

4177

2013-2014 Regular Sessions

I N A S S E M B L Y

February 1, 2013

Introduced by M. of A. BARCLAY, KOLB, BLANKENBUSH, TENNEY -- Multi-Sponsored by -- M. of A. GIGLIO, HAWLEY -- read once and referred 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

covered by a policy or contract form is the same, based on the experience of the entire pool of risks covered by that policy or contract form without regard to age, sex, health status or occupation.

(b) Nothing herein shall prohibit the use of premium rate structures to establish different premium rates for individuals as opposed to family units [or separate community rates for individuals as opposed to small groups. If a corporation is required to issue a contract to individual proprietors pursuant to subsection (f) of this section, such contract shall be subject to the requirements of subsection (a) of this section].

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 The closing paragraph of subsection (c) of section 3233 of the insurance law is REPEALED and two new subsections (d) and (e) are added to read as follows:

(D) (1) NOTWITHSTANDING ANY PROVISION OF THIS CHAPTER OR ANY OTHER CHAPTER, ON OR BEFORE OCTOBER FIRST, TWO THOUSAND FIFTEEN, THE SUPERINTENDENT SHALL PROMULGATE REGULATIONS TO ENSURE AN ORDERLY IMPLEMENTATION AND ONGOING OPERATION OF THE OPEN ENROLLMENT AND COMMUNITY RATING REQUIRED BY SECTIONS THREE THOUSAND TWO HUNDRED THIRTY-ONE AND FOUR THOUSAND THREE HUNDRED SEVENTEEN OF THIS CHAPTER, AS AMENDED BY THE CHAPTER OF THE LAWS OF TWO THOUSAND THIRTEEN THAT ADDED THIS SUBSECTION, INCLUDING PROVISIONS DESIGNED TO ENCOURAGE INSURERS TO REMAIN IN OR ENTER THE SMALL GROUP HEALTH INSURANCE MARKET. SUCH REGULATIONS SHALL APPLY TO ALL INSURERS AND HEALTH MAINTENANCE ORGANIZATIONS SUBJECT TO COMMUNITY RATING. SUCH REGULATIONS SHALL BE DESIGNED TO PROMOTE AN INSURANCE MARKETPLACE WHERE PREMIUMS DO NOT UNDULY FLUCTUATE, INSURERS AND HEALTH MAINTENANCE ORGANIZATIONS ARE REASONABLY PROTECTED AGAINST UNEXPECTED, SIGNIFICANT SHIFTS IN THE NUMBER OF PERSONS INSURED, AND OTHER MARKET STABILITY FEATURES DEEMED APPROPRIATE BY THE SUPERINTENDENT. SUCH REGULATIONS SHALL NOT REQUIRE ANY INSURER OR HEALTH MAINTENANCE ORGANIZATION SUBJECT TO THIS SECTION, OR ANY SUBSIDIARY OR CONTROLLED PERSON OF A HOLDING COMPANY OF SUCH INSURER OR HEALTH MAINTENANCE ORGANIZATION, TO ENTER, CONTINUE TO CONDUCT OR WITHDRAW FROM ANY LINE OF BUSINESS AS A CONDITION OF ENTERING, CONTINUING IN OR WITHDRAWING FROM ANY OTHER LINE OF BUSINESS.

(2) PRIOR TO ADOPTING SUCH REGULATIONS, THE SUPERINTENDENT SHALL CONVENE A TECHNICAL ADVISORY COMMITTEE, ON OR BEFORE FEBRUARY FIRST, TWO THOUSAND FOURTEEN, TO PROVIDE ADVICE AND RECOMMENDATIONS TO THE SUPERINTENDENT ON ISSUES INCLUDING, BUT NOT LIMITED TO, VOLUNTARY REINSURANCE, POOLING, RISK SHARING, THE ESTABLISHMENT OF A HIGH RISK OR HIGH COST MEDICAL CONDITIONS POOL, THE MODERATION OF INITIAL COMMUNITY RATES AS COMPARED TO PRIOR RATES, OR PREMIUM STABILIZATION METHODS. THE TECHNICAL ADVISORY COMMITTEE SHALL BE COMPRISED OF NINE MEMBERS, ONE OF WHOM SHALL BE THE SUPERINTENDENT OR HIS OR HER DESIGNEE. THE SUPERINTENDENT OR HIS OR HER DESIGNEE SHALL CHAIR THE COMMITTEE AND SHALL APPOINT TWO OTHER MEMBERS TO THE COMMITTEE. THE TEMPORARY PRESIDENT OF THE SENATE AND THE SPEAKER OF THE ASSEMBLY SHALL EACH APPOINT THREE MEMBERS TO THE COMMITTEE. THE APPOINTEES SHALL BE REPRESENTATIVES OF COMMERCIAL HEALTH INSURERS, NOT-FOR-PROFIT HEALTH INSURERS, HEALTH MAINTENANCE ORGANIZATIONS AND PURCHASERS OF INSURANCE AND SHALL BE NAMED NO LATER THAN JANUARY FIRST, TWO THOUSAND FOURTEEN. IN ADDITION, THE SUPERINTENDENT MAY OBTAIN THE SERVICES OF AN ACTUARY WITH EXPERIENCE RELATING TO PREMIUM RATES AND MARKET STABILIZATION FOR SMALL GROUP HEALTH INSURANCE.

(3) (A) SUCH REGULATIONS MAY INCLUDE REINSURANCE OR A POOLING PROCESS INVOLVING INSURER CONTRIBUTIONS TO, OR RECEIPTS FROM, A FUND WHICH SHALL BE DESIGNED TO SHARE THE RISK OF OR EQUALIZE HIGH COST CLAIMS, CLAIMS OF 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 THIRTEEN THAT ADDED THIS
45 SUBSECTION. ALL APPROVED CLAIMS PAID ON BEHALF OF MEMBERS OR INSURED
46 COVERED IN THE NEW SMALL GROUP MARKET BY HEALTH MAINTENANCE ORGANIZA-
47 TIONS AND INSURERS THAT ARE ABOVE THE SEVENTY-FIVE THOUSAND DOLLAR
48 THRESHOLD SHALL BE REIMBURSABLE, AS FUNDS ARE MADE AVAILABLE, FROM THE
49 STOP LOSS FUNDS ESTABLISHED PURSUANT TO SECTION FOUR THOUSAND THREE
50 HUNDRED TWENTY-SEVEN OF THIS CHAPTER, THE STOP LOSS FUNDS ESTABLISHED
51 PURSUANT TO SECTIONS FOUR THOUSAND THREE HUNDRED TWENTY-ONE-A AND FOUR
52 THOUSAND THREE HUNDRED TWENTY-TWO-A OF THIS CHAPTER, AND THE TOBACCO
53 CONTROL AND INSURANCE INITIATIVES POOL DISTRIBUTIONS ESTABLISHED PURSU-
54 ANT TO SECTION TWO THOUSAND EIGHT HUNDRED SEVEN-V OF THE PUBLIC HEALTH
55 LAW.

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

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

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

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

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

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

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

54 (IV) THE SUPERINTENDENT, IN PROMULGATING RULES AND REGULATIONS TO
55 IMPLEMENT THE PROVISIONS OF THIS SUBSECTION, SHALL CONDUCT AT LEAST
56 THREE SEPARATE PUBLIC HEARINGS (NOTICE WHEREOF SHALL BE GIVEN AS

1 PROVIDED IN ITEM (I) OF THIS SUBPARAGRAPH) IN DIFFERENT PARTS OF THE
2 STATE ACCEPT PUBLIC COMMENT ON THE COMMITTEE'S REPORT AND THE PROPOSED
3 RULEMAKING SUBMITTED BY THE SUPERINTENDENT TO THE STATE REGISTER TO
4 IMPLEMENT THE PROVISIONS OF THIS SUBSECTION, IN ADDITION TO MEETING THE
5 REQUIREMENTS OF THE STATE ADMINISTRATIVE PROCEDURE ACT; PROVIDED THAT
6 THERE NEED BE NO DUPLICATION OF PERFORMANCE IN COMPLYING WITH THE
7 PROVISIONS OF THIS ITEM AND THOSE OF THE STATE ADMINISTRATIVE PROCEDURE
8 ACT.

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

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

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

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

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

1 hundred thousand dollars in a calendar year for any member covered under
2 a contract issued pursuant to section four thousand three hundred twen-
3 ty-one of this article AND FOR ALL SMALL GROUP POLICIES OR CONTRACTS
4 ISSUED AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN. For the purposes of
5 this section, claims shall include health care claims paid by a health
6 maintenance organization on behalf of a covered member pursuant to such
7 standardized direct payment contracts OR A SMALL GROUP POLICY OR
8 CONTRACT.

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

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

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

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

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

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

54 (f) Upon the request of the superintendent, each health maintenance
55 organization shall be required to furnish such data as the superinten-
56 dent deems necessary to oversee the operation of the direct payment stop

1 loss fund. Such data shall be furnished in a form prescribed by the
2 superintendent.

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

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

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

38 S 6. Section 4322-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 4322-a. Fund for standardized individual enrollee direct payment
42 contracts which provide out-of-plan benefits. (a) The superintendent
43 shall establish a fund from which health maintenance organizations may
44 receive reimbursement, to the extent of funds available therefor, for
45 claims paid by such health maintenance organizations for members covered
46 under standardized individual enrollee direct payment contracts which
47 provide out-of-plan benefits issued pursuant to section four thousand
48 three hundred twenty-two of this article AND FOR ALL SMALL GROUP POLI-
49 CIES OR CONTRACTS ISSUED AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN. The
50 fund established by the superintendent pursuant to this section shall be
51 known as "the direct payment out-of-plan stop loss fund". Commencing in
52 calendar year two thousand, health maintenance organizations shall be
53 eligible to receive reimbursement from the direct payment out-of-plan
54 stop loss fund for ninety percent of claims paid between twenty thousand
55 and one hundred thousand dollars in a calendar year for any member
56 covered under a contract issued pursuant to section four thousand three

1 hundred twenty-two of this article AND FOR ALL SMALL GROUP POLICIES OR
2 CONTRACTS ISSUED AFTER JANUARY FIRST, TWO THOUSAND SIXTEEN. For the
3 purposes of this section, claims shall include health care claims paid
4 by a health maintenance organization on behalf of a covered member
5 pursuant to contracts issued pursuant to section four thousand three
6 hundred twenty-two of this article OR A SMALL GROUP POLICY OR CONTRACT.

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

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

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

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

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

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

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

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

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

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

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

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

1 to section four thousand three hundred twenty-six of this article. This
2 fund shall be known as the "qualifying individual stop loss fund".

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

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

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

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

55 (f) Each health maintenance organization, corporation or insurer shall
56 submit a request for reimbursement from each of the stop loss funds on

1 forms prescribed by the superintendent. Each of the requests for
2 reimbursement shall be submitted no later than April first following the
3 end of the calendar year for which the reimbursement requests are being
4 made. The superintendent may require health maintenance organizations,
5 corporations or insurers to submit such claims data in connection with
6 the reimbursement requests as he OR SHE deems necessary to enable him OR
7 HER to distribute monies and oversee the operation of the small employer
8 and qualifying individual stop loss funds AND THE SMALL GROUP STOP LOSS
9 FUND ESTABLISHED PURSUANT TO SUBSECTION (D) OF SECTION THREE THOUSAND
10 TWO HUNDRED THIRTY-THREE OF THIS CHAPTER. The superintendent may
11 require that such data be submitted on a per member, aggregate and/or
12 categorical basis. Data shall be reported separately for qualifying
13 group health insurance contracts [and], qualifying individual health
14 insurance contracts issued pursuant to section four thousand three
15 hundred twenty-six of this article, AND SMALL GROUP CONTRACTS OR POLI-
16 CIES ISSUED PURSUANT TO SECTION THREE THOUSAND TWO HUNDRED THIRTY-ONE OF
17 THIS CHAPTER AND SECTION FOUR THOUSAND THREE HUNDRED SEVENTEEN OF THIS
18 ARTICLE.

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

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

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

1 to the superintendent and to the chairs of the senate finance committee
2 and the assembly ways and means committee. An organization approved to
3 administer the funds shall maintain records in a form prescribed by the
4 superintendent and which shall be available for inspection by or at the
5 request of the superintendent. The superintendent shall determine the
6 amount of compensation to be allocated to an approved organization as
7 payment for fund administration. Compensation shall be payable from the
8 stop loss coverage funds. An organization approved to administer the
9 funds may be removed by the superintendent and must cooperate in the
10 orderly transition of services to another approved organization or to
11 the superintendent.

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

23 S 8. This act shall take effect immediately; provided that sections
24 one and two of this act shall take effect January 1, 2016; and provided
25 further that the superintendent of financial services is authorized and
26 directed to promulgate rules and regulations to implement the provisions
27 of this act, which rules and regulations must be adopted and filed with
28 the secretary of state by October 1, 2015. This act shall apply to all
29 policies and contracts of health insurance issued, renewed, modified,
30 altered or amended on or after January 1, 2016.