S T A T E O F N E W Y O R K

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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:

Section 1. Subsection (l) of section 3216 of the insurance law, as added by chapter 504 of the laws of 1995, is amended to read as follows:

(l) [On and after January first, nineteen hundred ninety-seven] EXCEPT AS SET FORTH IN SECTION THREE THOUSAND TWO HUNDRED SIXTEEN-A OF THIS ARTICLE, no insurer shall offer major medical, comprehensive or other comparable individual contracts, other than for purposes of conversion, unless the benefits of such contracts, including deductibles and coinsurance, are identical to the out-of-plan benefits of the contracts described in section four thousand three hundred twenty-two of this chapter. Such contracts must include a prescription drug benefit complying with the requirements of that section.

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

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

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

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

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

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

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

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

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

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

(III) PHYSICIAN OFFICE VISITS;

(IV) PREADMISSION TESTING;

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

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

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

(VIII) SECOND SURGICAL OPINION;

(IX) DIAGNOSTIC RADIOLOGY AND LABORATORY SERVICES;

(X) CERVICAL CYTOLOGY SCREENING; AND

(XI) ONE ROUTINE PHYSICAL.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) PHYSICIAN OFFICE VISITS;

(IV) PREADMISSION TESTING;

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

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

(VII) SURGICAL SERVICES;

(VIII) SECOND SURGICAL OPINION;

(IX) DIAGNOSTIC RADIOLOGY AND LABORATORY SERVICES;

(X) CERVICAL CYTOLOGY SCREENING; AND

(XI) ONE ROUTINE PHYSICAL EXAMINATION.

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

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

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

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

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