



**ASSURANT**  
Health

501 West Michigan  
P.O. Box 3050  
Milwaukee, WI 53201-3050  
T 800.800.1212

October 20, 2010

[www.assurant.com](http://www.assurant.com)

Ms. Sharon P. Clark  
Commissioner of Insurance  
Kentucky Department of Insurance  
P.O. Box 517  
Frankfort, KY 40602-0517

Re: Child Only Coverage

Dear Commissioner Clark,

Assurant would like to thank you for the opportunity to speak at the October 13, 2010 hearing regarding child only policies in Kentucky. The hearing provided many ideas to help resolve the issue.

As requested, Assurant is responding to the proposal to institute a 60 day waiting period for children who purchase a child only plan. This suggestion is in lieu of an open enrollment period and attempts to guard against individuals seeking coverage after a health condition begins and terminating coverage once healthy again. While we appreciate the thoughtful idea, Assurant does not believe this will solve the problem. As stated in the hearing by several carriers, there is a need to:

- Have many carriers actively involved in the market thereby spreading the risk among carriers;
- A state defined open enrollment period and;
- An ability to appropriately price products.

If you have further questions regarding this matter, please do not hesitate to let us know.

Sincerely,

A handwritten signature in cursive script that reads "David K. Hill".

David K. Hill  
Chief Officer, State Affairs  
[david.hill@assurant.com](mailto:david.hill@assurant.com)  
T 414.299.8836  
F 414.299.6502

Assurant Health markets products underwritten by Time Insurance Company, Union Security Insurance Company and John Alden Life Insurance Company.



**Secured Message**

Reply

From: Hirschhorn, Stacey S <HirschhornSS@aetna.com>  
To: "Debbie.Stamper@ky.gov" <Debbie.Stamper@ky.gov>  
CC: "Butkus, Elena E" <ButkusE@aetna.com>  
Date: October 20, 2010 1:21:44 PM EDT  
Subject: Child-only coverage in Kentucky  
Attachments: [KYRESPONSECHILDONLYFINAL.doc](#)

Ms. Stamper - The attached letter to Commissioner Sharon P. Clark is in response to the request at the Kentucky Department of Insurance (DOI) hearing on October 13<sup>th</sup>, 2010, whether a uniform waiting period for child-only policies, i.e., 60 days, before coverage takes effect, would be workable for Aetna to re-enter the child-only market under individual sales.

Please hit reply to this email to verify receipt and forward to Ms. Clark. Thank you

Stacey Hirschhorn, Aetna

Reply

© 2000-2007 Cisco Systems, Inc. All rights reserved.



Aetna  
One South Wacker Drive  
Suite 1200, F643  
Chicago, IL 60606

**Elena Butkus**  
Director Government Affairs,  
Mid-America Region  
Phone: (312) 928-3062  
Fax: (860) 907-3306  
Email: [butkuse@aetna.com](mailto:butkuse@aetna.com)

October 20, 2010

Commissioner Sharon P. Clark  
Kentucky Department of Insurance  
P.O. Box 517  
215 W. Main Street  
Frankfort, KY 40602

Submitted to: [Vicky.Horn@ky.gov](mailto:Vicky.Horn@ky.gov) – Hearing Facilitator

Dear Commissioner Clark:

This letter is in response to your request at the Kentucky Department of Insurance (DOI) hearing on October 13<sup>th</sup>, 2010, whether a uniform waiting period for child-only policies, i.e., 60 days, before coverage takes effect, would be workable for Aetna to re-enter the child only market under individual sales. The solution in and of itself is not workable for Aetna due to the issues outlined during the hearing and submitted to the DOI in our written testimony. We believe that the following caveats are necessary for us to consider selling this specific coverage:

**First:** Carriers in the individual market must be mandated to offer coverage on a child-only, guaranteed issue basis if they participate in the individual market. Consistent with the recently passed California bill, the mandate could be structured as prohibiting individual market carriers from participating in the individual market for five years if they don't offer child-only policies.

**Second:** The state should implement a standardized open enrollment period (or "OEP") for child-only coverage. All carriers would have to use the same 30-day OEP for child-only coverage and that OEP would be the only time a child could get coverage in the individual market. This OEP would not necessarily have to occur during the same month across all carriers, but could be spread throughout the year, using the month of the child's birthday, for example, which would address new births. In all cases, the effective date for coverage would be 30 days following the close of the OEP. A uniform waiting period can be added prior to the one time OEP for child-only policies, i.e., 60 days. However, we do not believe it to be a substitute to an OEP. Under this change, there would not be an OEP for dependent coverage or individual market coverage where the subscriber is over 19. Dependent coverage would be guaranteed issue 365 days per year.

In reading a news article report after the hearing I read about your concern that newborns not have to wait for a full year of coverage would in fact be addressed by an OEP that is by birthdate. Alternatively "qualifying conditions" can be exempt from OEP requirement for 30 days following a qualifying event from OEP when carriers offer non-grandfathered coverage in the individual market for births and adoptions.

**Third:** Aetna suggests that there be no caps on rate-ups for health status consistent with the federal guidance during the OEP. Carriers will need to be able to get actuarially-justified rate adjustments for the base rate to reflect guaranteed issue.

We expect children purchasing child-only guarantee issue policies to be, on average, less healthy than those who have already purchased child-only policies. To protect current members from expected substantial premium increases, we need to put current child-only policy members in a separate risk pool from new child-only policies members.

**Fourth:** Surcharges must be implemented for lapse in coverage. Regardless of, and in addition to, any rate-up for health status, kids who cannot demonstrate continuous coverage (i.e., greater than a 63 day lapse) should be subject to an additional permanent rate-up due to the lapse in coverage. This would apply either for child-only coverage or for coverage where the child is a dependent, as the goal is to encourage continuous coverage across the board, for all products.

**Fifth:** Carriers must be able to achieve actuarially sound premium increases and allowed to exit the market if we do not obtain them. In order for carriers to participate and remain in this market, rate filings must be allowed to accurately reflect the impact of a guarantee issue requirement.

We look forward to continuing to work with you to address this issue and implement necessary regulatory changes that would allow insurers to re-enter the market with an affordable product offering between now and 2014. If you should have any questions, please do not hesitate to contact me.

Sincerely,

Elena E. Butkus

cc: Bill Nold, [William.Nold@ky.gov](mailto:William.Nold@ky.gov)



233 S. Wacker Drive, Suite 3500  
Chicago, IL 60606  
Tel (630) 470-9172  
Jimmy.Lee @wellpoint.com

**Jimmy Lee**  
Acting SVP & Pres Individual  
Consumer Business Unit

October 20, 2010

Sharon P. Clark  
Insurance Commissioner  
Kentucky Department of Insurance  
P.O. Box 517  
Frankfort, Kentucky 40602-0517

**RE: Child-Only Individual Insurance Market**

Dear: Commissioner Clark:

I want to thank you for the opportunity to discuss the critical issue of coverage for children in the individual market at the hearing you called last week. Coverage on a child-only basis is a complicated issue, and the hearing was conducted in a very fair and thoughtful manner.

During the hearing, you asked what Anthem Blue Cross and Blue Shield (Anthem) thinks about the potential for a 60-day delayed effective date for new child-only enrollees and to respond to the Department.

Anthem certainly believes that a delayed effective date in a guaranteed issue individual market is a critical element to mitigate the adverse selection that can occur in an environment where individuals can wait until services are immediately needed to get coverage. Thus, a 60-day delayed effective date would go a long way towards ensuring a more functional guaranteed issue, child-only market.

In my testimony, I stated that a delayed effective date of at least 30 days is one of several conditions that must exist for a functional child-only market to exist with carrier participation. In addition to a delayed effective date, the following conditions must exist:

- All insurers in the individual market must sell child only policies. Unless all insurers offer child-only coverage, the ones that do (and their customers) will be forced to absorb the additional risk of covering these children with no medical underwriting;
- A standard, annual open enrollment period for child-only policies for all insurers must be in place;
- Rules must exist to encourage continuous coverage and discourage subscribers of child-only policies from enrolling only when services are needed;
- Medical underwriting must be retained during the open enrollment period in order to assign the appropriate rating tier to the subscriber;
- Enrollment must be allowed outside the open enrollment period for children who can pass medical underwriting; and

- Criteria must be established and allowed to mitigate dumping into the guarantee issue market. An example would be prohibiting someone from obtaining a guaranteed issue product if they are eligible for other coverage through either a public or private program.

Anthem hopes that we can continue to work towards resolving this critical issue. Please do not hesitate to contact me if you would like to discuss further.

Respectfully,

A handwritten signature in cursive script that reads "Jimmy Lee".

Jimmy Lee  
Senior Vice President, Individual Business Unit

October 19, 2010

Sharon P. Clark  
Commissioner  
Kentucky Department of Insurance  
P.O. Box 517  
Frankfort, KY 40602-0517

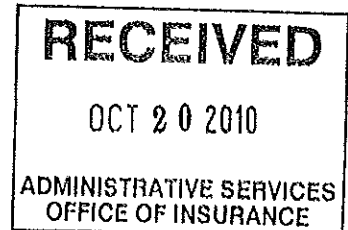
Dear Commissioner Clark

Subject: Fact Finding Hearing on Child Only Coverage: Follow-up  
Response

We would like to thank you for the opportunity last week to discuss potential solutions to offering Child Alone coverage in the state of Kentucky. As we indicated in the hearing last week, we believe there are ideas that can help ensure access to health insurance coverage for children under the age of 19, without leading to unintended consequences in the market.

As we indicated in that hearing, several states are already considering approaches to address the issue of child alone coverage and many of those ideas merit consideration. In addition, we believe there are other protections that would be helpful to include. As a result, we encourage the Department to consider the following:

- A requirement that all carriers participate in an initial and an annual 30 day open enrollment period.
- A requirement that carriers offer guarantee issue to children who have involuntarily lost their health insurance coverage through some qualifying event.
- Protections that are built in to prevent risk dumping—children that are already eligible for other coverage should not be eligible for this coverage.
- Provisions to prohibit gaming—such as allowing a carrier to discontinue coverage if a parent applies for family coverage and after issue, drops off the coverage.
- An allowance that carriers may place a surcharge after the initial open enrollment period if a child has no prior health coverage.



- Other approaches that could help to further protect the individual market from adverse selection. HHS has offered several ideas.

Consistent with the above recommendations, we offer the attached model for consideration.

The Department also asked for our thoughts on establishing a 60 day waiting period for coverage in order to minimize the adverse selection that could occur as a result of guarantee issue. We do not believe a 60 day waiting period addresses all of the situations where adverse selection will occur.

Thank you again for the opportunity to discuss this important issue. Please feel free to contact me at 317-715-7739 or Mike Hampton at 317-715-7056 if you have any further questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Michael L. Corne".

Michael L. Corne  
Vice President, Regulatory Affairs

Enclosure



# Division of Insurance

## LIFE, ACCIDENT AND HEALTH

### MANDATORY CHILD ONLY OPEN ENROLLMENT PERIOD FOR INDIVIDUAL MARKET CARRIERS

Section 1 Authority  
Section 2 Scope and Purpose  
Section 3 Applicability  
Section 4 Definitions  
Section 5 Rules  
Section 6 Severability  
Section 7 Enforcement  
Section 8 Effective Date

#### Section 1 Authority

This regulation is promulgated and adopted by the Commissioner of Insurance under the authority of \_\_\_\_\_.

#### Section 2 Scope and Purpose

The purpose of this emergency regulation is to facilitate the implementation of certain provisions of the Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 119 (2010) and the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (2010), together referred to as the "Affordable Care Act" (ACA), and regulations adopted by the U.S. Departments of Health and Human Services, Labor, and Treasury to implement the ACA at 26 CFR Parts 54 and 602, 29 CFR Part 2590, and 45 CFR Parts 144, 146, and 147 (hereafter the "Regulations").

The Affordable Care Act provides that group and individual health insurance coverage may not impose pre-existing condition exclusions for children under age 19 for policy years beginning on or after September 23, 2010.

For the individual health insurance coverage market the Regulations require carriers offering individual health insurance coverage, for policy years beginning on or after September 23, 2010, that issue coverage to children under age 19 to do so regardless of the child's prior health. The Regulations and the Affordable Care Act do not prohibit the carrier from assessing premium based on the health of the family and/or child.

The Federal agencies charged with implementation of the ACA (the U.S. Departments of Health and Human Services, Labor, and Treasury, collectively referred to as the "Federal agencies") have also issued guidance stating carriers in the individual market may restrict enrollment of children under age 19, whether in family or child-only coverage, to specific open enrollment periods if allowed under State law. The Federal agencies have further stated that "unless State laws provide such guidance, issuers in the individual market may determine the number and length of open enrollment periods for children under 19."

The Division hereby finds that the immediate adoption of this emergency regulation is imperatively necessary to comply with a state or federal law, or federal regulation, or for the preservation of public health, safety, or welfare. The Division hereby provides the following reasons for this emergency regulation:

- A. September 23, 2010 is the date pursuant to the Affordable Care Act on which children under the age of 19 are to be able to obtain coverage regardless of whether the child has a pre-existing condition;
- B. The Division is currently aware that several of the major carriers are withdrawing from the Child Only Plan market;

- C. Carriers have informed the Division that this withdrawal is due, in part, to lack of defined open enrollment periods;
- D. The Affordable Care Act contemplates open enrollment periods;
- E. [State] currently has no open enrollment periods for the Child Only Plan market;
- F. This mandated open enrollment period is imperative to ensure and protect consumers' need for access to individual market health insurance for children under age 19;
- G. Open enrollment periods facilitate a fair and competitive marketplace for carriers; and
- H. Lack of defined open enrollment periods minimizes or eliminates consumer choices and options for Child Only Plans.

### **Section 3 Applicability**

This emergency regulation applies to all carriers that issue coverage in the individual health insurance market with an effective date on or after September 23, 2010.

### **Section 4 Definitions**

- A. "Carrier" shall mean an insurer issuing coverage in the renewable individual health insurance market.
- B. "Child Only Plan" shall mean renewable individual health insurance coverage (as defined in 42 U.S.C. 300gg-91) issued with an effective date on or after September 23, 2010, which provides coverage to an individual under the age of 19. This shall not include individual health insurance coverage that covers children under age 19 as dependents.
- C. "Qualifying Event" shall include loss of employer-sponsored insurance or involuntary loss of other existing coverage for any reason other than fraud, misrepresentation or failure to pay premium so long as the child is under age 19 when the qualifying event occurs. .

### **Section 5 Rules**

- A. Enrollment Required During Certain Periods
  - 1. Carriers shall accept applications for Child Only Plan coverage during the open enrollment periods outlined in this regulation.
  - 2. Carriers shall also accept applications for Child Only Plan coverage if the application is received within 30 days of a qualifying event.
- B. Transition Period -- Initial Open Enrollment
  - 1. Carriers shall hold a one-time open enrollment period from January 1, 2011 until January 31, 2011. During this open enrollment period, all children under the age of 19 making application for Child Only Plan coverage shall be offered coverage on a guaranteed issue basis, without any limitations or riders based on health status.
  - 2. Notice of this open enrollment opportunity and instructions on how to enroll must be displayed prominently on the carrier's web site for the duration of the open enrollment period.
  - 3. Applications for coverage during this open enrollment period shall become effective on March 1, except that if mutually agreed upon by the applicant and the carrier an alternative effective date may be selected.
- C. Yearly Open Enrollment for New Applicants
  - 1. Beginning January 1, 2012, and each January thereafter, carriers shall hold an open enrollment period for Child Only Plan applicants for the duration of the entire month. During these open enrollment periods, all Child Only Plan applicants under the age of 19 shall be offered coverage on a guaranteed issue basis, without any limitations or riders based on health status.
  - 2. Notice of the open enrollment opportunity and open enrollment dates for new applicants, as well as the opportunity to enroll due to a Qualifying Event, must be displayed prominently on the carrier's web site throughout the year.

3. Applications for coverage during an open enrollment period shall become effective on March 1 following the open enrollment during which the application is received.

D. Surcharge for Lapse in Coverage

1. To encourage continuous coverage, a child enrolling in an individual market Child Only Plan after January 31, 2011 may be subject to a surcharge of up to 50% for up to 12 months if the child has a lapse in coverage of greater than 63 days.
2. The 50% surcharge may be on top of the rate that would be charged for the same child demonstrating continuous coverage.

E. Prohibiting Risk Dumping

1. To mitigate the dumping of risk into the Child Only Plan guaranteed issue market, carriers may implement eligibility criteria that prohibits guaranteed issue enrollment if other coverage is available to the child, except the availability of the state's high risk pool may not be used as part of this eligibility criteria.

F. Prohibiting Subscriber Gaming to Obtain Child Only Plan Coverage Outside the Open Enrollment Period

1. To ensure parents cannot temporarily obtain family coverage at any point in the year only to subsequently drop coverage to make the child a child only subscriber, carriers are allowed to cancel coverage for dependents in the individual market if the parent subscriber drops coverage.
2. The carrier must allow the child to enroll on a child-only basis during the next open enrollment period without assessing a surcharge for lapse in coverage.

**Section 6 Severability**

If any provision of this regulation or the application of it to any person or circumstance is for any reason held to be invalid, the remainder of this regulation shall not be affected and shall remain in full force and effect.

**Section 7 Enforcement**

Noncompliance with this Regulation may result, after proper notice and hearing, in the imposition of any of the sanctions made available in the [state] statutes pertaining to the business of insurance or other laws which include the imposition of fines, refund of excess premiums plus interest, restitution, issuance of cease and desist orders, and/or suspensions or revocation of license or certificate of authority.

**Section 8 Effective Date**

This regulation shall become effective on September 23, 2010 and expire the earlier of, January 1, 2014 or upon change to federal requirements for guarantee issue coverage to children under age 19.

October 20, 2010

*VIA ELECTRONIC MAIL TO SHARRON BURTON*

Ms. Sharon P. Clark  
Commissioner  
Kentucky Department of Insurance  
215 West Main Street  
Frankfort, Kentucky 40601

Dear Commissioner Clark:

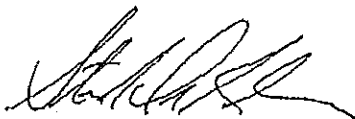
At the October 15th hearing, you posed a specific question about whether insurers felt a 60 day waiting period could be used In lieu of an open enrollment period.

As we stated in our hearing testimony, we have carefully considered the selection and market dynamics as well as the administrative costs associated with issuing child-only policies. Humana understands the concerns of Kentucky families and wants to provide an option to families seeking to provide health coverage for their children. We offered very specific recommendations on a combination of regulatory protections that taken together we feel would create a viable market where insurers could offer child-only coverage.

After thoroughly reviewing the 60-day waiting period proposal compared to an open enrollment, Humana does not believe a 60 day waiting period provides sufficient protection against adverse selection to create a viable child-only marketplace. We continue to believe an open enrollment period is the best public policy option.

We stand willing to work with the department to make the legislative changes necessary to address this important issue and create an environment where child-only coverage is again available to Kentucky families.

Sincerely,



Steve DeRaleau

Segment Vice President

Humana



October 20, 2010

Sharon Clark  
Commissioner  
Kentucky Department of Insurance  
215 West Main Street  
PO Box 517  
Frankfort, KY 40602

Dear Commissioner Clark,

Kentucky Voices for Health appreciates the opportunity to provide comments relating to the Department of Insurance fact-finding hearing on October 13 to address concerns that Kentucky insurers have decided to stop writing new child-only policies. We are concerned that the lack of child-only policies will be a barrier to accessing coverage for the most vulnerable Kentuckians. Lack of health coverage for children leads to poor health and to diminished educational outcomes, resulting in a burden to Kentucky families and to the Commonwealth's future. Kentucky Voices for Health has worked hard with the Administration to assist parents with attaining health coverage for their children; we feel that the actions of insurers to stop issuing child-only policies is detrimental to the health of Kentucky's children and families.

We commend the Department of Insurance for its efforts to engage Kentucky insurers in dialogue to sustain a competitive insurance marketplace while working toward coverage for all Kentuckians. We also appreciate the actions of Secretary Sebelius at the federal level in holding insurance companies accountable for covering children with pre-existing conditions. Families need access to affordable choices about their health care coverage, including the option to purchase child-only plans. The families who apply for child-only coverage generally do so because their employers do not offer coverage for dependents or because they are unable to afford the dependent coverage that is offered. In addition, grandparents who are raising their grandchildren tend to seek child-only plans in the individual market, since the grandparents are likely to be receiving coverage through Medicare.

Thank you for allowing the meeting with insurers to be conducted in an open session. Transparency and accountability are critical as we move forward with health reform implementation. We are pleased that the Department asked the insurers about gathering data on the number of child-only policies issued in Kentucky and the impact that the insurance companies' business decisions will have on Kentucky families. While it has been stated that this impacts a relatively small group of children, Kentucky Voices for Health is working to ensure that no child is left without health coverage. We would be interested in knowing more regarding:

- How many children are currently covered on child-only plans in the state;
- On average, how many applications were received per month for child-only coverage in the past year;
- How many children were denied coverage due to medical conditions; and
- The denial rate/issue rate for child-only plans.

Without these critical pieces of data, it is difficult to truly understand the impact on Kentucky's families and to assess the level of risk that the insurance companies are facing. We strongly encourage the Department to provide the public and all interested stakeholders with this information.

States have a range of options for stabilizing the health insurance market for children and ensuring that families can secure the care that they need. Among the options that have been suggested:

- **Requiring insurance companies to continue offering child-only plans** through legislative or administrative action. California is prohibiting insurers from selling new plans in California's individual market for five years, unless they also offer child-only plans. Several of the insurers who testified at the hearing noted that they will be offering child-only policies in California because of this legislation. New Hampshire used existing state law to require that all individual insurers, including those offering child-only plans, continue to provide such coverage. We are very pleased that existing law in Kentucky requires guaranteed renewability of the child-only policies that are currently in effect. We would suggest that the Department make it clear on its website that the decision by insurers to stop offering child-only policies does not mean that the policies in effect now are cancelled. Consumers may be confused about this and not be aware of the importance of renewing their child-only policy.
- **Establishing open enrollment periods**, much like those used by employers, to sign children up for coverage during specified periods. States can establish open enrollment periods to help stabilize the insurance market for children by addressing insurers' concerns that families will wait until their children are sick before signing them up for coverage. If well-designed, the open enrollment periods can help insurers attract a wide range of children to their pool of covered enrollees while families receive critical protections, including the ability to enroll outside an open enrollment period when faced with a qualifying event (such as the birth of a child). Insurers should not be able to use open enrollment policies to game the system.
- **Consideration of the Department's proposal for a 60-day waiting period.** If the use of standardized open enrollment periods is not allowable under PPACA federal rules, then we turn our consideration to the Department's proposal to have year-around enrollment, but with a 60-day waiting period before the policy goes into effect. We suggest that consideration be given to having a shorter waiting period such as 30 days or 45 days. We also suggest that there be no waiting period for a policy purchased following a qualifying event such as the birth of a child, the loss of family coverage due to changes in employment, divorce, etc.
- **Ability of insurers to increase the cost of child-only policies.** Many of the insurers who testified at the hearing urged the Department to allow for increased premiums or additional costs (surcharges or rate-ups) to be added to the purchase price of child-only policies, based on the health condition of the child, enrollment outside of the specified enrollment periods, and for other considerations. We urge the Department to be extremely cautious in allowing these additional costs or premium increases for child-only policies, as unlimited or broadly-applied increases in the cost of these policies will have the net effect of their being as unavailable as they currently are with the insurers refusing to issue them.

- **Utilizing other available coverage options so that families with sick children can obtain the coverage they need.** This includes allowing families who earn too much to qualify for public programs to “buy in” to Medicaid and KCHIP at the state-negotiated rate, which often is more affordable than private insurance. We realize that these options are not under the purview of the Department, but they should be on the table for discussion by the Administration.
- **Making sure that the new federal and state Pre-Existing Condition Insurance Plans work for families.** States can ensure that the “high risk pools” or pre-existing condition plans provide a fail-safe for children with pre-existing conditions who cannot find coverage in the private market. These plans can and should provide the full range of pediatric benefits that children need to grow and develop.

Kentucky Voices for Health is disappointed that insurers in Kentucky are not offering any new child-only policies. We will work with other advocates to recommend that families who are currently benefiting from child-only insurance coverage maintain their policies to avoid difficulty in obtaining future coverage.

We look forward to receiving the full report which the Department of Insurance will be releasing in November. Thank you again for engaging the advocacy community in this dialogue and for considering our views on this important topic. If we can be helpful to you, please do not hesitate to call upon us for additional input. Please contact me with any questions or if additional information is needed. I can be reached at 502-502-1406 or [kvhexec@kyvoicesforhealth.org](mailto:kvhexec@kyvoicesforhealth.org).

Sincerely,

*Jodi Mitchell*

Jodi Mitchell  
Executive Director



The Independent Voice for Kentucky's Children

KENTUCKY  
YOUTH  
ADVOCATES

October 15, 2010

Sharron Clark, Department of Insurance Commissioner  
215 West Main Street  
PO Box 517  
Frankfort, KY 40602

Re: Child Only Coverage in Kentucky

Dear Commissioner Clark,

Kentucky Youth Advocates would like to applaud the Department of Insurance in calling the Fact-Finding Hearing on Child-Only Coverage on October 13, 2010. As child advocates, we are very concerned with children going without health coverage as this leads to poor health and educational outcomes. Not having health coverage also places undue financial burdens on families.

It is important to support an environment where families have real choices about their health care coverage, including the option to purchase child-only plans. We believe that insurers who made available child-only policies before September 23<sup>rd</sup> should continue offering the product. This coverage also should be reasonably priced so families who need the coverage can afford it.

We were in attendance at the hearing and thought the questions posed to the insurers were very helpful in understanding the current landscape in Kentucky for sick, possibly uninsured children. Transparency and accountability are critical as we move forward with health reform implementation.

We also thank the Department in asking the question that Kentucky Youth Advocates submitted during the hearing regarding obtaining additional data from the insurers. The new federal regulations provided many wins for children, including prohibiting insurers from denying coverage to children with pre-existing conditions. It is our understanding that the lack of child-only plan options in Kentucky impacts a relatively small group of children; thus we are still very interested in learning about:

- How many children are currently covered on child-only plans in the state;
- How many children are denied due to medical conditions; and
- The denial rate/issue rate for child-only plans.

Without these critical pieces of data, it becomes difficult to truly understand the impact on Kentucky's families and to assess the level of risk that the insurance companies are facing. We strongly encourage the Department to provide the public and/or interested stakeholders with this information.

11001 Bluegrass Pkwy.  
Suite 100  
Jeffersonstown, KY 40299  
voice: 502.895.8167  
fax: 502.895.8225  
toll free: 888.825.5592

[www.kyyouth.org](http://www.kyyouth.org)



Metro United Way



FOR AMERICA'S CHILDREN



The families who apply for child-only coverage generally do so because their employers do not offer coverage for dependents or are unable to afford coverage for their dependents. In addition, grandparents who are raising their grandchildren tend to seek out child-only plans in the individual market since they are likely receiving coverage through Medicare.

In terms of the 60 day waiting period for enrollment, the state may also want to consider what exemptions it would allow for children with pre-existing conditions, such as involuntary loss of coverage.

It is disheartening to see the insurers in Kentucky pulling out of offering child only coverage. We hope the Department of Insurance can remedy this situation swiftly. Thank you for the opportunity to submit comments on this issue. Please contact me with any questions or information needed at 502-895-8167 ext 117 or [lmcnary@kyyouth.org](mailto:lmcnary@kyyouth.org).

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lacey McNary".

Lacey McNary  
Deputy Director  
Kentucky Youth Advocates