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MEMORANDUM

To: Senate Committee on Financial Institutions and Insurance
From: Office of Revisor of Statutes
Date: March 18, 2021
Subject: Bill Brief for SB 199

Senate Bill 199 would amend K.S.A. 2020 Supp. 40-2,193 to bring existing state law into line with the federal definition of a short-term, limited-duration insurance policy. SB 199 bill is largely a reintroduction of HB 2053, a bill from the 2019 legislative session. To give some context, during that session there was a package of bills that was requested based upon the Final Rule promulgated by the Department of Labor in response the Executive Order 13813 from the Trump Administration, directing the Secretaries of Treasury, Labor and Health and Human Services to take "creative action" in order to increase access to healthcare. 2019 HB 2053 was originally heard on February 4, 2019, and no action was taken on the bill by the House Committee on Insurance. The bill was resurrected in the 2020 legislative session and was passed out of committee but died on General Orders and was stricken from the Calendar.

Under current state law, a short-term health policy may be six or 12 months in duration and be renewed once only, regardless of the policy duration. SB 199 would amend K.S.A. 2020 Supp. 40-2,193 to define a short-term, limited-duration insurance policy to be an insurance policy that is less than 12 months and that offers renewal or extension periods up to a maximum policy period of 36 months total duration.

The Federal Final Rule also requires that a notification statement be printed on any application and contract materials for a short-term, limited-duration policy. Among other things, the statement informs the consumer that the insurance policy being considered is compliant with the Affordable Care Act and that if the coverage were to expire, the consumer might have to wait until an open enrollment period to get other health insurance coverage. In 2020, when the House Insurance Committee worked the bill, it chose to amend the disclaimer language based on the individual mandate and the corresponding penalty under the ACA not being enforced by the Trump Administration. That amended notification language, with slight modifications, appears in this bill.