with 25 or fewer full-time employees to subscribe to a basic benefit policy for its employees. Designed to make health insurance affordable to small employers, the policy omits many of the benefits that are otherwise required for group policies. To qualify, the employer must not have offered any health care coverage for the preceding 12-month period. The basic benefit policy must provide at least 30 days of inpatient hospitalization, prenatal care, obstetrical care, primary and preventative care, and other services the Insurance Commissioner deems to be cost effective, including certain managed care provisions.

Endnotes

- ¹ Ky. Rev. Stat. Ann., tit. 25 § 304.18-10.
 - ² Ky. Rev. Stat. Ann., tit. 25 § 304.18-120.
 - ³ Ky. Admin. Reg. § 18:030 (1987).
 - ⁴ Ky. Rev. Stat. Ann., tit. 24 §§ 19.2329 to 35-2842.
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