

HOUSE BILL No. 2681

By Representatives Landwehr, Alford, Boman, Brown, Brunk, Calloway, Carlson, Cassidy, Crum, DeGraaf, Denning, Donohoe, Garber, Goico, Goodman, Gordon, Grange, Grosserode, Hayzlett, Hedke, Hermanson, Hildabrand, Hoffman, M. Holmes, Howell, Huebert, Kelley, Kerschen, Kiegerl, Kinzer, Kleeb, Mast, McLeland, Meigs, Mesa, Montgomery, O'Brien, O'Hara, Osterman, Peck, Powell, Prescott, Proehl, Rhoades, Rubin, Ruiz, Ryckman, Scapa, Seiwert, Siegfried, Smith, Suellentrop, Vickrey, Weber and B. Wolf

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1 AN ACT concerning insurance; relating to purchase of accident and
2 sickness insurance offered by out-of-state insurers.

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

5 Section 1. (a) Notwithstanding any other law, insurers that issue
6 policies, contracts, plans, coverages or evidences of coverage and that are
7 domiciled outside of this state may transact accident and sickness
8 insurance in this state if the insurer provides evidence to the commissioner
9 of insurance that while providing accident and sickness insurance the
10 insurer is subject to the jurisdiction of another state's insurance department
11 and that the insurer's state of domicile requires the insurer to maintain
12 financial reserves of not less than the amount required in this state.

13 (b) Any policy, contract, plan, coverage or evidence of coverage
14 issued for accident and sickness coverage pursuant to subsection (a) must
15 satisfy the actuarial standards established by the national association of
16 insurance commissioners.

17 (c) The commissioner may revoke an insurer's right to issue any
18 policy, contract, plan, coverage or evidence of coverage for accident and
19 sickness coverage pursuant to subsection (a) if any of the following
20 occurs:

21 (1) The domicile state for the insurer changes that state's financial
22 reserve requirements to less than the amount required by this state; or

23 (2) the commissioner establishes any of the following:

24 (A) A pattern of complaints about denial or delays in approving care
25 or treatment that are eventually approved;

26 (B) that the insurer has a pattern of complaints for failing to pay
27 promptly for claims;

28 (C) a pattern of poor customer service at a level that would prompt
29 seeking corrective action or remedies for insurers licensed in this state;

30 (D) a pattern of the insurer using deceptive marketing practices in this

1 state;

2 (E) that the insurer has been involved in a pattern of fraudulent
3 activities; or

4 (F) that the insurer's domicile state has identified and repeatedly
5 enforced penalties on the insurer for violations related to claim denials,
6 prompt payment, poor customer service, deceptive marketing practices or
7 fraudulent activities.

8 (d) Each written application for a policy, contract, plan, coverage or
9 evidence of coverage for accident and sickness coverage issued under this
10 section shall contain the following notice at the beginning of the document
11 printed in at least twelve-point boldfaced type:

12 Notice: This policy is issued by (name of insurer) and is governed by
13 the laws and rules of the state of (insurer's domicile state) and the policy
14 has met the requirements of that state as determined by that state's
15 department of insurance. This policy may be less expensive than others
16 because it is not subject to all of the insurance laws and rules and
17 regulations of the state of Kansas, including coverage of some services or
18 benefits mandated by law in Kansas. Additionally, this policy is subject to
19 all of the consumer protection laws or restrictions on rate changes of the
20 state of (insurer's domicile state), and not the state of Kansas. As with all
21 insurance products, before purchasing this policy, you should carefully
22 review the policy and determine what health care services the policy
23 covers and what benefits it provides, including any exclusions, limitations
24 or conditions for such services or benefits.

25 (e) Any dispute resolution mechanism or provision for notice and
26 hearing under chapter 40 of the Kansas Statutes Annotated, and
27 amendments thereto, applies to insurers issuing and delivering policies,
28 contracts, plans, coverages or evidences of coverage for accident and
29 sickness coverage under this section.

30 (f) Residents of this state who obtain a policy from a company whose
31 primary state is not this state have the right to an independent external
32 review in this state, and the decision by the independent external review
33 board to authorize the treatment or care is binding on the insurer.

34 (g) The commissioner shall adopt rules and regulations to implement
35 this section, including standard forms for the disclosure of benefits.

36 Sec. 2. This act shall take effect and be in force from and after its
37 publication in the statute book.

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