

STATE OF NEW YORK

6522--A

2025-2026 Regular Sessions

IN ASSEMBLY

March 5, 2025

Introduced by M. of A. LEE -- read once and referred to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to allowing for Medicaid accountable care organizations to purchase experience-rated health insurance for their members

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph 1 of subsection (c) of section 4235 of the insurance law is amended by adding a new subparagraph (O) as follows:

2
3 (O) A policy issued to a Medicaid accountable care organization
4 comprised wholly of private physician practices issued a certificate of
5 authorization pursuant to article twenty-nine-E of the public health
6 law, or to a trustee or trustees of a fund established, created or main-
7 tained for the benefit of members of one or more Medicaid accountable
8 care organizations issued a certificate of authorization pursuant to
9 article twenty-nine-E of the public health law, all of whose eligible
10 members have the same profession, trade or occupation provided or
11 related to the provision of health care, which association or associ-
12 ations have been organized and maintained in good faith for purposes
13 principally other than that of obtaining insurance and have been in
14 active existence for at least two years. The policy shall insure
15 members, or employees of members, of such Medicaid accountable care
16 organization or organizations for the benefit of persons other than
17 employers and the Medicaid accountable care organization or organiza-
18 tions, or any officials, representatives, trustees or agents thereof and
19 shall provide for the issuance of a certificate to the persons insured
20 or such beneficiary as evidence of such insurance. The members or
21 employees eligible for the insurance under the policy shall be all the
22 members, or all the members and their employees, or all of any class or
23 classes thereof determined by conditions pertaining to their employment

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 or to the Medicaid accountable care organization membership or both. The
2 premiums for the policy shall be paid from the Medicaid accountable care
3 organization or members' funds, or partly from such funds and partly
4 from funds contributed by the insured individuals, or from funds wholly
5 contributed by the insured individuals. A policy on which all or part
6 of the premium is to be derived from funds contributed by the insured
7 individuals specifically for their insurance shall insure at least fifty
8 percent of the then eligible individuals or a minimum of five hundred
9 individuals, whichever is less, excluding any as to whom evidence of
10 individual insurability is not satisfactory to the insurer. A policy on
11 which no part of the premium is to be derived from funds contributed by
12 the insured individuals specifically for their insurance must cover all
13 eligible individuals, excluding any as to whom evidence of individual
14 insurability is not satisfactory to the insurer. In every case the
15 policy must cover at least one hundred individuals at date of issue. The
16 insurance coverage on employees insured under the policy shall be based
17 upon some plan precluding individual selection. However, with respect
18 to such fund, or Medicaid accountable care organization or Medicaid
19 accountable care organizations, such a plan may permit a number of
20 selections by the fund, Medicaid accountable care organization or Medi-
21 caid accountable care organizations if the selections offered utilize
22 consistent plans of coverage so that the resulting plans of coverage are
23 reasonable. Furthermore, such a plan may permit a limited number of
24 selections offered by employees or members if the selections offered
25 utilize consistent plans of coverage for individual group members so
26 that the resulting plans of coverage are reasonable. If a policy divi-
27 dend is declared or a reduction in rate is made under such a policy, the
28 excess, if any, of the aggregate dividends or rate reductions under the
29 policy over the aggregate expenditure for insurance under such policy
30 made from the Medicaid accountable care organization or employer funds,
31 including expenditures made in connection with administration of such
32 policy, shall be applied by the policyholder for the sole benefit of the
33 insured individuals. A policy issued pursuant to this subparagraph shall
34 provide a conversion privilege no less favorable than that provided for
35 in subsection (e) of section three thousand two hundred twenty-one of
36 this chapter.

37 § 2. Subsection (g) of section 3231 of the insurance law, as amended
38 by section 70 of part D of chapter 56 of the laws of 2013, paragraph 1
39 as amended by chapter 12 of the laws of 2016, is amended to read as
40 follows:

41 (g) (1) Unless otherwise described in paragraph three of this
42 subsection: (A) This section shall also apply to policies issued to a
43 group defined in subsection (c) of section four thousand two hundred
44 thirty-five of this chapter, including but not limited to an association
45 or trust of employers, if the group includes one or more member employ-
46 ers or other member groups having one hundred or fewer employees or
47 members exclusive of spouses and dependents. For a policy issued or
48 renewed on or after January first, two thousand fourteen, if the group
49 includes one or more member small group employers eligible for coverage
50 subject to this section, then such member employers shall be classified
51 as small groups for rating purposes and the remaining members shall be
52 rated consistent with the rating rules applicable to such remaining
53 members pursuant to paragraph two of this subsection. (B) Subparagraph A
54 of this paragraph shall not apply to either the renewal of a policy
55 issued to a group or the issuance, between January first, two thousand
56 sixteen and December thirty-first, two thousand sixteen, of a policy,

1 and any renewal thereof, to a group, provided that the following three
2 requirements are met: (I) the group had been issued a policy that was in
3 effect on July first, two thousand fifteen; (II) the group had member
4 employers, who, on or after July first, two thousand fifteen, have
5 between fifty-one and one hundred employees, exclusive of spouses and
6 dependents; and (III) the group is either: (i) comprised entirely of one
7 or more municipal corporations or districts (as such terms are defined
8 in section one hundred nineteen-n of the general municipal law); or (ii)
9 comprised entirely of nonpublic schools providing education in any grade
10 from pre-kindergarten through twelfth grade.

11 (2) ~~[#]~~ Unless otherwise described in paragraph three of this
12 subsection, if a policy is issued to a group defined in subsection (c)
13 of section four thousand two hundred thirty-five of this chapter,
14 including an association group, that includes one or more individual or
15 individual proprietor members, for rating purposes the insurer shall
16 include such members in its individual pool of risks in establishing
17 premium rates for such members.

18 (3) This subsection shall not apply to a policy issued to a group
19 defined in subparagraph (O) of paragraph one of subsection (c) of
20 section four thousand two hundred thirty-five of this chapter, even if
21 the group includes one or more member employers or other member groups
22 which have one hundred or fewer employees or members exclusive of spous-
23 es and dependents, if the following criteria are met:

24 (A) the group is comprised of at least one hundred fifty member
25 employers;

26 (B) the collective number of individuals insured under the policy
27 exceeds five hundred persons;

28 (C) each employer in the group is enrolled as a provider in the
29 state's Medicaid program; and

30 (D) each employer in the group can demonstrate an annual payer mix in
31 which Medicaid represents sixty percent or more of annual revenues.

32 § 3. Paragraph 1 of subsection (d) of section 4317 of the insurance
33 law, as amended by chapter 12 of the laws of 2016, is amended and a new
34 paragraph 4 is added to read as follows:

35 (1) (A) ~~[This]~~ Unless otherwise described in paragraph four of this
36 subsection, this section shall also apply to a contract issued to a
37 group defined in subsection (c) of section four thousand two hundred
38 thirty-five of this chapter, including but not limited to an association
39 or trust of employers, if the group includes one or more member employ-
40 ers or other member groups having one hundred or fewer employees or
41 members exclusive of spouses and dependents. For a contract issued or
42 renewed on or after January first, two thousand fourteen, if the group
43 includes one or more member small group employers eligible for coverage
44 subject to this section, then such member employers shall be classified
45 as small groups for rating purposes and the remaining members shall be
46 rated consistent with the rating rules applicable to such remaining
47 members pursuant to paragraph two of this subsection. (B) Subparagraph A
48 of this paragraph shall not apply to either the renewal of a contract
49 issued to a group or the issuance, between January first, two thousand
50 sixteen and December thirty-first, two thousand sixteen, of a contract,
51 and any renewal thereof, to a group, provided that the following three
52 requirements are met: (I) the group had been issued a contract that was
53 in effect on July first, two thousand fifteen; (II) the group had member
54 employers, who, on or after July first, two thousand fifteen, have
55 between fifty-one and one hundred employees, exclusive of spouses and
56 dependents; and (III) the group is either: (i) comprised entirely of one

1 or more municipal corporations or districts (as such terms are defined
2 in section one hundred nineteen-n of the general municipal law); or (ii)
3 comprised entirely of nonpublic schools providing education in any grade
4 from pre-kindergarten through twelfth grade.

5 (4) This subsection shall not apply to a policy issued to a group
6 defined in paragraph (O) of subsection (c) of section four thousand two
7 hundred thirty-five of this chapter, even if the group includes one or
8 more member employers or other member groups which have one hundred or
9 fewer employees or members exclusive of spouses and dependents, if the
10 following criteria are met:

11 (A) the group is comprised of at least one hundred fifty member
12 employers;

13 (B) the collective number of individuals insured under the policy
14 exceeds five hundred persons;

15 (C) each employer in the group is enrolled as a provider in the
16 state's Medicaid program; and

17 (D) each employer in the group can demonstrate an annual payer mix in
18 which Medicaid represents sixty percent or more of annual revenues.

19 § 4. This act shall take effect on the one hundred eightieth day after
20 it shall have become a law; provided, however, that the amendments to
21 paragraph 1 of subsection (g) of section 3231 and paragraph 1 of
22 subsection (d) of section 4317 of the insurance law made by sections two
23 and three of this act shall not affect the expiration of such paragraphs
24 and shall be deemed to expire therewith.