

HOUSE BILL No. 2628

By Representative Holland

1-28

AN ACT concerning insurance; pertaining to changing terms of certain individual policies; amending K.S.A. 40-2257 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 40-2257 is hereby amended to read as follows: 40-2257. (a) Except as provided in this section, an accident and sickness insurer which offers individual policies providing hospital, medical or surgical expense benefits shall renew or continue in force such coverage at the option of the individual.

(b) An accident and sickness insurer may nonrenew or discontinue an individual policy providing hospital, medical or surgical expense benefits based only on one or more of the following:

(1) If the individual has failed to pay premiums or contributions in accordance with the terms of the health insurance coverage or the accident and sickness insurer has not received timely premium payments;

(2) if the individual has performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage;

(3) if the accident and sickness insurer is ceasing to offer individual policies providing hospital, medical or surgical expense benefits in accordance with subsection (c);

(4) in the case of accident and sickness insurer which offers individual policies providing hospital, medical or surgical expense benefits through enrollment area, if the individual no longer resides, lives or works in the medical service enrollment area (or in an area for which the accident and sickness insurer is authorized to do business) but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor of covered individuals; or

(5) if the case of a policy providing hospital, medical or surgical expense benefits that is made available to individuals only through one or more bona fide associations, the membership of the individual in the association (on the basis of which the coverage is provided) ceases but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor of covered individuals.

1 (c) If the accident and sickness insurer decides to discontinue offer-
2 ing a particular individual policy providing hospital, medical or surgical
3 expense benefits such policy may only be discontinue if:

4 (1) The accident and sickness insurer provides notice to each covered
5 individual who is provided such policy providing hospital, medical or sur-
6 gical expense benefits at least 90 days prior to the date of the discontinu-
7 ation of such coverage;

8 (2) the accident and sickness insurer offers to each covered individual
9 who is provided such policy providing hospital, medical or surgical ex-
10 pense benefits the option to purchase any other individual policy provid-
11 ing hospital, medical or surgical expense benefits which is being sold by
12 the accident and sickness insurer; and

13 (3) in exercising the option to discontinue coverage and in offering
14 the option of coverage under subsection (b), the accident and sickness
15 insurer acts uniformly without regard to any health status-related factor
16 of enrolled individuals or individuals who may become eligible for cov-
17 erage under the policy.

18 *No individual policy providing hospital, medical or surgical expense*
19 *benefits shall be discontinued pursuant to this subsection prior to the end*
20 *of such policy's current term.*

21 (d) Subject to subsection (c), if the accident and sickness insurer
22 elects to discontinue offering any individual policies providing hospital,
23 medical or surgical expense benefits in this state, such insurance coverage
24 may be discontinued only if:

25 (1) The accident and sickness insurer provides notice to the commis-
26 sioner and to each individual policyholder of such discontinuation at least
27 180 days prior to the date of the expiration of such coverage; and

28 (2) the accident and sickness insurer is prohibited from the issuance
29 of any individual policies providing hospital, medical or surgical expense
30 benefits in the state during a five-year period beginning on the date of
31 the discontinuation of the last individual policy providing hospital, med-
32 ical or surgical expense benefits which is not renewed.

33 (e) An accident and sickness insurer may modify the terms and condi-
34 tions of the individual policy providing hospital, medical or surgical
35 expense benefits so long as such modification is consistent with other
36 provisions of the insurance code and is effective on a uniform basis among
37 all individuals who are covered by such policy.

38 *The terms of an individual policy providing hospital, medical or sur-*
39 *gical expenses shall not be modified pursuant to this subsection prior to*
40 *the end of such policy's term.*

41 (f) In applying this section in the case of individual policies providing
42 hospital, medical or surgical expense benefits that are made available by
43 accident and sickness insurer to individuals only through one or more

1 associations, a reference to an “individual” is deemed to include a ref-
2 erence to such an association of which the individual is a member.

3 (g) As used in this section, “health status-related factor” means: (1)
4 A physical or mental illness medical condition; (2) claims experience; (3)
5 receipt of health care; (4) medical history; (5) genetic information; (6)
6 evidence of insurability including conditions arising out of acts of domes-
7 tic violence; and (7) disability.

8 (h) As used in this section, “policies providing hospital, medical or
9 surgical expense benefits” does not include short term, limited duration
10 policies of insurance.

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

13 Sec. 2. K.S.A. 40-2257 is hereby repealed.

14 Sec. 3. This act shall take effect and be in force from and after its
15 publication in the statute book.

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