

3046

2009-2010 Regular Sessions

I N S E N A T E

March 10, 2009

Introduced by Sens. SEWARD, BONACIC, O. JOHNSON, LARKIN, SALAND, VOLKER  
-- read twice and ordered printed, and when printed to be committed to  
the Committee on Insurance

AN ACT to amend the insurance law, in relation to the establishment of a demonstration program to permit the issuance of a short term health insurance policy or subscriber contract to recent college graduates and other children losing coverage as a dependent under a parent's policy; and providing for the repeal of such provisions upon the expiration thereof

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Subsection (l) of section 3216 of the insurance law, as  
2 added by chapter 504 of the laws of 1995, is amended to read as follows:  
3 (l) [On and after January first, nineteen hundred ninety-seven] EXCEPT  
4 AS SET FORTH IN SECTION THREE THOUSAND TWO HUNDRED SIXTEEN-A OF THIS  
5 ARTICLE, no insurer shall offer major medical, comprehensive or other  
6 comparable individual contracts, other than for purposes of conversion,  
7 unless the benefits of such contracts, including deductibles and coinsu-  
8 rance, are identical to the out-of-plan benefits of the contracts  
9 described in section four thousand three hundred twenty-two of this  
10 chapter. Such contracts must include a prescription drug benefit comply-  
11 ing with the requirements of that section.

12 S 2. The insurance law is amended by adding a new section 3216-a to  
13 read as follows:

14 S 3216-A. SHORT-TERM HEALTH INSURANCE POLICIES. (A) DEFINITIONS. FOR  
15 PURPOSES OF THIS SECTION:

16 1. "SHORT-TERM HEALTH INSURANCE POLICY" SHALL MEAN AN INDIVIDUAL  
17 HEALTH INSURANCE POLICY THAT IS ISSUED FOR A DEFINED TERM NOT TO EXCEED  
18 TWENTY-FOUR MONTHS.

19 2. "ELIGIBLE INDIVIDUAL" SHALL MEAN AN UNMARRIED INDIVIDUAL RESIDING  
20 IN NEW YORK WHO (I) IS BETWEEN THE AGES OF NINETEEN AND TWENTY-SIX AND

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

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1 (II) IS EITHER A RECENT GRADUATE OF A COLLEGE OR UNIVERSITY OR HAS  
2 OTHERWISE LOST COVERAGE AS A DEPENDENT UNDER A PARENT'S POLICY AND (III)  
3 IS NOT COVERED BY OR ELIGIBLE FOR ANY EMPLOYER-SPONSORED HEALTH BENEFITS  
4 PLAN, WHETHER INSURED OR SELF-INSURED, EXCEPT THAT ELIGIBILITY FOR  
5 CONTINUATION UNDER ANOTHER GROUP HEALTH PLAN SHALL NOT CONSTITUTE ELIGI-  
6 BILITY FOR AN EMPLOYER-SPONSORED HEALTH BENEFIT PLAN FOR PURPOSES OF  
7 THIS PARAGRAPH.

8 (B) AN INSURER SUBJECT TO THIS ARTICLE MAY ISSUE A SHORT-TERM HEALTH  
9 INSURANCE POLICY TO AN ELIGIBLE INDIVIDUAL PROVIDED THAT:

10 1. THE POLICY INSURES THE ELIGIBLE INDIVIDUAL ON A COMMUNITY RATED AND  
11 OPEN ENROLLMENT BASIS CONSISTENT WITH SECTION THREE THOUSAND TWO HUNDRED  
12 THIRTY-ONE OF THIS ARTICLE. FOR PURPOSES OF THIS PARAGRAPH, THE COMMUNI-  
13 TY RATE FOR THE POLICY IS TO BE BASED SOLELY ON THE ENTIRE POOL OF RISKS  
14 COVERED BY THE POLICY.

15 2. NOTWITHSTANDING THE REQUIREMENTS OF SUBSECTION (G) OF SECTION THREE  
16 THOUSAND TWO HUNDRED SIXTEEN OF THIS ARTICLE, THE POLICY IS NONRENEWABLE  
17 AND ALL BENEFITS WILL END UPON TERMINATION OF THE POLICY, SUBJECT TO ANY  
18 EXTENSION OF BENEFITS REQUIRED BY INSURANCE REGULATION.

19 3. AT A MINIMUM, THE POLICY PROVIDES COVERAGE FOR THE FOLLOWING  
20 SERVICES:

21 (I) INPATIENT HOSPITAL SERVICES, CONSISTING OF DAILY ROOM AND BOARD  
22 AND MISCELLANEOUS HOSPITAL SERVICES PROVIDED BY A SHORT-TERM ACUTE CARE  
23 GENERAL HOSPITAL;

24 (II) OUTPATIENT HOSPITAL SERVICES CONSISTING OF OUTPATIENT SURGERY  
25 SERVICES AND X-RAY AND LABORATORY TESTS PERFORMED IN THE OUTPATIENT  
26 DEPARTMENT OF A HOSPITAL;

27 (III) PHYSICIAN OFFICE VISITS;

28 (IV) PREADMISSION TESTING;

29 (V) TREATMENT OF AN EMERGENCY CONDITION IN HOSPITAL FACILITIES;

30 (VI) UP TO FORTY VISITS FOR HOME CARE SERVICES PROVIDED TO A COVERED  
31 PERSON IN LIEU OF HOSPITALIZATION;

32 (VII) SURGICAL SERVICES, CONSISTING OF OPERATING AND CUTTING PROCE-  
33 DURES FOR THE TREATMENT OF A SICKNESS OR INJURY AND ENDOSCOPIC PROCE-  
34 DURES, INCLUDING ANY PRE- AND POST-OPERATIVE CARE AND ANESTHETIC  
35 SERVICES;

36 (VIII) SECOND SURGICAL OPINION;

37 (IX) DIAGNOSTIC RADIOLOGY AND LABORATORY SERVICES;

38 (X) CERVICAL CYTOLOGY SCREENING; AND

39 (XI) ONE ROUTINE PHYSICAL.

40 4. THE POLICY IMPOSES NO DEDUCTIBLE IN EXCESS OF TWO THOUSAND FIVE  
41 HUNDRED DOLLARS PER CALENDAR OR CONTRACT YEAR, NO COINSURANCE IN EXCESS  
42 OF FIFTY PERCENT OR, IN LIEU OF COINSURANCE, NO COPAYMENT GREATER THAN  
43 FORTY DOLLARS PER SERVICE. THE ROUTINE PHYSICAL EXAMINATION SHALL NOT BE  
44 SUBJECT TO A DEDUCTIBLE.

45 5. IF THE POLICY HAS A PREEXISTING CONDITION PROVISION, THE PROVISION  
46 MUST COMPLY WITH SECTION THREE THOUSAND TWO HUNDRED THIRTY-TWO OF THIS  
47 ARTICLE, INCLUDING THE REQUIREMENTS THAT CREDIT BE APPLIED TOWARD ANY  
48 WAITING PERIOD FOR THE PERIOD OF TIME THE ELIGIBLE INDIVIDUAL WAS  
49 COVERED BY CREDITABLE COVERAGE, PROVIDED THAT THE COVERAGE WAS CONTIN-  
50 UOUS TO A DATE NOT MORE THAN SIXTY-THREE DAYS PRIOR TO THE ENROLLMENT  
51 DATE OF THE SHORT-TERM HEALTH INSURANCE POLICY.

52 S 3. Subsection (l) of section 4304 of the insurance law, as added by  
53 chapter 504 of the laws of 1995, is amended to read as follows:

54 (l) [On and after January first, nineteen hundred ninety-seven] EXCEPT  
55 AS SET FORTH IN SECTION FOUR THOUSAND THREE HUNDRED FOUR-A OF THIS ARTI-  
56 CLE, no insurer shall offer major medical, comprehensive or other compa-

1 rable individual contracts on a direct payment basis, other than for  
2 purposes of conversion, unless the benefits of such contracts, including  
3 deductibles and coinsurance, are identical to the out-of-plan benefits  
4 of the contracts described in section four thousand three hundred twen-  
5 ty-two of this article. Such contracts must include a prescription drug  
6 benefit complying with the requirements of such section.

7 S 4. The insurance law is amended by adding a new section 4304-a to  
8 read as follows:

9 S 4304-A. SHORT-TERM SUBSCRIBER CONTRACTS. (A) DEFINITIONS. FOR  
10 PURPOSES OF THIS SECTION:

11 1. "SHORT-TERM SUBSCRIBER CONTRACT" SHALL MEAN AN INDIVIDUAL SUBSCRIB-  
12 ER CONTRACT THAT IS ISSUED FOR A DEFINED TERM NOT TO EXCEED TWENTY-FOUR  
13 MONTHS.

14 2. "ELIGIBLE INDIVIDUAL" SHALL MEAN AN UNMARRIED INDIVIDUAL RESIDING  
15 IN NEW YORK WHO (I) IS BETWEEN THE AGES OF NINETEEN AND TWENTY-SIX AND  
16 (II) IS EITHER A RECENT GRADUATE OF A COLLEGE OR UNIVERSITY OR HAS  
17 OTHERWISE LOST COVERAGE AS A DEPENDENT UNDER A PARENT'S POLICY AND (III)  
18 IS NOT COVERED BY OR ELIGIBLE FOR ANY EMPLOYER-SPONSORED HEALTH BENEFITS  
19 PLAN, WHETHER INSURED OR SELF-INSURED, EXCEPT THAT ELIGIBILITY FOR  
20 CONTINUATION UNDER ANOTHER GROUP HEALTH PLAN SHALL NOT CONSTITUTE ELIGI-  
21 BILITY FOR AN EMPLOYER-SPONSORED HEALTH BENEFIT PLAN FOR PURPOSES OF  
22 THIS PARAGRAPH.

23 (B) A HOSPITAL SERVICE CORPORATION, MEDICAL EXPENSE INDEMNITY CORPO-  
24 RATION OR A HEALTH SERVICE CORPORATION SUBJECT TO THIS ARTICLE MAY ISSUE  
25 A SHORT-TERM SUBSCRIBER CONTRACT TO AN ELIGIBLE INDIVIDUAL PROVIDED  
26 THAT:

27 1. THE CONTRACT INSURES THE ELIGIBLE INDIVIDUAL ON A COMMUNITY RATED  
28 AND OPEN ENROLLMENT BASIS CONSISTENT WITH SECTION FOUR THOUSAND THREE  
29 HUNDRED SEVENTEEN OF THIS ARTICLE. FOR PURPOSES OF THIS PARAGRAPH, THE  
30 COMMUNITY RATE FOR THE CONTRACT IS TO BE BASED SOLELY ON THE ENTIRE POOL  
31 OF RISKS COVERED BY THE CONTRACT.

32 2. NOTWITHSTANDING THE REQUIREMENTS OF SUBSECTION (B) OF SECTION FOUR  
33 THOUSAND THREE HUNDRED FOUR OF THIS ARTICLE, THE CONTRACT IS NONRENEWA-  
34 BLE AND ALL BENEFITS WILL END UPON TERMINATION OF THE CONTRACTS, SUBJECT  
35 TO ANY EXTENSION OF BENEFITS REQUIRED BY INSURANCE REGULATION.

36 3. AT A MINIMUM, THE CONTRACT PROVIDES COVERAGE FOR THE FOLLOWING  
37 SERVICES:

38 (I) INPATIENT HOSPITAL SERVICES, CONSISTING OF DAILY ROOM AND BOARD  
39 AND MISCELLANEOUS HOSPITAL SERVICES PROVIDED BY A SHORT TERM ACUTE CARE  
40 GENERAL HOSPITAL;

41 (II) OUTPATIENT HOSPITAL SERVICES, CONSISTING OF OUTPATIENT SURGERY  
42 SERVICES AND X-RAY AND LABORATORY TESTS PERFORMED IN THE OUTPATIENT  
43 DEPARTMENT OF A HOSPITAL;

44 (III) PHYSICIAN OFFICE VISITS;

45 (IV) PREADMISSION TESTING;

46 (V) TREATMENT OF AN EMERGENCY CONDITION IN HOSPITAL FACILITIES;

47 (VI) UP TO FORTY VISITS FOR HOME CARE SERVICES PROVIDED TO A COVERED  
48 PERSON IN LIEU OF HOSPITALIZATION;

49 (VII) SURGICAL SERVICES;

50 (VIII) SECOND SURGICAL OPINION;

51 (IX) DIAGNOSTIC RADIOLOGY AND LABORATORY SERVICES;

52 (X) CERVICAL CYTOLOGY SCREENING; AND

53 (XI) ONE ROUTINE PHYSICAL EXAMINATION.

54 4. THE CONTRACT IMPOSES NO DEDUCTIBLE IN EXCESS OF TWO THOUSAND FIVE  
55 HUNDRED DOLLARS PER CALENDAR OR CONTRACT YEAR, NO COINSURANCE IN EXCESS  
56 OF FIFTY PERCENT OR, IN LIEU OF COINSURANCE, NO COPAYMENT GREATER THAN

1 FORTY DOLLARS PER SERVICE. THE ROUTINE PHYSICAL EXAMINATION SHALL NOT BE  
2 SUBJECT TO A DEDUCTIBLE.

3 5. IF THE CONTRACT HAS A PREEEXISTING CONDITION PROVISION, THE  
4 PROVISION MUST COMPLY WITH SECTION FOUR THOUSAND THREE HUNDRED EIGHTEEN  
5 OF THIS ARTICLE, INCLUDING THE REQUIREMENTS THAT CREDIT BE APPLIED  
6 TOWARD ANY WAITING PERIOD FOR THE PERIOD OF TIME THE ELIGIBLE INDIVIDUAL  
7 WAS COVERED BY CREDITABLE COVERAGE, PROVIDED THAT THE COVERAGE WAS  
8 CONTINUOUS TO A DATE NOT MORE THAN SIXTY-THREE DAYS PRIOR TO THE ENROLL-  
9 MENT DATE OF THE SHORT-TERM SUBSCRIBER CONTRACT.

10 S 5. On or before April 1, 2014, the superintendent of insurance shall  
11 report to the governor, the temporary president of the senate, the  
12 speaker of the assembly and to the chairs of the insurance committees of  
13 the senate and the assembly on the effectiveness of the short-term  
14 health insurance policies and subscriber contracts for addressing the  
15 problem of young adults who find themselves uninsured as a result of  
16 graduation or losing dependent status under a parent's coverage and who  
17 need temporary coverage until they can obtain employer-sponsored cover-  
18 age. Such report shall also contain any recommendations as to whether  
19 to extend the provisions of this act beyond its expiration.

20 S 6. This act shall take effect immediately and shall expire and be  
21 deemed repealed on December 31, 2014.