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

February 28, 2012

Introduced by Sen. HANNON -- 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 assignment of rights by the insured

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

Section 1. Subsection (i) of section 3216 of the insurance law is amended by adding a new paragraph 29 to read as follows:

(29) EVERY POLICY WHICH PROVIDES MEDICAL, MAJOR MEDICAL, OR SIMILAR COMPREHENSIVE-TYPE COVERAGE SHALL PERMIT BY CONTRACT, WRITTEN POLICY OR WRITTEN PROCEDURE AN INSURED TO ASSIGN HIS RIGHTS UNDER HIS CONTRACT WITH THE INSURER TO AN OUT-OF-PLAN HEALTH CARE PROVIDER. WHEN AN INSURED ASSIGNS HIS RIGHT TO RECEIVE REIMBURSEMENT FOR MEDICALLY NECESSARY HEALTH CARE SERVICES TO A HEALTH CARE PROVIDER, THE INSURER SHALL REMIT PAYMENT FOR THE REIMBURSEMENT DIRECTLY TO THE HEALTH CARE PROVIDER. WHEN AN ASSIGNMENT HAS BEEN MADE, ANY PAYMENT SENT TO THE INSURED RATHER THAN TO THE HEALTH CARE PROVIDER SHALL NOT SATISFY THE PLAN'S OBLIGATION OR REQUIREMENTS UNDER SECTION THREE THOUSAND TWO HUNDRED TWENTY-FOUR-A OF THIS ARTICLE AND IS SUBJECT TO INTEREST CHARGE PURSUANT TO SECTION THREE THOUSAND TWO HUNDRED TWENTY-FOUR-A OF THIS ARTICLE.

S 2. Section 3221 of the insurance law is amended by adding a new subsection (s) to read as follows:

(S) EVERY POLICY WHICH PROVIDES MEDICAL, MAJOR MEDICAL, OR SIMILAR COMPREHENSIVE-TYPE COVERAGE SHALL PERMIT BY CONTRACT, WRITTEN POLICY OR WRITTEN PROCEDURE AN INSURED TO ASSIGN HIS RIGHTS UNDER HIS CONTRACT WITH THE INSURER TO AN OUT-OF-PLAN HEALTH CARE PROVIDER. WHEN AN INSURED ASSIGNS HIS RIGHT TO RECEIVE REIMBURSEMENT FOR MEDICALLY NECESSARY HEALTH CARE SERVICES TO A HEALTH CARE PROVIDER, THE INSURER SHALL REMIT PAYMENT FOR THE REIMBURSEMENT DIRECTLY TO THE HEALTH CARE PROVIDER. WHEN AN ASSIGNMENT HAS BEEN MADE, ANY PAYMENT SENT TO THE INSURED RATHER THAN TO THE HEALTH CARE PROVIDER SHALL NOT SATISFY THE PLAN'S OBLIGATION OR REQUIREMENTS UNDER SECTION THREE THOUSAND TWO HUNDRED TWENTY-FOUR-A OF THIS ARTICLE AND IS SUBJECT TO INTEREST CHARGE PURSUANT TO SECTION THREE THOUSAND TWO HUNDRED TWENTY-FOUR-A OF THIS ARTICLE.

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

S 3. Section 4303 of the insurance law is amended by adding a new subsection (a-1) to read as follows:

(A-1) EVERY CONTRACT ISSUED BY A MEDICAL EXPENSE INDEMNITY CORPORATION OR HEALTH SERVICE CORPORATION WHICH PROVIDES MEDICAL, MAJOR MEDICAL OR SIMILAR COMPREHENSIVE-TYPE COVERAGE SHALL PERMIT BY CONTRACT, WRITTEN POLICY OR WRITTEN PROCEDURE AN INSURED TO ASSIGN HIS RIGHTS UNDER HIS CONTRACT WITH THE INSURER TO AN OUT-OF-PLAN HEALTH CARE PROVIDER. WHEN AN INSURED ASSIGNS HIS RIGHT TO RECEIVE REIMBURSEMENT FOR MEDICALLY NECESSARY HEALTH CARE SERVICES TO AN OUT-OF-PLAN HEALTH CARE PROVIDER, THE INSURER SHALL REMIT PAYMENT FOR THE REIMBURSEMENT DIRECTLY TO THE HEALTH CARE PROVIDER. WHEN AN ASSIGNMENT HAS BEEN MADE, ANY PAYMENT MADE TO THE INSURED RATHER THAN TO THE HEALTH CARE PROVIDER SHALL NOT SATISFY THE PLAN'S OBLIGATION OR REQUIREMENTS UNDER SECTION THREE THOUSAND TWO HUNDRED TWENTY-FOUR-A OF THIS CHAPTER AND IS SUBJECT TO AN INTEREST CHARGE PURSUANT TO SECTION THREE THOUSAND TWO HUNDRED TWENTY-FOUR-A OF THIS CHAPTER.

S 4. This act shall take effect on the first of January next succeeding the date on which it shall have become a law, and shall apply to all policies and contracts issued, renewed, modified, altered or amended on or after such effective date.