

2009-2010 Regular Sessions

I N S E N A T E

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Introduced by Sens. LARKIN, SEWARD, LEIBELL, MAZIARZ, 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 rating of individual and small group health insurance policies and contracts and several stop loss funds; and to repeal the closing paragraph of subsection (c) of section 3233 of the insurance law relating to convening the technical advisory committee periodically to evaluate the impact of the standardized direct payment enrollee contracts offered pursuant to sections 4321 and 4322 of such law on the individual health insurance market

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

1 Section 1. Subsections (a) and (b) of section 3231 of the insurance
2 law, subsection (a) as amended by chapter 661 of the laws of 1997 and
3 subsection (b) as amended by chapter 557 of the laws of 2002, are
4 amended to read as follows:
5 (a) No individual health insurance policy and no group health insur-
6 ance policy covering [between two and] A GROUP OF fifty OR FEWER employ-
7 ees or members of the group exclusive of spouses and dependents, herein-
8 after referred to as a small group, providing hospital and/or medical
9 benefits, including medicare supplemental insurance, shall be issued in
10 this state unless such policy is community rated and, notwithstanding
11 any other provisions of law, the underwriting of such policy involves no
12 more than the imposition of a pre-existing condition limitation as
13 permitted by this article. Any individual, and dependents of such indi-
14 vidual, and any small group, including all employees or group members
15 and dependents of employees or members, applying for individual health
16 insurance coverage, including medicare supplemental coverage, or small
17 group health insurance coverage, including medicare supplemental insur-
18 ance, must be accepted at all times throughout the year for any hospital

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

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1 and/or medical coverage offered by the insurer to individuals or small
2 groups in this state. Once accepted for coverage, an individual or small
3 group cannot be terminated by the insurer due to claims experience.
4 Termination of an individual or small group shall be based only on one
5 or more of the reasons set forth in subsection (g) of section three
6 thousand two hundred sixteen or subsection (p) of section three thousand
7 two hundred twenty-one of this article. Group hospital and/or medical
8 coverage, including medicare supplemental insurance, obtained through an
9 out-of-state trust covering a group of fifty or fewer employees or
10 participating persons who are residents of this state must be community
11 rated regardless of the situs of delivery of the policy. Notwithstanding
12 any other provisions of law, the underwriting of such policy may involve
13 no more than the imposition of a pre-existing condition limitation as
14 permitted by this article, and once accepted for coverage, an individual
15 or small group cannot be terminated due to claims experience. Termi-
16 nation of an individual or small group shall be based only on one or
17 more of the reasons set forth in subsection (p) of section three thou-
18 sand two hundred twenty-one of this article. For the purposes of this
19 section, "community rated" means a rating methodology in which the
20 premium for all persons covered by a policy or contract form is the same
21 based on the experience of the entire pool of risks covered by that
22 policy or contract form without regard to age, sex, health status or
23 occupation.

24 (b) Nothing herein shall prohibit the use of premium rate structures
25 to establish different premium rates for individuals as opposed to fami-
26 ly units [or separate community rates for individuals as opposed to
27 small groups. If an insurer is required to issue a contract to individ-
28 ual proprietors pursuant to subsection (i) of this section, such policy
29 shall be subject to subsection (a) of this section].

30 S 2. Subsections (a) and (b) of section 4317 of the insurance law,
31 subsection (a) as amended by chapter 661 of the laws of 1997 and
32 subsection (b) as amended by chapter 557 of the laws of 2002, are
33 amended to read as follows:

34 (a) No individual health insurance contract and no group health insur-
35 ance contract covering [between two and] A GROUP OF fifty OR FEWER
36 employees or members of the group exclusive of spouses and dependents,
37 including contracts for which the premiums are paid by a remitting agent
38 for a group, hereinafter referred to as a small group, providing hospi-
39 tal and/or medical benefits, including Medicare supplemental insurance,
40 shall be issued in this state unless such contract is community rated
41 and, notwithstanding any other provisions of law, the underwriting of
42 such contract involves no more than the imposition of a pre-existing
43 condition limitation as permitted by this article. Any individual, and
44 dependents of such individual, and any small group, including all
45 employees or group members and dependents of employees or members,
46 applying for individual or small group health insurance coverage must be
47 accepted at all times throughout the year for any hospital and/or
48 medical coverage, including Medicare supplemental insurance, offered by
49 the corporation to individuals or small groups in this state. Once
50 accepted for coverage, an individual or small group cannot be terminated
51 by the insurer due to claims experience. Termination of coverage for
52 individuals or small groups may be based only on one or more of the
53 reasons set forth in subsection (c) of section four thousand three
54 hundred four or subsection (j) of section four thousand three hundred
55 five of this article. For the purposes of this section, "community
56 rated" means a rating methodology in which the premium for all persons

1 covered by a policy or contract form is the same, based on the experi-
2 ence of the entire pool of risks covered by that policy or contract form
3 without regard to age, sex, health status or occupation.

4 (b) Nothing herein shall prohibit the use of premium rate structures
5 to establish different premium rates for individuals as opposed to fami-
6 ly units [or separate community rates for individuals as opposed to
7 small groups. If a corporation is required to issue a contract to indi-
8 vidual proprietors pursuant to subsection (f) of this section, such
9 contract shall be subject to the requirements of subsection (a) of this
10 section].

11 S 3. The closing paragraph of subsection (c) of section 3233 of the
12 insurance law is REPEALED and two new subsections (d) and (e) are added
13 to read as follows:

14 (D) (1) NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER OR ANY OTHER
15 PROVISION OF LAW, ON OR BEFORE OCTOBER FIRST, TWO THOUSAND ELEVEN, THE
16 SUPERINTENDENT SHALL PROMULGATE REGULATIONS TO ENSURE AN ORDERLY IMPLI-
17 MENTATION AND ONGOING OPERATION OF THE OPEN ENROLLMENT AND COMMUNITY
18 RATING REQUIRED BY SECTIONS THREE THOUSAND TWO HUNDRED THIRTY-ONE AND
19 FOUR THOUSAND THREE HUNDRED SEVENTEEN OF THIS CHAPTER, AS AMENDED BY THE
20 CHAPTER OF THE LAWS OF TWO THOUSAND NINE THAT ADDED THIS SUBSECTION,
21 INCLUDING PROVISIONS DESIGNED TO ENCOURAGE INSURERS TO REMAIN IN OR
22 ENTER THE SMALL GROUP HEALTH INSURANCE MARKET. SUCH REGULATIONS SHALL
23 APPLY TO ALL INSURERS AND HEALTH MAINTENANCE ORGANIZATIONS SUBJECT TO
24 COMMUNITY RATING. SUCH REGULATIONS SHALL BE DESIGNED TO PROMOTE AN
25 INSURANCE MARKETPLACE WHERE PREMIUMS DO NOT UNDULY FLUCTUATE, INSURERS
26 AND HEALTH MAINTENANCE ORGANIZATIONS ARE REASONABLY PROTECTED AGAINST
27 UNEXPECTED, SIGNIFICANT SHIFTS IN THE NUMBER OF PERSONS INSURED, AND
28 OTHER MARKET STABILITY FEATURES DEEMED APPROPRIATE BY THE SUPERINTEN-
29 DENT. SUCH REGULATIONS SHALL NOT REQUIRE ANY INSURER OR HEALTH MAINTE-
30 NANCE ORGANIZATION SUBJECT TO THIS SECTION, OR ANY SUBSIDIARY OR
31 CONTROLLED PERSON OF A HOLDING COMPANY OF SUCH INSURER OR HEALTH MAINTE-
32 NANCE ORGANIZATION, TO ENTER, CONTINUE TO CONDUCT OR WITHDRAW FROM ANY
33 LINE OF BUSINESS AS A CONDITION OF ENTERING, CONTINUING IN OR WITHDRAW-
34 ING FROM ANY OTHER LINE OF BUSINESS.

35 (2) PRIOR TO ADOPTING SUCH REGULATIONS, THE SUPERINTENDENT SHALL
36 CONVENE A TECHNICAL ADVISORY COMMITTEE, ON OR BEFORE FEBRUARY FIRST, TWO
37 THOUSAND TEN, TO PROVIDE ADVICE AND RECOMMENDATIONS TO THE SUPERINTEN-
38 DENT ON ISSUES INCLUDING, BUT NOT LIMITED TO, VOLUNTARY REINSURANCE,
39 POOLING, RISK SHARING, THE ESTABLISHMENT OF A HIGH RISK OR HIGH COST
40 MEDICAL CONDITIONS POOL, THE MODERATION OF INITIAL COMMUNITY RATES AS
41 COMPARED TO PRIOR RATES, OR PREMIUM STABILIZATION METHODS. THE TECHNICAL
42 ADVISORY COMMITTEE SHALL BE COMPRISED OF NINE MEMBERS, ONE OF WHOM SHALL
43 BE THE SUPERINTENDENT OR HIS OR HER DESIGNEE. THE SUPERINTENDENT OR HIS
44 OR HER DESIGNEE SHALL CHAIR THE COMMITTEE AND SHALL APPOINT TWO OTHER
45 MEMBERS TO THE COMMITTEE. THE TEMPORARY PRESIDENT OF THE SENATE AND THE
46 SPEAKER OF THE ASSEMBLY SHALL EACH APPOINT THREE MEMBERS TO THE COMMIT-
47 TEE. THE APPOINTEES SHALL BE REPRESENTATIVES OF COMMERCIAL HEALTH
48 INSURERS, NOT-FOR-PROFIT HEALTH INSURERS, HEALTH MAINTENANCE ORGANIZA-
49 TIONS AND PURCHASERS OF INSURANCE AND SHALL BE NAMED NO LATER THAN JANU-
50 ARY FIRST, TWO THOUSAND TEN. IN ADDITION, THE SUPERINTENDENT MAY OBTAIN
51 THE SERVICES OF AN ACTUARY WITH EXPERIENCE RELATING TO PREMIUM RATES AND
52 MARKET STABILIZATION FOR SMALL GROUP HEALTH INSURANCE.

53 (3) (A) SUCH REGULATIONS MAY INCLUDE REINSURANCE OR A POOLING PROCESS
54 INVOLVING INSURER CONTRIBUTIONS TO, OR RECEIPTS FROM, A FUND WHICH SHALL
55 BE DESIGNED TO SHARE THE RISK OF OR EQUALIZE HIGH COST CLAIMS, CLAIMS OF
56 HIGH COST PERSONS, COST VARIATIONS AMONG INSURERS AND HEALTH MAINTENANCE

1 ORGANIZATIONS BASED UPON DEMOGRAPHIC FACTORS OF THE PERSONS INSURED
2 WHICH CORRELATE WITH SUCH COST VARIATIONS DESIGNED TO PROTECT INSURERS
3 FROM DISPROPORTIONATE ADVERSE RISKS OF OFFERING COVERAGE TO ALL APPLI-
4 CANTS; PROVIDED THAT SUCH REGULATIONS SHALL RELATE ONLY TO RISK SHARING
5 AMONG INSURERS AND HEALTH MAINTENANCE ORGANIZATIONS AND SHALL NOT CREATE
6 DIFFERENCES IN COMMUNITY RATES CHARGED BY A SINGLE INSURER BECAUSE A
7 SMALL GROUP'S COVERAGE HAS BEEN REINSURED OR POOLED, AND NEITHER THE
8 SMALL EMPLOYER NOR THE EMPLOYEE SHALL HAVE REASON TO KNOW THAT THEIR
9 COVERAGE HAS BEEN REINSURED OR POOLED PURSUANT TO SUCH REGULATIONS.

10 (B) SUCH REGULATIONS MAY SPECIFY THE AGGREGATE TOTAL CONTRIBUTIONS BY
11 HEALTH MAINTENANCE ORGANIZATIONS AND INSURERS BASED UPON SPECIFIED
12 MEDICAL CONDITIONS, WHICH MAY BE INCREASED BY THE AGGREGATE TOTAL AMOUNT
13 OF SAVINGS RESULTING FROM DECREASED CONTRIBUTIONS CALCULATED PURSUANT TO
14 REGULATIONS BASED UPON DEMOGRAPHIC FACTORS.

15 (C) SUCH REGULATIONS MAY INCLUDE A REINSURANCE OR A POOLING PROCESS
16 INVOLVING INSURER AND HEALTH MAINTENANCE ORGANIZATION CONTRIBUTIONS TO,
17 OR RECEIPTS FROM, A FUND WHICH SHALL BE DESIGNED TO SHARE THE RISK OF OR
18 EQUALIZE HIGH COST CLAIMS OR THE CLAIMS OF HIGH COST PERSONS; PROVIDED
19 THAT SUCH REGULATIONS SHALL RELATE ONLY TO RISK SHARING AMONG INSURERS
20 AND HEALTH MAINTENANCE ORGANIZATIONS AND SHALL NOT CREATE DIFFERENCES IN
21 COMMUNITY RATES CHARGED BY A SINGLE INSURER OR HEALTH MAINTENANCE ORGAN-
22 IZATION BECAUSE A SMALL GROUP'S COVERAGE HAS BEEN REINSURED OR POOLED,
23 AND NEITHER THE INDIVIDUAL NOR THE SMALL EMPLOYER NOR THE EMPLOYEE SHALL
24 HAVE REASON TO KNOW THAT THEIR COVERAGE HAS BEEN REINSURED OR POOLED
25 PURSUANT TO SUCH REGULATIONS. SUCH REGULATIONS MAY ALSO INCLUDE OTHER
26 MECHANISMS DESIGNED TO SHARE RISKS OR PREVENT UNDUE VARIATIONS IN INSUR-
27 ER AND HEALTH MAINTENANCE ORGANIZATION CLAIM COSTS WHICH ARE NOT RELATED
28 TO EXPECTED DIFFERENCES IN INSURER AND HEALTH MAINTENANCE ORGANIZATION
29 COSTS BASED UPON COMPETITION, INNOVATION AND EFFICIENCY OF OPERATION.
30 THE REGULATIONS MAY SEGREGATE ANY REINSURANCE, POOLING OR OTHER PROCESS
31 AMONG VARIOUS GEOGRAPHIC REGIONS OF THE STATE.

32 (D) IN ORDER TO PROMULGATE RULES AND REGULATIONS TO IMPLEMENT THE
33 PROVISIONS OF THIS SUBSECTION IN AN ORDERLY MANNER THAT HELPS TO
34 INCREASE THE AVAILABILITY OF HEALTH INSURANCE TO ALL MEMBERS OF THE
35 SMALL GROUP MARKET, INCLUDING THOSE PERSONS THAT ARE CURRENTLY PLACED IN
36 THE INDIVIDUAL OR DIRECT PAY MARKET, THE TECHNICAL ADVISORY COMMITTEE
37 SHALL MAKE RECOMMENDATIONS TO:

38 (I) FORMULATE, DEVELOP, AND IMPLEMENT A PROGRAM OR METHODOLOGY TO
39 ESTABLISH A HIGH RISK OR HIGH COST MEDICAL CONDITIONS POOL AND SMALL
40 GROUP STOP LOSS FUND TO REIMBURSE NINETY PERCENT OF ALL BONA FIDE CLAIMS
41 ABOVE SEVENTY-FIVE THOUSAND DOLLARS PAID BY HEALTH MAINTENANCE ORGANIZA-
42 TIONS AND INSURERS IN A CALENDAR YEAR FOR ANY MEMBER OR INSURED COVERED
43 IN THE NEW SMALL GROUP MARKET ESTABLISHED PURSUANT TO THE PROVISIONS OF
44 THE CHAPTER OF THE LAWS OF TWO THOUSAND NINE THAT ADDED THIS SUBSECTION.
45 ALL APPROVED CLAIMS PAID ON BEHALF OF MEMBERS OR INSURED COVERED IN THE
46 NEW SMALL GROUP MARKET BY HEALTH MAINTENANCE ORGANIZATIONS AND INSURERS
47 THAT ARE ABOVE THE SEVENTY-FIVE THOUSAND DOLLAR THRESHOLD SHALL BE REIM-
48 BURSABLE, AS FUNDS ARE MADE AVAILABLE, FROM THE STOP LOSS FUNDS ESTAB-
49 LISHED PURSUANT TO SECTION FOUR THOUSAND THREE HUNDRED TWENTY-SEVEN OF
50 THIS CHAPTER, THE STOP LOSS FUNDS ESTABLISHED PURSUANT TO SECTIONS FOUR
51 THOUSAND THREE HUNDRED TWENTY-ONE-A AND FOUR THOUSAND THREE HUNDRED
52 TWENTY-TWO-A OF THIS CHAPTER.

53 (II) COORDINATE THE ISSUANCE OF NEW SMALL GROUP POLICIES OR CONTRACTS
54 ISSUED AND RATED PURSUANT TO THIS CHAPTER WITH CONTRACTS ISSUED PURSUANT
55 TO SECTION FOUR THOUSAND THREE HUNDRED TWENTY-SIX OF THIS CHAPTER.

1 (III) DEVELOP A MECHANISM TO SHIFT ALL PERSONS COVERED BY INDIVIDUAL
2 CONTRACTS OR POLICIES PAID ON A DIRECT PAYMENT BASIS ISSUED PURSUANT TO
3 THIS ARTICLE AND SECTIONS FOUR THOUSAND THREE HUNDRED FOUR, FOUR THOU-
4 SAND THREE HUNDRED TWENTY-ONE AND FOUR THOUSAND THREE HUNDRED TWENTY-TWO
5 OF THIS CHAPTER TO THE NEW SMALL GROUP MARKET BY JANUARY FIRST, TWO
6 THOUSAND SEVENTEEN.

7 (IV) DETERMINE WHETHER OR NOT CONTRACTS ISSUED PURSUANT TO SECTIONS
8 FOUR THOUSAND THREE HUNDRED TWENTY-ONE AND FOUR THOUSAND THREE HUNDRED
9 TWENTY-TWO OF THIS CHAPTER WILL CONTINUE TO BE NEEDED AND ISSUED TO
10 ADEQUATELY SATISFY THE INSURANCE COVERAGE REQUIREMENTS OF ALL SEGMENTS
11 OF THIS STATE'S POPULATION. FURTHER, THE COMMITTEE SHALL MAKE RECOMMEN-
12 DATIONS TO THE GOVERNOR, TEMPORARY PRESIDENT OF THE SENATE AND SPEAKER
13 OF THE ASSEMBLY BY JULY FIRST, TWO THOUSAND TWELVE ON THE ADVISABILITY
14 OF REPEALING SECTIONS FOUR THOUSAND THREE HUNDRED FOUR, FOUR THOUSAND
15 THREE HUNDRED TWENTY-ONE AND FOUR THOUSAND THREE HUNDRED TWENTY-TWO OF
16 THIS CHAPTER AND PROHIBITING THE ISSUANCE OF NEW DIRECT PAY CONTRACTS OR
17 POLICIES TO ANY MEMBERS OR INSUREDS AFTER JANUARY FIRST, TWO THOUSAND
18 THIRTEEN OR PERMITTING ALL INDIVIDUALS THAT HAVE INDIVIDUAL DIRECT PAY
19 CONTRACTS OR POLICIES ISSUED PURSUANT TO THIS ARTICLE AND SECTIONS FOUR
20 THOUSAND THREE HUNDRED FOUR, FOUR THOUSAND THREE HUNDRED TWENTY-ONE AND
21 FOUR THOUSAND THREE HUNDRED TWENTY-TWO OF THIS CHAPTER BEFORE JANUARY
22 FIRST, TWO THOUSAND THIRTEEN TO CONTINUE TO RENEW OR RETAIN SUCH
23 CONTRACTS OR POLICIES AFTER JANUARY FIRST, TWO THOUSAND THIRTEEN.

24 (V) DEVELOP PROGRAMS OR METHODOLOGIES TO ENSURE THAT APPROPRIATE
25 MEDICAL CARE SHALL BE PROVIDED FOR ALL PERSONS PLACED IN A HIGH RISK OR
26 HIGH COST MEDICAL CONDITIONS POOL. SUCH PROGRAM OR METHODOLOGY SHALL
27 ENSURE THAT SUCH PERSONS RECEIVE APPROPRIATE AND COST EFFECTIVE MEDICAL
28 CARE AND THAT THE LEVEL AND UTILIZATION OF BENEFITS PROVIDED FOR UNDER
29 SUCH CONTRACTS OR POLICIES ARE ADEQUATE TO ADDRESS THE SERIOUS OR CHRON-
30 IC MEDICAL CONDITIONS FACED BY SUCH PERSONS.

31 (E)(I) THE ADVISORY COMMITTEE SHALL BE DEEMED TO BE A PUBLIC BODY FOR
32 THE PURPOSES SET FORTH IN THE OPEN MEETINGS LAW, AS SET FORTH IN ARTICLE
33 SEVEN OF THE PUBLIC OFFICERS LAW. ALL COMMITTEE MEETINGS SHALL BE
34 CONDUCTED ONLY AFTER FOURTEEN DAYS PRIOR PUBLIC NOTICE HAS BEEN GIVEN TO
35 THE NEWS MEDIA GENERALLY AND PUBLISHED IN THREE STATEWIDE NEWSPAPERS OF
36 GENERAL CIRCULATION, IN SUCH TRADE, INDUSTRY OR PROFESSIONAL PUBLICA-
37 TIONS AS THE ADVISORY COMMITTEE SHALL DESIGNATE, AND IN THE STATE REGIS-
38 TER.

39 (II) THE ADVISORY COMMITTEE SHALL ISSUE A REPORT THAT CONTAINS ITS
40 FINDINGS AND RECOMMENDATIONS AS PROVIDED FOR PURSUANT TO THIS SUBSECTION
41 TO THE GOVERNOR, TEMPORARY PRESIDENT OF THE SENATE AND SPEAKER OF THE
42 ASSEMBLY BY JANUARY FIRST, TWO THOUSAND ELEVEN.

43 (III) THE SUPERINTENDENT IN PROMULGATING RULES AND REGULATIONS TO
44 IMPLEMENT THE PROVISIONS OF THIS SUBSECTION AND THE SMALL GROUP STOP
45 LOSS FUND, MUST RELY ON THE FINDINGS AND RECOMMENDATIONS CONTAINED IN
46 THE ADVISORY COMMITTEE'S REPORT, UNLESS HE OR SHE FINDS ON THE RECORD
47 THAT SUCH RECOMMENDATIONS WOULD DESTABILIZE THE HEALTH INSURANCE MARKET,
48 INSTIGATE SUBSTANTIAL INCREASES IN PREMIUM RATES OR SUBJECT INSURERS AND
49 HEALTH MAINTENANCE INSURERS TO UNACCEPTABLE LOSS RATIOS OVER THE
50 INITIAL TWO YEAR PERIOD OF TIME.

51 (IV) THE SUPERINTENDENT, IN PROMULGATING RULES AND REGULATIONS TO
52 IMPLEMENT THE PROVISIONS OF THIS SUBSECTION, SHALL CONDUCT AT LEAST
53 THREE SEPARATE PUBLIC HEARINGS (NOTICE WHEREOF SHALL BE GIVEN AS
54 PROVIDED IN ITEM (I) OF THIS SUBPARAGRAPH) IN DIFFERENT PARTS OF THE
55 STATE ACCEPT PUBLIC COMMENT ON THE COMMITTEE'S REPORT AND THE PROPOSED
56 RULEMAKING SUBMITTED BY THE SUPERINTENDENT TO THE STATE REGISTER TO

1 IMPLEMENT THE PROVISIONS OF THIS SUBSECTION, IN ADDITION TO MEETING THE
2 REQUIREMENTS OF THE STATE ADMINISTRATIVE PROCEDURE ACT; PROVIDED THAT
3 THERE NEED BE NO DUPLICATION OF PERFORMANCE IN COMPLYING WITH THE
4 PROVISIONS OF THIS ITEM AND THOSE OF THE STATE ADMINISTRATIVE PROCEDURE
5 ACT.

6 (E) THE PROVISIONS OF THIS ARTICLE AND SECTIONS FOUR THOUSAND THREE
7 HUNDRED FOUR, FOUR THOUSAND THREE HUNDRED TWENTY-ONE AND FOUR THOUSAND
8 THREE HUNDRED TWENTY-TWO OF THIS CHAPTER AND ALL INDIVIDUAL CONTRACTS OR
9 POLICIES PAID ON A DIRECT PAYMENT BASIS ISSUED PURSUANT TO THIS CHAPTER
10 SHALL REMAIN IN EFFECT ON AND AFTER JANUARY FIRST, TWO THOUSAND THIR-
11 TEEN; PROVIDED, HOWEVER, THAT, AFTER JANUARY FIRST, TWO THOUSAND THIR-
12 TEEN, NO ADDITIONAL NEW CONTRACTS OR POLICIES MAY BE ISSUED TO INDIVID-
13 UALS THAT DID NOT SUBSCRIBE TO SUCH CONTRACTS OR POLICIES PRIOR TO
14 DECEMBER THIRTY-FIRST, TWO THOUSAND TWELVE. ALL INDIVIDUAL CONTRACTS OR
15 POLICIES IN FORCE PURSUANT TO THIS ARTICLE, OR SECTIONS FOUR THOUSAND
16 THREE HUNDRED FOUR, FOUR THOUSAND THREE HUNDRED TWENTY-ONE AND FOUR
17 THOUSAND THREE HUNDRED TWENTY-TWO OF THIS CHAPTER AFTER DECEMBER THIR-
18 TY-FIRST, TWO THOUSAND TWELVE SHALL CONTINUE TO BE COMMUNITY RATED WITH
19 OTHER GROUPS OF ONE AS PROVIDED FOR BY SECTIONS THREE THOUSAND TWO
20 HUNDRED THIRTY-ONE AND FOUR THOUSAND THREE HUNDRED SEVENTEEN OF THIS
21 CHAPTER AS SAID SECTIONS THREE THOUSAND TWO HUNDRED THIRTY-ONE AND FOUR
22 THOUSAND THREE HUNDRED SEVENTEEN WERE IN EFFECT PRIOR TO THE EFFECTIVE
23 DATE OF THE CHAPTER OF THE LAWS OF TWO THOUSAND NINE THAT ADDED THIS
24 SUBSECTION. HOLDERS OF ALL SUCH CONTRACTS OR POLICIES SHALL HAVE THE
25 RIGHT TO RENEW AND CONTINUE THEIR CONTRACTS OR POLICIES UNDER THE SAME
26 TERMS AND CONDITIONS UNTIL JANUARY FIRST, TWO THOUSAND SEVENTEEN.

27 S 4. Subparagraph (O) of paragraph 4 of subsection (j) of section 4301
28 of the insurance law, as added by section 8 of part A of chapter 1 of
29 the laws of 2002, is amended to read as follows:

30 (O) Notwithstanding any other provision of law, the board shall direct
31 that such proceeds of the public asset are disbursed in accordance with
32 direction from the director of the division of the budget and trans-
33 ferred to the credit of the tobacco control and insurance initiatives
34 pool, or its successor to be used for the exclusive purposes provided
35 therein, AND TO THE STOP LOSS FUNDS ESTABLISHED PURSUANT TO SUBSECTION
36 (D) OF SECTION THREE THOUSAND TWO HUNDRED THIRTY-THREE OF THIS CHAPTER
37 AND SECTION FOUR THOUSAND THREE HUNDRED TWENTY-SEVEN OF THIS ARTICLE.

38 S 5. Section 4321-a of the insurance law, as added by chapter 1 of the
39 laws of 1999, paragraph 2 of subsection (e) as amended by chapter 419 of
40 the laws of 2000, is amended to read as follows:

41 S 4321-a. Fund for standardized individual enrollee direct payment
42 contracts. (a) The superintendent shall establish a fund from which
43 health maintenance organizations may receive reimbursement, to the
44 extent of funds available therefor, for claims paid by such health main-
45 tenance organizations for members covered under standardized individual
46 enrollee direct payment contracts issued pursuant to section four thou-
47 sand three hundred twenty-one of this article AND FOR ALL SMALL GROUP
48 POLICES OR CONTRACTS ISSUED AFTER JANUARY FIRST, TWO THOUSAND TWELVE.
49 The fund established by the superintendent pursuant to this section
50 shall be known as the direct payment stop loss fund. Commencing in
51 calendar year two thousand, health maintenance organizations shall be
52 eligible to receive reimbursement from the direct payment stop loss fund
53 for ninety percent of claims paid between twenty thousand and one
54 hundred thousand dollars in a calendar year for any member covered under
55 a contract issued pursuant to section four thousand three hundred twen-
56 ty-one of this article AND FOR ALL SMALL GROUP POLICIES OR CONTRACTS

1 ISSUED AFTER JANUARY FIRST, TWO THOUSAND TWELVE. For the purposes of
2 this section, claims shall include health care claims paid by a health
3 maintenance organization on behalf of a covered member pursuant to such
4 standardized direct payment contracts OR A SMALL GROUP POLICY OR
5 CONTRACT.

6 (b) The superintendent shall promulgate regulations setting forth
7 procedures for the operation of the direct payment stop loss fund AND
8 THE SMALL GROUP STOP LOSS FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF
9 SECTION THREE THOUSAND TWO HUNDRED THIRTY-THREE OF THIS CHAPTER and the
10 distribution of monies therefrom.

11 (c) Claims shall be reported and funds shall be distributed on a
12 calendar year basis. Claims shall be eligible for reimbursement only for
13 the calendar year in which the claims are paid. Once claims paid on
14 behalf of a member reach or exceed one hundred thousand dollars in a
15 given calendar year, no further claims paid on behalf of such member in
16 such calendar year shall be eligible for reimbursement.

17 (d) Each health maintenance organization shall submit a request for
18 reimbursement from the stop loss fund on a form prescribed by the super-
19 intendent. Such request for reimbursement shall be submitted no later
20 than April first following the end of the calendar year for which the
21 reimbursement request is being made. The superintendent may require
22 health maintenance organizations to submit such claims data in
23 connection with the reimbursement request as he OR SHE deems necessary
24 to enable him OR HER to distribute monies and oversee the operation of
25 the direct payment stop loss fund AND THE SMALL GROUP STOP LOSS FUND.
26 The superintendent may require that such data be submitted on a per
27 member, aggregate and/or categorical basis.

28 (e) The superintendent shall calculate the total claims reimbursement
29 amount for all health maintenance organizations for the calendar year
30 for which claims are being reported.

31 (1) In the event that the total amount requested for reimbursement by
32 all health maintenance organizations for a calendar year exceeds funds
33 available for distribution for claims paid by all health maintenance
34 organizations during that same calendar year, the superintendent shall
35 provide for the pro-rata distribution of the available funds. Each
36 health maintenance organization shall be eligible to receive only such
37 proportionate amount of the available funds as the individual health
38 maintenance organization's total eligible claims paid bears to the total
39 eligible claims paid by all health maintenance organizations.

40 (2) In the event that (A) funds available for distribution for claims
41 paid by all health maintenance organizations during a calendar year
42 exceeds the total amount requested for reimbursement by all health main-
43 tenance organizations during that same calendar year, and (B) the total
44 amount requested for reimbursement by all health maintenance organiza-
45 tions from the direct payment out-of-plan stop loss fund exceeds the
46 amount available for distribution from such fund, then any excess funds
47 shall be reallocated for distribution to the direct payment out-of-plan
48 stop loss fund AND THE SMALL GROUP STOP LOSS FUND. Otherwise, such
49 excess funds shall be carried forward and will not affect monies appro-
50 priated for the direct payment stop loss fund in the next calendar year.

51 (f) Upon the request of the superintendent, each health maintenance
52 organization shall be required to furnish such data as the superinten-
53 dent deems necessary to oversee the operation of the direct payment stop
54 loss fund. Such data shall be furnished in a form prescribed by the
55 superintendent.

1 (g) The superintendent may obtain the services of an organization to
2 administer the direct payment stop loss fund. The superintendent shall
3 establish guidelines for the submission of proposals by organizations
4 for the purposes of administering the fund. The superintendent shall
5 make a determination whether to approve, disapprove or recommend modifi-
6 cation to the proposal of an applicant to administer the fund. An organ-
7 ization approved to administer the fund shall submit reports to the
8 superintendent in such form and at times as may be required by the
9 superintendent in order to facilitate evaluation and ensure orderly
10 operation of the fund, including, but not limited to an annual report of
11 the affairs and operations of the fund, such report to be delivered to
12 the superintendent and to the chairs of the senate finance committee and
13 assembly ways and means committee. An organization approved to adminis-
14 ter the fund shall maintain records in a form prescribed by the super-
15 intendent and which shall be available for inspection by or at the
16 request of the superintendent. The superintendent shall determine the
17 amount of compensation to be allocated to an approved organization as
18 payment for fund administration. Compensation shall be payable from the
19 direct payment stop loss fund. An organization approved to administer
20 the fund may be removed by the superintendent and must cooperate in the
21 orderly transition of services to another approved organization or to
22 the superintendent.

23 (h) If the superintendent deems it appropriate for the proper adminis-
24 tration of the direct payment stop loss fund, the administrator of the
25 fund, on behalf of and with the prior approval of the superintendent,
26 shall be authorized to purchase stop loss insurance and/or reinsurance
27 from an insurance company licensed to write such type of insurance in
28 this state. Such stop loss insurance and/or reinsurance may be purchased
29 to the extent of funds available therefor within such funds which are
30 available for purposes of the stop loss fund.

31 (I) AS INDIVIDUALS TRANSFER FROM THE STANDARDIZED INDIVIDUAL ENROLLEE
32 DIRECT PAYMENT CONTRACTS TO THE SMALL GROUP MARKET, AN ACTUARIALLY
33 APPROPRIATE AMOUNT, AS DETERMINED BY THE SUPERINTENDENT, SHALL BE TRANS-
34 FERRED FROM THE DIRECT PAYMENT STOP LOSS FUND TO THE SMALL GROUP STOP
35 LOSS FUND.

36 S 6. Section 4322-a of the insurance law, as added by chapter 1 of the
37 laws of 1999, paragraph 2 of subsection (e) as amended by chapter 419 of
38 the laws of 2000, is amended to read as follows:

39 S 4322-a. Fund for standardized individual enrollee direct payment
40 contracts which provide out-of-plan benefits. (a) The superintendent
41 shall establish a fund from which health maintenance organizations may
42 receive reimbursement, to the extent of funds available therefor, for
43 claims paid by such health maintenance organizations for members covered
44 under standardized individual enrollee direct payment contracts which
45 provide out-of-plan benefits issued pursuant to section four thousand
46 three hundred twenty-two of this article AND FOR ALL SMALL GROUP POLI-
47 CIES OR CONTRACTS ISSUED AFTER JANUARY FIRST, TWO THOUSAND TWELVE. The
48 fund established by the superintendent pursuant to this section shall be
49 known as "the direct payment out-of-plan stop loss fund". Commencing in
50 calendar year two thousand, health maintenance organizations shall be
51 eligible to receive reimbursement from the direct payment out-of-plan
52 stop loss fund for ninety percent of claims paid between twenty thousand
53 and one hundred thousand dollars in a calendar year for any member
54 covered under a contract issued pursuant to section four thousand three
55 hundred twenty-two of this article AND FOR ALL SMALL GROUP POLICIES OR
56 CONTRACTS ISSUED AFTER JANUARY FIRST, TWO THOUSAND TWELVE. For the

1 purposes of this section, claims shall include health care claims paid
2 by a health maintenance organization on behalf of a covered member
3 pursuant to contracts issued pursuant to section four thousand three
4 hundred twenty-two of this article OR A SMALL GROUP POLICY OR CONTRACT.

5 (b) The superintendent shall promulgate regulations that set forth
6 procedures for the operation of the direct payment out-of-plan stop loss
7 fund AND THE SMALL GROUP STOP LOSS FUND ESTABLISHED PURSUANT TO
8 SUBSECTION (D) OF SECTION THREE THOUSAND TWO HUNDRED THIRTY-THREE OF
9 THIS CHAPTER and the distribution of monies therefrom.

10 (c) Claims shall be reported and funds shall be distributed on a
11 calendar year basis. Claims shall be eligible for reimbursement only for
12 the calendar year in which the claims are paid. Once claims paid on
13 behalf of a member reach or exceed one hundred thousand dollars in a
14 given calendar year, no further claims paid on behalf of such member in
15 that calendar year shall be eligible for reimbursement.

16 (d) Each health maintenance organization shall submit a request for
17 reimbursement from the stop loss fund on a form prescribed by the super-
18 intendent. Such request for reimbursement shall be submitted no later
19 than April first following the end of the calendar year for which the
20 reimbursement request is being made. The superintendent may require
21 health maintenance organizations to submit such claims data in
22 connection with the reimbursement request as he OR SHE deems necessary
23 to enable him OR HER to distribute monies and oversee the operation of
24 the direct payment out-of-plan stop loss fund AND THE SMALL GROUP STOP
25 LOSS FUND. The superintendent may require that such data be submitted
26 on a per member, aggregate and/or categorical basis.

27 (e) The superintendent shall calculate the total claims reimbursement
28 amount for all health maintenance organizations for the calendar year
29 for which claims are being reported.

30 (1) In the event that the total amount requested for reimbursement by
31 all health maintenance organizations for a calendar year exceeds funds
32 available for distribution for claims paid by all health maintenance
33 organizations during that same calendar year, the superintendent shall
34 provide for the pro-rata distribution of the available funds. Each
35 health maintenance organization shall be eligible to receive only such
36 proportionate amount of the available funds as the individual health
37 maintenance organization's total eligible claims bears to the total
38 eligible claims paid by all health maintenance organizations.

39 (2) In the event that (A) funds available for distribution for claims
40 paid by all health maintenance organizations during a calendar year
41 exceeds the total amount requested for reimbursement by all health main-
42 tenance organizations during that same calendar year, and (B) the total
43 amount requested for reimbursement by all health maintenance organiza-
44 tions from the direct payment stop loss fund exceeds the amount avail-
45 able for distribution from such fund, then any excess funds shall be
46 reallocated for distribution to the direct payment stop loss fund AND
47 THE SMALL GROUP STOP LOSS FUND. Otherwise, such excess funds shall be
48 carried forward and shall not affect the monies appropriated for the
49 direct payment out-of-plan stop loss fund in the next calendar year.

50 (f) Upon the request of the superintendent, each health maintenance
51 organization shall be required to furnish such data as the superinten-
52 dent deems necessary to oversee the operation of the direct payment
53 out-of-plan stop loss fund. Such data shall be furnished in a form
54 prescribed by the superintendent.

55 (g) The superintendent may obtain the services of an organization to
56 administer the direct payment out-of-plan stop loss fund. The super-

1 intendent shall establish guidelines for the submission of proposals by
2 organizations for the purposes of administering the fund. The super-
3 intendent shall make a determination whether to approve, disapprove or
4 recommend modification to the proposal of an applicant to administer the
5 fund. An organization approved to administer the fund shall submit
6 reports to the superintendent in such form and at times as may be
7 required by the superintendent in order to facilitate evaluation and
8 ensure orderly operation of the fund, including, but not limited to, an
9 annual report of the affairs and operations of the fund, such report to
10 be delivered to the superintendent and to the chairs of the senate
11 finance committee and assembly ways and means committee. An organization
12 approved to administer the fund shall maintain records in a form
13 prescribed by the superintendent and which shall be available for
14 inspection by or at the request of the superintendent. The superinten-
15 dent shall determine the amount of compensation to be allocated to an
16 approved organization as payment for fund administration. Compensation
17 shall be payable from the direct payment out-of-plan stop loss fund. An
18 organization approved to administer the fund may be removed by the
19 superintendent and must cooperate in the orderly transition of services
20 to another approved organization or to the superintendent.

21 (h) If the superintendent deems it appropriate for the proper adminis-
22 tration of the direct payment out-of-plan stop loss fund, the adminis-
23 trator of the fund, on behalf of and with the prior approval of the
24 superintendent, shall be authorized to purchase stop loss insurance
25 and/or reinsurance from an insurance company licensed to write such type
26 of insurance in this state. Such stop loss insurance and/or reinsurance
27 may be purchased to the extent of funds available therefor within such
28 funds which are available for purposes of the stop loss fund.

29 (I) AS INDIVIDUALS TRANSFER FROM THE STANDARDIZED INDIVIDUAL ENROLLEE
30 DIRECT PAYMENT CONTRACTS WHICH PROVIDE OUT-OF-PLAN BENEFITS TO THE SMALL
31 GROUP MARKET, AN ACTUARIALLY APPROPRIATE AMOUNT, AS DETERMINED BY THE
32 SUPERINTENDENT, SHALL BE TRANSFERRED FROM THE DIRECT PAYMENT OUT-OF-PLAN
33 STOP LOSS FUND TO THE SMALL GROUP STOP LOSS FUND.

34 S 7. The section heading and subsections (a), (b), (c), (d), (e), (f),
35 (h), (i), (q) and (r) of section 4327 of the insurance law, as added by
36 chapter 1 of the laws of 1999, subsection (h) as amended by chapter 419
37 of the laws of 2000, are amended to read as follows:

38 Stop loss funds for standardized health insurance contracts issued to
39 qualifying small employers and qualifying individuals AND THE SMALL
40 GROUP MARKET. (a) The superintendent shall establish a fund from which
41 health maintenance organizations, corporations or insurers may receive
42 reimbursement, to the extent of funds available therefor, for claims
43 paid by such health maintenance organizations, corporations or insurers
44 for members covered under qualifying group health insurance contracts
45 issued pursuant to section THREE THOUSAND TWO HUNDRED THIRTY-ONE OF THIS
46 CHAPTER AND SECTIONS FOUR THOUSAND THREE HUNDRED SEVENTEEN AND four
47 thousand three hundred twenty-six of this article. This fund shall be
48 known as the "small employer stop loss fund". The superintendent shall
49 establish a separate and distinct fund from which health maintenance
50 organizations, corporations or insurers may receive reimbursement, to
51 the extent of funds available therefor, for claims paid by such health
52 maintenance organizations, corporations or insurers for members covered
53 under qualifying individual health insurance contracts issued pursuant
54 to section four thousand three hundred twenty-six of this article. This
55 fund shall be known as the "qualifying individual stop loss fund".

1 (b) Commencing on January first, two thousand one, health maintenance
2 organizations, corporations or insurers shall be eligible to receive
3 reimbursement for ninety percent of claims paid between thirty thousand
4 and one hundred thousand dollars in a calendar year for any member
5 covered under a standardized contract issued pursuant to section four
6 thousand three hundred twenty-six of this article OR A CONTRACT OR POLI-
7 CY ISSUED PURSUANT TO SECTION THREE THOUSAND TWO HUNDRED THIRTY-ONE OF
8 THIS CHAPTER OR SECTION FOUR THOUSAND THREE HUNDRED SEVENTEEN OF THIS
9 ARTICLE, PURSUANT TO REGULATIONS PROMULGATED PURSUANT TO SUBSECTION (D)
10 OF SECTION THREE THOUSAND TWO HUNDRED THIRTY-THREE OF THIS CHAPTER.
11 Claims paid for members covered under qualifying group health insurance
12 contracts shall be reimbursable from the small employer stop loss fund.
13 Claims paid for members covered under qualifying individual health
14 insurance contracts shall be reimbursable from the qualifying individual
15 stop loss fund; PROVIDED, HOWEVER, THAT THE SUPERINTENDENT, IN CONSULTA-
16 TION WITH THE DIRECTOR OF THE BUDGET, MAY TRANSFER AN ACTUARIALLY APPRO-
17 PRIATE AMOUNT OF FUNDS FROM THE SMALL EMPLOYER STOP LOSS FUND AND THE
18 QUALIFYING INDIVIDUAL STOP LOSS FUND TO ESTABLISH THE SMALL GROUP STOP
19 LOSS FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOU-
20 SAND TWO HUNDRED THIRTY-THREE OF THIS CHAPTER. For the purposes of this
21 section, claims shall include health care claims paid by a health main-
22 tenance organization on behalf of a covered member pursuant to such
23 standardized contracts.

24 (c) The superintendent shall promulgate regulations that set forth
25 procedures for the operation of the small employer stop loss fund [and],
26 the qualifying individual stop loss fund, AND THE SMALL GROUP STOP LOSS
27 FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND
28 TWO HUNDRED THIRTY-THREE OF THIS CHAPTER and distribution of monies
29 therefrom.

30 (d) The small employer stop loss fund shall operate separately from
31 the qualifying individual stop loss fund. Except as specified in
32 subsection (b) of this section with respect to calendar year two thou-
33 sand one, the level of stop loss coverage for the qualifying group
34 health insurance contracts and the qualifying individual health insur-
35 ance contracts need not be the same. The two stop loss funds need not be
36 structured or operated in the same manner, except as specified in this
37 section. The monies available for distribution from the stop loss funds
38 may be reallocated between the small employer stop loss fund [and], the
39 qualifying individual stop loss fund, AND THE SMALL GROUP STOP LOSS FUND
40 ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND TWO
41 HUNDRED THIRTY-THREE OF THIS CHAPTER if the superintendent determines
42 that such reallocation is warranted due to enrollment trends.

43 (e) Claims shall be reported and funds shall be distributed from the
44 small employer stop loss fund [and], from the qualifying individual stop
45 loss fund, AND THE SMALL GROUP STOP LOSS FUND ESTABLISHED PURSUANT TO
46 SUBSECTION (D) OF SECTION THREE THOUSAND TWO HUNDRED THIRTY-THREE OF
47 THIS CHAPTER on a calendar year basis. Claims shall be eligible for
48 reimbursement only for the calendar year in which the claims are paid.
49 Once claims paid on behalf of a covered member reach or exceed one
50 hundred thousand dollars in a given calendar year, no further claims
51 paid on behalf of such member in that calendar year shall be eligible
52 for reimbursement.

53 (f) Each health maintenance organization, corporation or insurer shall
54 submit a request for reimbursement from each of the stop loss funds on
55 forms prescribed by the superintendent. Each of the requests for
56 reimbursement shall be submitted no later than April first following the

1 end of the calendar year for which the reimbursement requests are being
2 made. The superintendent may require health maintenance organizations,
3 corporations or insurers to submit such claims data in connection with
4 the reimbursement requests as he OR SHE deems necessary to enable him OR
5 HER to distribute monies and oversee the operation of the small employer
6 and qualifying individual stop loss funds AND THE SMALL GROUP STOP LOSS
7 FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND
8 TWO HUNDRED THIRTY-THREE OF THIS CHAPTER. The superintendent may
9 require that such data be submitted on a per member, aggregate and/or
10 categorical basis. Data shall be reported separately for qualifying
11 group health insurance contracts [and], qualifying individual health
12 insurance contracts issued pursuant to section four thousand three
13 hundred twenty-six of this article, AND SMALL GROUP CONTRACTS OR POLI-
14 CIES ISSUED PURSUANT TO SECTION THREE THOUSAND TWO HUNDRED THIRTY-ONE OF
15 THIS CHAPTER AND SECTION FOUR THOUSAND SEVENTEEN OF THIS ARTICLE.

16 (h) Upon the request of the superintendent, each health maintenance
17 organization shall be required to furnish such data as the superinten-
18 dent deems necessary to oversee the operation of the small employer and
19 qualifying individual stop loss funds AND THE SMALL GROUP STOP LOSS FUND
20 ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND TWO
21 HUNDRED THIRTY-THREE OF THIS CHAPTER. Such data shall be furnished in a
22 form prescribed by the superintendent. Each health maintenance organiza-
23 tion, corporation or insurer shall provide the superintendent with
24 monthly reports of the total enrollment under the qualifying group
25 health insurance contracts and the qualifying individual health insur-
26 ance contracts issued pursuant to section four thousand three hundred
27 twenty-six of this article. The reports shall be in a form prescribed by
28 the superintendent.

29 (i) The superintendent shall separately estimate the per member annual
30 cost of total claims reimbursement from each OF THE THREE stop loss
31 [fund for qualifying individual health insurance contracts and for qual-
32 ifying group health insurance contracts] FUNDS based upon available data
33 and appropriate actuarial assumptions. Upon request, each health mainte-
34 nance organization, corporation or insurer shall furnish to the super-
35 intendent claims experience data for use in such estimations.

36 (q) The superintendent may obtain the services of an organization to
37 administer the stop loss funds established by this section AND THE SMALL
38 GROUP STOP LOSS FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION
39 THREE THOUSAND TWO HUNDRED THIRTY-THREE OF THIS CHAPTER. If the super-
40 intendent deems it appropriate, he or she may utilize a separate organ-
41 ization for administration of the small employer stop loss fund [and],
42 the qualifying individual stop loss fund, AND THE SMALL GROUP STOP LOSS
43 FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND
44 TWO HUNDRED THIRTY-THREE OF THIS CHAPTER. The superintendent shall
45 establish guidelines for the submission of proposals by organizations
46 for the purposes of administering the funds. The superintendent shall
47 make a determination whether to approve, disapprove or recommend modifi-
48 cation to the proposal of an applicant to administer the funds. An
49 organization approved to administer the funds shall submit reports to
50 the superintendent in such form and at times as may be required by the
51 superintendent in order to facilitate evaluation and ensure orderly
52 operation of the funds, including, but not limited to, an annual report
53 of the affairs and operations of the fund, such report to be delivered
54 to the superintendent and to the chairs of the senate finance committee
55 and the assembly ways and means committee. An organization approved to
56 administer the funds shall maintain records in a form prescribed by the

1 superintendent and which shall be available for inspection by or at the
2 request of the superintendent. The superintendent shall determine the
3 amount of compensation to be allocated to an approved organization as
4 payment for fund administration. Compensation shall be payable from the
5 stop loss coverage funds. An organization approved to administer the
6 funds may be removed by the superintendent and must cooperate in the
7 orderly transition of services to another approved organization or to
8 the superintendent.

9 (r) If the superintendent deems it appropriate for the proper adminis-
10 tration of the small employer stop loss fund [and/or], the qualifying
11 individual stop loss fund, OR THE SMALL GROUP STOP LOSS FUND ESTABLISHED
12 PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND TWO HUNDRED THIR-
13 TY-THREE OF THIS CHAPTER, the administrator of the fund, on behalf of
14 and with the prior approval of the superintendent, shall be authorized
15 to purchase stop loss insurance and/or reinsurance from an insurance
16 company licensed to write such type of insurance in this state. Such
17 stop loss insurance and/or reinsurance may be purchased to the extent of
18 funds available therefor within such funds which are available for
19 purposes of the stop loss funds established by this section.

20 S 8. This act shall take effect immediately; provided that sections
21 one and two of this act shall take effect on January 1, 2012; and
22 provided further that the superintendent of insurance is authorized and
23 directed to promulgate rules and regulations to implement the provisions
24 of this act, which rules and regulations must be adopted and filed with
25 the secretary of state by October 1, 2011. This act shall apply to all
26 policies and contracts of health insurance issued, renewed, modified,
27 altered or amended on or after January 1, 2012.