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

7333

I N S E N A T E

May 2, 2012

Introduced by Sen. SEWARD -- 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 requiring the superintendent of financial services to fairly calculate compliance with minimum loss ratios in the Healthy New York insurance program

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

Section 1. The insurance law is amended by adding a new section 3231-a to read as follows:

S 3231-A. HEALTHY NEW YORK POLICY BLENDED RATE. (A) CONSISTENT WITH SECTIONS FOUR THOUSAND THREE HUNDRED TWENTY-SIX AND FOUR THOUSAND THREE HUNDRED TWENTY-SEVEN OF THIS CHAPTER AND DEPARTMENT REGULATIONS, THE SUPERINTENDENT SHALL APPROVE A SINGLE, BLENDED PREMIUM RATE FOR HEALTHY NEW YORK POLICIES THAT IS APPLICABLE TO BOTH SMALL GROUP AND INDIVIDUAL PURCHASERS. IN ADDITION TO PROVIDING SUCH INFORMATION AS MAY BE REQUIRED TO ALLOW THE DEPARTMENT TO APPROVE A BLENDED RATE, THE SUPERINTENDENT SHALL REQUIRE INSURERS OFFERING HEALTHY NEW YORK POLICIES TO ALSO SUBMIT SUCH INFORMATION AS MAY BE REQUIRED TO DETERMINE SEPARATE PREMIUM RATES FOR EACH OF THE SMALL GROUP AND INDIVIDUAL RISK POOLS THAT ARE INSURED UNDER THE BLENDED RATE.

(B)(1) IN THE EVENT THAT THE SEPARATE RATES DIFFER FROM THE BLENDED RATE, THE DEPARTMENT SHALL IDENTIFY THE PREMIUM RATE THAT IS LOWER THAN THE BLENDED RATE, WHICH SHALL BE KNOWN AS THE SUPPORTING RATE. THE PREMIUM RATE THAT IS GREATER THAN THE BLENDED RATE SHALL BE KNOWN AS THE NON-SUPPORTING RATE.

(2) THE DEPARTMENT SHALL SUBTRACT THE SUPPORTING RATE FROM THE BLENDED RATE TO DETERMINE THE DIFFERENCE, WHICH SHALL BE KNOWN AS THE PREMIUM SUPPORT FACTOR.

(3) THE DEPARTMENT SHALL MULTIPLY THE PREMIUM SUPPORT FACTOR BY THE TOTAL NUMBER OF CONTRACTS IN THE SUPPORTING RATE RISK POOL, THE PRODUCT OF WHICH SHALL BE DEEMED AN ASSESSMENT FOR REPORTING PURPOSES UNDER US 45 CFR 158.162(B)(1) AND SHALL BE DEEMED AN ASSESSMENT FOR MEDICAL LOSS RATIO CALCULATIONS UNDER US 45 CFR 158.221(C).

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

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(C) THE DEPARTMENT SHALL ALSO MULTIPLY THE PREMIUM SUPPORT FACTOR BY THE TOTAL NUMBER OF CONTRACTS IN THE NON-SUPPORTING RATE RISK POOL, THE PRODUCT OF WHICH SHALL BE DEEMED EARNED PREMIUM, REFLECTED AS AN ADJUSTMENT TO THE NON-SUPPORTING RATE'S EARNED PREMIUM AMOUNT, AS DEFINED IN US 45 CFR 158.130(B)(3) AND REPORTED AS PART OF MEDICAL LOSS RATIO CALCULATIONS UNDER US 45 CFR 158.221(C).

(D) APPLICATION OF THIS SECTION AND CLASSIFICATION OF ANY PART OF PREMIUM RATES AS AN ASSESSMENT OR EARNED PREMIUMS ARE FOR PURPOSES OF MEDICAL LOSS RATIO CALCULATIONS ONLY.

S 2. This act shall take effect on the ninetieth day after it shall have become a law.