

healthplan insider

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The 2008 Kansas legislative session ended May 29th with the traditional sine die ceremony at the Statehouse. Although legislative activity began to wind down a month earlier at the start of the veto session on April 30th, many watched closely to see if the Governor would approve bills passed by the House and Senate.

Health Care Reform Overshadowed by Energy Talk

This year the entire nation focused on health care reform, and the beginning of the legislative session implied that Kansas was headed on the same trajectory. Legislators started the session with carryover health insurance mandate bills from the 2007 session, in addition to health reform provisions that were included in last year's enrolled SB 11. After a few weeks though, energy bills dominated legislative discussions and health care reform became a secondary issue.

The Kansas Health Policy Authority (KHPA), the Kansas Insurance Department and several legislators did not let energy concerns sidestep their goals. In 2007, SB 11 charged the KHPA to study health care reform options, and in November 2007, the KHPA presented a report to the Joint Committee on Health which included 21 health care reform recommendations.

During the 2008 session, the KHPA supported several legislative bills which included their health care reform recommendations. The Kansas Insurance Department supported consumer protection bills and bills that modernized the Kansas insurance code, while legislators supported additional health insurance mandates.

Enacted Health Care and Insurance Legislation Became Effective July 1

Despite many efforts, only a limited number of health care and insurance items were passed by the legislature and signed into law by the Governor. Below is an overview of significant 2008 health and life insurance legislation with information that is specific to Blue Cross and Blue Shield of Kansas business. All of the legislation highlighted below became effective July 1, 2008. Many of these bills include other items which are not addressed in this summary.

Health Care Reform Act

H Sub for SB 81, which is also known as The Health Care Reform Act of 2008, ties together several previously introduced health care reform bills. Some of the former bills focused on insurance market reforms and premium assistance, but

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the final bill modified the majority of the original bills' language.

- Increases the maximum lifetime benefit for high risk pool participants from \$1 million to \$2 million.
- Extends state continuation coverage for individuals and dependents that lose group health coverage from 6 months to 18 months. Employees shall pay the employer the premium for up to 18 months of continuation coverage and the premium shall be the same amount that the employees remaining in the group pay. *(See related story on page 3.)*
- Requires health insurers to offer groups the option to enroll in premium only cafeteria plans (POP). These plans help employers offer a way for employees to contribute towards their health insurance premiums using pre-tax dollars. Employers are not required to offer POPs to their employees.
- Provides an additional \$2.5 million in funding for safety net clinics.
- Expands the State Children's Health Insurance Program (SCHIP) for children at or below 225% of the Federal Poverty Level (FPL) in 2009 and at or below 250% of FPL in 2010. Currently, only children at or below 200% of FPL are eligible for SCHIP. This expansion is dependent on federal funding. An employer-sponsored insurance premium assistance program to help families purchase insurance through employers (when employer-based insurance is available) is also included in this expansion.
- Provides \$1.5 Million for the Wichita Graduate Medical Education program and creates the Physician Workforce and Accreditation Task Force.
- Provides dental care for Medicaid eligible pregnant women.

Mega Health Insurance Bill

This bill incorporates several other health and life insurance bills such as SB 498 - Relating to the Amount of Certain Penalties, SB 563 – Utilization Review, HB 2699 – Prompt Payment Act and others. It enacts the following:

Interest on Life Insurance Policies

– This amends K.S.A. 40-428 to require insurers to allow interest or dividends to accrue on life insurance policies until the surrender value is paid when the policy is in a deferral period.

Prompt Payment of Erroneous Claims

– This provision prohibits insurers from recouping an erroneous claim payment if more than 18 months have passed since the erroneous payment was made. In cases of fraud by the insured, insurers can use the applicable statute of limitations to recoup erroneously paid claims. This language was originally in HB 2699.

Mutual Aid Arrangements

– All voluntary non-contractual mutual aid agreements will be removed from the Kansas Insurance Code.

Penalties for Failure to Report

– Under current law, if an insurer fails to file a report or respond to a KID inquiry, the commissioner may impose a penalty of up to \$500 for each violation and an additional penalty of up to \$100 for each week after which the report or information has not been provided to the commissioner. This bill increases the penalty for violating a statute or failing to respond to an inquiry from \$500 to \$1,000; the additional penalty is amended to \$500 for each week.

Utilization Review

– This prohibits a utilization review organization from requiring notification of an inpatient hospital admission any earlier than the next business day after an inpatient admission that occurs on a weekend or holiday.

Creditor/Debtor Group Life Insurance

– This provision amends a law that limits creditor/debtor group life insurance coverage. The new language prohibits the amount of life insurance of any debtor not to exceed the amount owed by that debtor to the creditor. The current law limits the amount of the debtor's life insurance to the amount owed to the creditor, or \$100,000, whichever is less.

Rate and Form Filing Requirements

SB 209 is a carryover bill from the 2007 session and is designed to establish clear timelines, roles and responsibilities for carriers and the insurance department in terms of rate and form filings. It applies both to group and non-group filings and would call for both parties to act in good faith in conjunction with the filing process.

HIPAA Compliance Act

Each year, legislation is introduced to update the version of the HIPAA Compliance Act. This legislation is directed towards all health insurers.