



# Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

---

**FOR IMMEDIATE RELEASE**  
April 2010

*For more information, contact:*  
[bhanson@ksinsurance.org](mailto:bhanson@ksinsurance.org)

*A consumer resource from the Kansas Insurance Department*

## **Near-term changes resulting from national health insurance reform**

The Patient Protection and Affordable Care Act (the "Act") signed by President Obama on March 23, 2010, is intended to improve the performance, transparency and accountability of health insurers and health insurance products. Many reforms—including the requirement that health insurance companies cover all individuals regardless of health status—will not become effective until 2014. Several reforms, however, will take effect in the immediate or near future.

Listed below are brief descriptions of some of the immediate changes resulting from the Act.

### **Changes Effective Upon Enactment (March 23, 2010)**

#### **Protection against premium increases**

- The Department of Insurance, in conjunction with the U.S. Department of Health and Human Services ("HHS"), will review "unreasonable" premium increases before the increases take effect.
- Health insurance companies are required to post information justifying premium increases on their Web sites.

#### **Benefits for small businesses**

- The Act provides tax credits for small businesses that contribute at least 50 percent of the premium cost for health coverage provided to employees.
- Businesses with 25 or fewer full-time employees and average annual wages of \$50,000 or less will be eligible for tax credits of up to 35 percent of premium costs beginning with the 2010 taxable year.
- To clarify, businesses with 50 or fewer employees will not, at any time, be penalized for failing to offer health insurance to employees.

### **Changes to benefit seniors**

- The Act begins to close the Medicare Part D "doughnut hole."
- Beginning in 2010, Medicare Part D recipients who hit the "doughnut hole" will be eligible for a \$250 rebate.
- Beginning in 2011, recipients will be eligible for a 50 percent discount on brand-name prescription drugs in the "doughnut hole."

### **Changes within 90 days after enactment**

#### **Coverage for individuals with preexisting conditions**

- Uninsured individuals with preexisting medical conditions will have increased access to coverage through a "high-risk" health insurance pool administered by the State and funded by the U.S. Department of Health and Human Services.
- To be eligible for new coverage under the high-risk pool, individuals must be uninsured for 6 months before applying and have a qualifying preexisting condition.

#### **Reduced employer health care costs**

- Employers will be allowed to reduce health care costs through a temporary "reinsurance" program for early retirees (age 55 years or older and ineligible for Medicare).
- Participating employers, including state and local governments, will be reimbursed for 80 percent of medical claims between \$15,000 and \$90,000 incurred by retired employees.

### **Changes effective 6 months after enactment – September 23, 2010**

- Policies issued on or after September 23, 2010, will have to immediately comply with the reforms below.
- For policies issued between March 23, 2010, and September 22, 2010, the reforms below will apply as soon as the policies are amended or renewed after September 23, 2010.
- Policies that were issued prior to March 23, 2010, are considered "grandfathered" plans. Some of the reforms below will not apply to grandfathered plans.

#### **Prohibition against unwarranted rescissions**

- Health insurance rescissions will be prohibited except for instances of fraud.

### **Coverage for preventive services**

- All health insurance plans will be required to provide first-dollar coverage for a defined set of preventive benefits. In other words, insurers will be required to include wellness and prevention benefits such as immunizations and screenings, without cost to the policyholder.

### **Elimination of lifetime dollar limits**

- Health insurance plans will be prohibited from imposing lifetime dollar limits.
- A health insurance company's ability to impose annual dollar limits will also be restricted (annual dollar limits will be prohibited entirely beginning in 2014).

### **Appeal process**

- For the internal claims appeal process, group plans must incorporate the Department of Labor's claims and appeals procedures and update them to reflect standards established by the Secretary of Labor. Individual plans must incorporate applicable law requirements and update them to reflect standards established by the Secretary of HHS.
- The act will require all plans, including self-insured plans, to provide an independent, external review of denied health insurance claims.

### **Improved coverage for children**

- Current Kansas law allows health insurance companies to deny an application for insurance coverage based on past or present medical conditions. In addition, health insurance companies may permanently exclude coverage for a specific condition, or deny claims for otherwise covered medical treatments on the grounds that a condition was preexisting.
- Health insurance companies will, at a minimum, be prohibited from denying claims for covered children under the age of 19 due to the presence of a preexisting condition. The U.S. Department of Health and Human Services will be providing guidance as to whether the Act requires health insurance companies to accept all applications for coverage of children under the age of 19.
- Young adult children, up to age 26, will be able to receive coverage through a parent's health insurance policy. Self-insured plans, which are exempt from this law, will now be required to allow coverage for adult children under age 26 if the plan provides coverage for dependents.

### **Easier access to health care providers**

- If a plan provides coverage for emergency services, the plan must do so without prior authorization regardless of whether the provider is a participating provider.
- Women may receive treatment from a network obstetrician or gynecologist without first having to obtain a preauthorization or referral from her primary care provider.

### **Additional information for consumers**

- Health insurance companies will be required to publish detailed information about the percentage of each premium dollar the company spends on health care (called a "medical loss ratio").
- Health insurance companies will be required to publish additional information regarding the company's claims payment policies and practices, including the number of claims the company denies, as well as information regarding cost-sharing and payments for out-of-network coverage.

## **Changes Effective January 1, 2011**

### **Premium value and transparency**

- Health insurance companies that spend less than a certain percentage of premium dollars on health care will be required to rebate excess premiums to policyholders.
- For plans sold to individuals and small employers, health insurance companies will be required to spend 80% of premium dollars on health care. For plans sold to employers with more than 50 employees, health insurance companies will be required to spend 85%.

***Please check back on this site at regular intervals for updates, changes or additions.***

*The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. The department is entirely self-funded. More about the department is online at [www.ksinsurance.org](http://www.ksinsurance.org).*