

6519--B

2013-2014 Regular Sessions

I N   A S S E M B L Y

April 4, 2013

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Introduced by M. of A. SILVER, CAHILL, HEASTIE, MORELLE, FARRELL, BREN-  
NAN, MILLMAN, LENTOL, GLICK, GOTTFRIED, KAVANAGH, O'DONNELL, PRETLOW,  
ROSENTHAL, SCHIMEL, JAFFEE, HEVESI, TITONE, WEINSTEIN, JACOBS, MARKEY,  
WEPRIN -- Multi-Sponsored by -- M. of A. ABBATE, AUBRY, BARRETT,  
BROOK-KRASNY, CLARK, COLTON, CYMBROWITZ, DINOWITZ, ENGLEBRIGHT,  
GABRYSZAK, GALEF, GIBSON, LAVINE, LUPARDO, MAGEE, PEOPLES-STOKES,  
PERRY, RIVERA, ROBERTS, SCARBOROUGH, SEPULVEDA, SIMOTAS, SKARTADOS,  
STECK, SWEENEY, ZEBROWSKI -- read once and referred to the Committee  
on Insurance -- reported and referred to the Committee on Codes --  
committee discharged, bill amended, ordered reprinted as amended and  
recommitted to said committee -- reported and referred to the Commit-  
tee on Rules -- Rules Committee discharged, bill amended, ordered  
reprinted as amended and recommitted to the Committee on Rules

AN ACT to amend the insurance law, in relation to creating the freelanc-  
ers health plan demonstration program; and providing for the repeal of  
such provisions upon expiration thereof

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

1     Section 1. The insurance law is amended by adding a new section 1125  
2     to read as follows:  
3     S 1125. FREELANCERS HEALTH PLAN DEMONSTRATION PROGRAM.     (A) FOR  
4     PURPOSES OF THIS SECTION:  
5     (1) "FREELANCERS ASSOCIATION" MEANS AN ENTITY THAT: (A) IS EXEMPT FROM  
6     FEDERAL TAXATION UNDER SECTION 501(C)(3) OR (C)(4) OF THE INTERNAL  
7     REVENUE CODE; AND (B) PRIOR TO JANUARY FIRST, TWO THOUSAND THIRTEEN, HAS  
8     BEEN ISSUED ONE OR MORE HEALTH INSURANCE POLICIES BY AN INSURER UNDER  
9     SECTION ONE THOUSAND ONE HUNDRED TWENTY-THREE OF THIS ARTICLE.  
10    (2) "FREELANCERS HEALTH PLAN" OR "PLAN" MEANS A PLAN MAINTAINED BY A  
11    FREELANCERS ASSOCIATION FOR THE PURPOSE OF PROVIDING MEDICAL, SURGICAL,  
12    OR HOSPITAL SERVICES TO INDEPENDENT WORKERS WHO ARE MEMBERS OF THE FREE-

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

LBD10111-10-3

1 LANCERS ASSOCIATION AND A MEMBER'S SPOUSE, CHILDREN AND OTHER PERSONS  
2 CHIEFLY DEPENDENT UPON THE MEMBER FOR SUPPORT AND MAINTENANCE.

3 (3) "INDEPENDENT WORKER" MEANS AN INDIVIDUAL WHO: (A) IS AN INDEPEND-  
4 ENT CONTRACTOR; (B) IS SELF-EMPLOYED; (C) WORKS PART-TIME; (D) OBTAINS  
5 TEMPORARY WORK THROUGH AN EMPLOYMENT AGENCY; (E) PERFORMS TEMPORARY WORK  
6 FOR TWO OR MORE EMPLOYERS SIMULTANEOUSLY; (F) IS A DOMESTIC CHILD CARE  
7 WORKER; OR (G) IS HIRED TO WORK FULL-TIME FOR A SINGLE EMPLOYER FOR A  
8 PERIOD NOT TO EXCEED EIGHTEEN MONTHS IF SUCH EMPLOYER DOES NOT OFFER  
9 GROUP HEALTH INSURANCE TO EMPLOYEES EMPLOYED ON A TEMPORARY BASIS. AN  
10 INDIVIDUAL IS NOT AN INDEPENDENT WORKER IF HE OR SHE IS EMPLOYED  
11 FULL-TIME BY A SINGLE EMPLOYER, WITH THE EXCEPTION OF AN INDIVIDUAL WHO  
12 MEETS THE REQUIREMENTS OF SUBPARAGRAPH (D), (F) OR (G) OF THIS PARA-  
13 GRAPH.

14 (4) "MEMBER CONTRACT" MEANS EVIDENCE OF COVERAGE FURNISHED TO AN INDE-  
15 PENDENT WORKER WHO IS A MEMBER OF A FREELANCERS ASSOCIATION THAT SETS  
16 FORTH ALL BENEFITS AND TERMS AND CONDITIONS WITH REGARD TO A FREELANCERS  
17 HEALTH PLAN.

18 (5) "QUALIFIED ACTUARY" MEANS AN ACTUARY WHO IS A MEMBER IN GOOD  
19 STANDING OF THE AMERICAN ACADEMY OF ACTUARIES OR SOCIETY OF ACTUARIES,  
20 WITH EXPERIENCE IN ESTABLISHING RATES FOR SELF-INSURED TRUSTS PROVIDING  
21 HEALTH BENEFITS OR OTHER SIMILAR EXPERIENCE.

22 (B) A FREELANCERS ASSOCIATION SHALL NOT ESTABLISH, MAINTAIN, OR OTHER-  
23 WISE PARTICIPATE IN A FREELANCERS HEALTH PLAN UNLESS THE FREELANCERS  
24 ASSOCIATION OBTAINS AND MAINTAINS A DEMONSTRATION PROGRAM WAIVER FROM  
25 THE SUPERINTENDENT PURSUANT TO THE PROVISIONS OF THIS SECTION.

26 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A FREELANCERS ASSO-  
27 CIATION OPERATING A FREELANCERS HEALTH PLAN SHALL:

28 (1) WITH THE EXCEPTION OF THE ENROLLMENT PROVISIONS AS PROVIDED FOR IN  
29 SECTION FOUR THOUSAND THREE HUNDRED SEVENTEEN OF THIS CHAPTER AND  
30 STABILIZATION OF HEALTH INSURANCE MARKETS AND PREMIUM RATES AS PROVIDED  
31 FOR IN SECTION THREE THOUSAND TWO HUNDRED THIRTY-THREE OF THIS CHAPTER,  
32 BE SUBJECT TO THE SAME PROVISIONS AND REQUIREMENTS OF A CORPORATION  
33 ORGANIZED UNDER ARTICLE FORTY-THREE OF THIS CHAPTER; AND

34 (2) PROVIDE THAT ITS PLAN WILL HAVE AN EXPECTED LOSS RATIO OF NOT LESS  
35 THAN EIGHTY-TWO PERCENT. IN REVIEWING A RATE FILING OR APPLICATION BY A  
36 PLAN, THE SUPERINTENDENT MAY MODIFY THE EIGHTY-TWO PERCENT EXPECTED  
37 MINIMUM LOSS RATIO REQUIREMENT IF THE SUPERINTENDENT DETERMINES THE  
38 MODIFICATION TO BE IN THE INTERESTS OF THE PEOPLE OF THIS STATE OR IF  
39 THE SUPERINTENDENT DETERMINES THAT A MODIFICATION IS NECESSARY TO MAIN-  
40 TAIN PLAN SOLVENCY. NO LATER THAN ONE HUNDRED TWENTY DAYS AFTER THE  
41 CLOSE OF A PLAN'S FISCAL YEAR, A PLAN SHALL ANNUALLY REPORT THE ACTUAL  
42 LOSS RATIO FOR THE PREVIOUS PLAN FISCAL YEAR IN A FORMAT ACCEPTABLE TO  
43 THE SUPERINTENDENT. IF THE EXPECTED LOSS RATIO IS NOT MET, THEN THE  
44 SUPERINTENDENT MAY DIRECT THE PLAN TO TAKE CORRECTIVE ACTION IN ADDITION  
45 TO THE REQUIREMENTS OF SECTION FOUR THOUSAND THREE HUNDRED EIGHT OF THIS  
46 CHAPTER; AND

47 (3) INCLUDE IN ITS MEMBER CONTRACTS THAT THE MEMBER CONTRACT WILL NOT  
48 BE EFFECTIVE AFTER DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN; AND

49 (4) PAY ALL CLAIMS UNDER ITS MEMBER CONTRACTS BY DECEMBER  
50 THIRTY-FIRST, TWO THOUSAND FIFTEEN.

51 (D) A FREELANCERS ASSOCIATION SHALL FILE AN APPLICATION FOR A DEMON-  
52 STRATION PROGRAM WAIVER ON SUCH FORM AS THE SUPERINTENDENT MAY  
53 PRESCRIBE, AND SHALL PROVIDE TO THE SATISFACTION OF THE SUPERINTENDENT  
54 THE FOLLOWING:

55 (1) A COPY OF THE MEMBER CONTRACT, INCLUDING A TABLE OF THE PREMIUM  
56 RATES CHARGED OR PROPOSED TO BE CHARGED, THAT EFFECTIVE JANUARY FIRST,

TWO THOUSAND FOURTEEN, CONTAINS THE BENEFITS DESCRIBED IN PARAGRAPH ONE OF SUBSECTION (B) OF SECTION FOUR THOUSAND THREE HUNDRED TWENTY-EIGHT OF THIS CHAPTER AND SHALL OFFER TO ITS MEMBERS, AT A MINIMUM, A CONTRACT AT ONE OF THE LEVELS OF COVERAGE, AS DEFINED IN SECTION 1302(D) OF THE AFFORDABLE CARE ACT, 42 USC 18022(D);

(2) A REPORT INDICATING THE BENEFIT PROVISIONS, PREMIUM RATES, AND INCURRED MEDICAL LOSSES ASSOCIATED WITH THE FREELANCERS ASSOCIATION'S MEMBERS UNDER THE INSURANCE POLICIES INSURING THE FREELANCERS ASSOCIATION'S MEMBERS PURSUANT TO SECTION ONE THOUSAND ONE HUNDRED TWENTY-THREE OF THIS ARTICLE FOR THE THREE YEARS PRIOR TO THE DATE OF THE APPLICATION;

(3) THE MOST RECENT CERTIFIED INDEPENDENTLY-AUDITED FINANCIAL STATEMENT FOR THE FREELANCERS ASSOCIATION;

(4) A REPORT PREPARED BY A QUALIFIED ACTUARY THAT SUPPORTS THE PROPOSED PREMIUMS FOR THE PLAN;

(5) A COPY OF ALL AGREEMENTS BETWEEN THE FREELANCERS ASSOCIATION AND ANY PLAN ADMINISTRATOR, WITH REGARD TO THE FREELANCERS HEALTH PLAN;

(6) A PRO-FORMA BALANCE SHEET, INCLUDING ACTUARIALLY DETERMINED CLAIMS LIABILITIES, AND STATEMENT OF REVENUE AND EXPENSES, INCLUDING REASONABLY PROJECTED EXPENSES, MEDICAL LOSSES, AND PREMIUMS TO BE CHARGED TO MEMBERS OF THE PLAN;

(7) A NARRATIVE DESCRIPTION OF:

(A) THE ACCOUNTING METHODOLOGY THAT THE FREELANCERS ASSOCIATION WILL UTILIZE, WHICH SHALL BE IN ACCORDANCE WITH STATUTORY ACCOUNTING PRACTICES AND PROCEDURES AS PRESCRIBED BY APPLICABLE PROVISIONS OF THIS CHAPTER AND REGULATIONS PROMULGATED THEREUNDER AS WOULD BE APPLICABLE TO A CORPORATION ORGANIZED UNDER ARTICLE FORTY-THREE OF THIS CHAPTER;

(B) BILLING AND CLAIM PAYMENT PROCEDURES, INCLUDING THE NAMES AND CONTACT INFORMATION FOR THOSE PERSONS CHARGED WITH HANDLING ACCOUNTING AND CLAIMS ISSUES; AND

(C) ANY COMPENSATION THE FREELANCERS ASSOCIATION WILL RECEIVE IN CONNECTION WITH THE PLAN;

(8) A COPY OF ANY STOP-LOSS INSURANCE POLICY ISSUED OR PROPOSED TO BE ISSUED BY AN INSURER AUTHORIZED TO DO THE BUSINESS OF ACCIDENT AND HEALTH INSURANCE IN THIS STATE OR IS A HEALTH SERVICE CORPORATION ORGANIZED UNDER ARTICLE FORTY-THREE OF THIS CHAPTER; AND

(9) SUCH OTHER INFORMATION AS THE SUPERINTENDENT MAY REQUIRE.

(E) UPON COMPLIANCE WITH THIS SECTION, TO THE EXTENT PERMISSIBLE UNDER FEDERAL LAW, IF A FREELANCERS ASSOCIATION SUBMITS A MATERIALLY SATISFACTORY AND COMPLETE APPLICATION WITHIN SIXTY DAYS OF THE EFFECTIVE DATE OF THIS SECTION, THEN THE SUPERINTENDENT MAY ISSUE THE FREELANCERS ASSOCIATION A DEMONSTRATION PROGRAM WAIVER THAT IS EFFECTIVE ON OR BEFORE JANUARY FIRST, TWO THOUSAND FOURTEEN. EVERY DEMONSTRATION PROGRAM WAIVER SHALL CONTAIN THE NAME OF THE ENTITY AND ITS HOME OFFICE ADDRESS. THE SUPERINTENDENT SHALL REFUSE TO GRANT A DEMONSTRATION PROGRAM WAIVER TO AN APPLICANT THAT FAILS TO MEET THE REQUIREMENTS OF THIS SECTION. THE SUPERINTENDENT MAY REFUSE TO ISSUE ANY DEMONSTRATION PROGRAM WAIVER IF, IN THE SUPERINTENDENT'S JUDGMENT, THE REFUSAL WILL BEST PROMOTE THE INTERESTS OF THE PEOPLE OF THIS STATE. NOTICE OF REFUSAL SHALL BE IN WRITING AND SHALL SET FORTH THE BASIS FOR REFUSAL. IF THE APPLICANT SUBMITS A WRITTEN REQUEST WITHIN THIRTY DAYS AFTER RECEIPT OF THE NOTICE OF REFUSAL, THEN THE SUPERINTENDENT SHALL CONDUCT A HEARING TO GIVE THE APPLICANT THE OPPORTUNITY TO SHOW CAUSE WHY THE REFUSAL SHOULD NOT BE MADE FINAL.

(F) IN ORDER TO OBTAIN AND MAINTAIN A DEMONSTRATION PROGRAM WAIVER, A FREELANCERS ASSOCIATION SHALL:

1 (1) FILE A COMPLETE APPLICATION WITH THE SUPERINTENDENT IN ACCORDANCE  
2 WITH SUBSECTION (D) OF THIS SECTION;

3 (2) HAVE WITHIN ITS OWN ORGANIZATION ADEQUATE RESOURCES AND COMPETENT  
4 PERSONNEL TO ADMINISTER THE FREELANCERS HEALTH PLAN OR, IN ORDER TO  
5 PROVIDE SUCH ADMINISTRATIVE SERVICES, IN WHOLE OR PART, HAVE CONTRACTED  
6 WITH A PERSON OR ENTITY TO SERVE AS A PLAN ADMINISTRATOR, DETERMINED BY  
7 THE FREELANCERS ASSOCIATION TO BE QUALIFIED BASED UPON WRITTEN DOCUMEN-  
8 TATION FURNISHED TO THE FREELANCERS ASSOCIATION, PROVIDED THAT THE  
9 DOCUMENTATION SHALL BE MADE AVAILABLE TO THE SUPERINTENDENT UPON  
10 REQUEST;

11 (3) ESTABLISH AND MAINTAIN PREMIUM RATES SUFFICIENT TO MEET ITS  
12 CONTRACTUAL OBLIGATIONS AND TO SATISFY THE RESERVE REQUIREMENTS SET  
13 FORTH IN SUBSECTION (H) OF THIS SECTION;

14 (4) ESTABLISH AND MAINTAIN A FAIR AND EQUITABLE PROCESS FOR CLAIMS  
15 REVIEW, DISPUTE RESOLUTION, AND APPEAL PROCEDURES, INCLUDING ARBITRATION  
16 OF REJECTED CLAIMS, AND PROCEDURES FOR HANDLING CLAIMS FOR BENEFITS IN  
17 THE EVENT OF PLAN DISSOLUTION, THAT ARE SATISFACTORY TO THE SUPERINTEN-  
18 DENT AND ARE SUBJECT TO ARTICLE FORTY-NINE OF THIS CHAPTER;

19 (5) PROVIDE MEMBERS WITH A MEMBER CONTRACT;

20 (6) MAINTAIN ITS FUNCTIONS, ACTIVITIES AND SERVICES UNDERTAKEN AND  
21 PERFORMED PURSUANT TO A DEMONSTRATION PROGRAM WAIVER SEPARATE FROM ANY  
22 OTHER FUNCTION, ACTIVITY OR SERVICE THROUGH THE MAINTENANCE OF SEPARATE  
23 RECORDS, REPORTS AND ACCOUNTS FOR EACH SUCH FREELANCERS ASSOCIATION  
24 FUNCTION, ACTIVITY, OR SERVICE. THE RECORDS, REPORTS AND ACCOUNTS OF THE  
25 FREELANCERS ASSOCIATION SHALL BE MAINTAINED SEPARATELY FROM THOSE OF ANY  
26 OTHER PERSON OR FREELANCERS ASSOCIATION THAT IS A PARENT, SUBSIDIARY OR  
27 AFFILIATE OF THE FREELANCERS ASSOCIATION;

28 (7) FILE ALL PLAN DOCUMENTS AND ANY AMENDMENTS THERETO WITH THE SUPER-  
29 INTENDENT AND RECEIVE THE SUPERINTENDENT'S APPROVAL IN ACCORDANCE WITH  
30 THIS SECTION; AND

31 (8) PROVIDE PROMINENT, SEPARATELY STATED NOTICE TO ALL PLAN PARTIC-  
32 IPANTS THAT THEIR CONTRACTS WILL NOT BE EFFECTIVE AFTER DECEMBER THIR-  
33 TY-FIRST, TWO THOUSAND FOURTEEN, AND THAT THEIR POLICIES ARE NON-RENEWA-  
34 BLE FOR ANY PERIOD BEYOND DECEMBER THIRTY-FIRST, TWO THOUSAND FOURTEEN.

35 (G) A FREELANCERS ASSOCIATION THAT HAS RECEIVED A DEMONSTRATION  
36 PROGRAM WAIVER SHALL FILE WITH THE SUPERINTENDENT, FOR THE SUPERINTEN-  
37 DENT'S PRIOR APPROVAL, ANY AMENDMENTS TO THE MEMBER CONTRACT, FREELANC-  
38 ERS HEALTH PLAN, OR PREMIUM RATES CHARGED FOR THE PLAN.

39 (H)(1) A FREELANCERS ASSOCIATION SHALL ESTABLISH AND MAINTAIN A  
40 RESERVE TO BE DESIGNATED AS THE STATUTORY RESERVE FUND, IN AN AMOUNT  
41 EQUAL TO TWELVE AND ONE-HALF PER CENTUM OF THE NET PREMIUM INCOME OF THE  
42 PLAN, IN ADDITION TO RESERVES CONSISTING OF THE AMOUNTS NECESSARY TO  
43 SATISFY ALL CONTRACTUAL OBLIGATIONS AND LIABILITIES OF THE PLAN, INCLUD-  
44 ING: (A) A RESERVE FOR PAYMENT OF CLAIMS AND EXPENSES THEREON REPORTED  
45 BUT NOT YET PAID, AND CLAIMS AND EXPENSES THEREON INCURRED BUT NOT YET  
46 REPORTED; AND (B) A RESERVE FOR UNEARNED PREMIUM EQUIVALENTS, COMPUTED  
47 PRO-RATA ON THE BASIS OF THE UNEXPIRED PORTION OF THE POLICY PERIOD.

48 (2) IF AT ANY TIME THE RESERVE FUNDS REQUIRED TO BE ESTABLISHED PURSU-  
49 ANT TO THIS SECTION FALL BELOW THE REQUIRED MINIMUM AMOUNTS, THEN THE  
50 FREELANCERS ASSOCIATION SHALL IMMEDIATELY NOTIFY THE SUPERINTENDENT OF  
51 SUCH IMPAIRMENT. THE FREELANCERS ASSOCIATION SHALL CURE THE IMPAIRMENT  
52 WITHIN FIVE BUSINESS DAYS.

53 (3) THE ASSETS CONSTITUTING THE FREELANCERS HEALTH PLAN'S STATUTORY  
54 RESERVE FUND SHALL CONSIST SOLELY OF CERTIFICATES OF DEPOSIT ISSUED BY A  
55 UNITED STATES BANK AND PAYABLE IN UNITED STATES LEGAL TENDER, OR SECURI-  
56 TIES REPRESENTING INVESTMENTS OF THE TYPES SPECIFIED IN PARAGRAPHS ONE,

TWO, THREE, EIGHT, AND TEN OF SUBSECTION (A) OF SECTION ONE THOUSAND FOUR HUNDRED FOUR OF THIS CHAPTER, OR AS OTHERWISE EXPRESSLY PERMITTED BY THE SUPERINTENDENT. ANY INTEREST EARNED OR CAPITAL GAIN REALIZED ON THE MONEY SO DEPOSITED OR INVESTED SHALL ACCRUE TO AND BECOME PART OF THE PLAN'S STATUTORY RESERVE FUND.

(4) THE PLAN'S ASSETS, LIABILITIES, INCOME AND EXPENSES SHALL BE ACCOUNTED FOR SEPARATE AND APART FROM ALL OTHER ASSETS, LIABILITIES, INCOME AND EXPENSES OF THE FREELANCERS ASSOCIATION. THE ACCOUNTING FOR THE PLAN'S STATUTORY RESERVE FUND SHALL SHOW: (A) THE PURPOSE, SOURCE, DATE AND AMOUNT OF EACH SUM PAID INTO THE FUND; (B) THE INTEREST EARNED BY SUCH FUND; (C) CAPITAL GAINS OR LOSSES RESULTING FROM THE SALE OF INVESTMENTS OF THE PLAN'S STATUTORY RESERVE FUND; (D) THE ORDER, PURPOSE, DATE AND AMOUNT OF EACH PAYMENT FROM THE STATUTORY RESERVE FUND; AND (E) THE ASSETS OF THE STATUTORY RESERVE FUND, INDICATING CASH BALANCE AND SCHEDULE OF INVESTMENTS.

(5) THE REQUIREMENTS FOR FUNDING OF THE PLAN'S RESERVES SHALL BE CALCULATED USING STATUTORY ACCOUNTING PRACTICES AND PROCEDURES. ONLY THOSE EXPENSES THAT RELATE TO THE PLAN SHALL BE INCLUDED IN CALCULATING THE REQUIREMENTS FOR FUNDING OF THE PLAN'S RESERVE FUNDS. EXPENSES ALLOCATED TO THE PLAN SHALL BE ALLOCATED ON AN EQUITABLE BASIS IN CONFORMITY WITH CUSTOMARY INSURANCE ACCOUNTING PRINCIPLES CONSISTENTLY APPLIED. THE BOOKS, ACCOUNTS, AND RECORDS OF THE PLAN SHALL BE MAINTAINED AS TO CLEARLY AND ACCURATELY DISCLOSE THE NATURE AND DETAILS OF ALL EXPENSES SO AS TO SUPPORT THE REASONABLENESS OF SUCH EXPENSES.

(I) (1) A FREELANCERS ASSOCIATION SHALL FILE WITH THE SUPERINTENDENT WITHIN ONE HUNDRED TWENTY DAYS OF THE CLOSE OF THE PLAN'S FISCAL YEAR A REPORT THAT CONTAINS:

(A) AN ANNUAL FINANCIAL STATEMENT, VERIFIED BY THE OATH OF AT LEAST TWO OF THE FREELANCERS ASSOCIATION'S PRINCIPAL OFFICERS, WITH DIRECT KNOWLEDGE OF THE OPERATIONS OF THE FREELANCERS HEALTH PLAN, SHOWING THE FINANCIAL CONDITION AND AFFAIRS OF THE PLAN DURING THE MOST RECENT FISCAL YEAR, IN ACCORDANCE WITH LAW AND STATUTORY PRACTICES AND PROCEDURES AS ADOPTED BY THE SUPERINTENDENT, IN A FORM PRESCRIBED BY THE SUPERINTENDENT;

(B) THE IDENTITY OF THE QUALIFIED ACTUARY UTILIZED BY THE FREELANCERS ASSOCIATION OR PLAN AND THE AMOUNT PAID TO THE QUALIFIED ACTUARY BY THE FREELANCERS ASSOCIATION OR PLAN DURING ITS MOST RECENT FISCAL YEAR;

(C) THE IDENTITIES OF THE PLAN'S TEN LARGEST VENDORS BY PAYMENT AMOUNT DURING ITS MOST RECENT FISCAL YEAR;

(D) THE NAME AND CONTACT INFORMATION OF THE PERSON OR ENTITY APPOINTED BY THE FREELANCERS ASSOCIATION TO ADMINISTER THE FREELANCERS HEALTH PLAN;

(E) A PRO-FORMA STATEMENT OF PROJECTED REVENUE AND EXPENSES FOR HEALTH BENEFITS ANTICIPATED BY THE PLAN FOR THE NEXT TWELVE-MONTH PERIOD OF THE PLAN'S OPERATION, PROVIDED ON A FISCAL YEAR;

(F) A DETAILED REPORT OF THE OPERATIONS AND CONDITION OF THE PLAN'S RESERVE FUNDS; AND

(G) SUCH OTHER INFORMATION AS THE SUPERINTENDENT MAY REQUIRE.

(2) A FREELANCERS ASSOCIATION SHALL FILE WITH THE SUPERINTENDENT WITHIN ONE HUNDRED TWENTY DAYS OF THE CLOSE OF ITS FREELANCERS HEALTH PLAN'S FISCAL YEAR THE MOST RECENT CERTIFIED, INDEPENDENTLY AUDITED FINANCIAL STATEMENT FOR THE FREELANCERS ASSOCIATION. THE STATEMENT SHALL INCLUDE AN OPINION OF AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT. THE NOTES TO THE FINANCIAL STATEMENT SHALL SHOW THE FINANCIAL RESULTS OF THE FREELANCERS HEALTH PLAN OPERATIONS AND A DESCRIPTION AS TO HOW THE FREELANCERS ASSOCIATION MEETS THE RESERVE REQUIREMENTS IN PARAGRAPH ONE OF

SUBSECTION (H) OF THIS SECTION, INCLUDING THE AMOUNTS REPORTED FOR EACH OF THE RESERVES, THE METHOD USED TO CALCULATE THE RESERVES, AND THE CHANGE IN THE RESERVES FROM THE BEGINNING OF THE PLAN'S FISCAL YEAR TO THE END OF THE PLAN'S FISCAL YEAR. IN ADDITION, THE NOTES TO FINANCIAL STATEMENT SHALL DETAIL THE ASSETS COMPRISING THE STATUTORY RESERVE FUND TO DEMONSTRATE COMPLIANCE WITH PARAGRAPH ONE OF SUBSECTION (H) OF THIS SECTION.

(3) A FREELANCERS ASSOCIATION SHALL FILE A REPORT WITH THE SUPERINTENDENT EACH QUARTER, WITHIN FORTY-FIVE DAYS AFTER QUARTER CLOSE, DESCRIBING THE PLAN'S CURRENT FINANCIAL STATUS AND PROVIDING SUCH INFORMATION AS THE SUPERINTENDENT MAY PRESCRIBE.

(4) A FREELANCERS ASSOCIATION THAT FAILS TO FILE ANY REPORT OR STATEMENT REQUIRED BY THIS CHAPTER, OR FAILS TO REPLY WITHIN THIRTY DAYS TO A WRITTEN INQUIRY BY THE SUPERINTENDENT IN CONNECTION THEREWITH SHALL, IN ADDITION TO OTHER PENALTIES PROVIDED BY THIS CHAPTER, BE SUBJECT, UPON NOTICE AN OPPORTUNITY TO BE HEARD, TO A PENALTY OF UP TO ONE THOUSAND DOLLARS PER DAY OF DELAY, NOT TO EXCEED TWENTY-FIVE THOUSAND DOLLARS IN THE AGGREGATE, FOR EACH SUCH FAILURE.

(J) THE SUPERINTENDENT MAY, PURSUANT TO SECTIONS THREE HUNDRED NINE, THREE HUNDRED TEN, THREE HUNDRED ELEVEN, AND THREE HUNDRED TWELVE OF THIS CHAPTER, AND PURSUANT TO THE FINANCIAL SERVICES LAW, MAKE AN EXAMINATION INTO THE AFFAIRS OF ANY FREELANCERS ASSOCIATION WITH REGARD TO A FREELANCERS HEALTH PLAN ISSUED BY THE FREELANCERS ASSOCIATION, AS OFTEN AS THE SUPERINTENDENT DEEMS IT EXPEDIENT FOR THE PROTECTION OF THE INTERESTS OF THE PEOPLE OF THIS STATE. THE EXPENSES OF EVERY EXAMINATION OF THE AFFAIRS OF THE FREELANCERS ASSOCIATION, WITH REGARD TO A FREELANCERS HEALTH PLAN ESTABLISHED OR MAINTAINED BY THE FREELANCERS ASSOCIATION, SHALL BE BORNE AND PAID FOR BY THE FREELANCERS ASSOCIATION SO EXAMINED. THE EXPENSES OF EXAMINATION SHALL INCLUDE REIMBURSEMENT FOR THE COMPENSATION PAID FOR SERVICES OF PERSONS EMPLOYED BY THE SUPERINTENDENT OR BY THE SUPERINTENDENT'S AUTHORITY TO MAKE SUCH EXAMINATION, AND FOR THE NECESSARY TRAVELING AND LIVING EXPENSES OF THE PERSON OR PERSONS MAKING THE EXAMINATION.

(K)(1) THE SUPERINTENDENT MAY SUSPEND OR REVOKE A DEMONSTRATION PROGRAM WAIVER ISSUED TO A FREELANCERS ASSOCIATION IF THE SUPERINTENDENT FINDS, AFTER NOTICE AND HEARING, THAT THE FREELANCERS ASSOCIATION HAS FAILED TO COMPLY WITH ANY REQUIREMENT IMPOSED ON IT BY THE PROVISIONS OF THIS CHAPTER AND IF IN THE SUPERINTENDENT'S JUDGMENT SUCH SUSPENSION OR REVOCATION IS REASONABLY NECESSARY TO PROTECT THE INTERESTS OF THE PEOPLE OF THIS STATE, INCLUDING:

(A) FOR ANY CAUSE THAT WOULD BE A BASIS FOR DENIAL OF AN INITIAL APPLICATION FOR A DEMONSTRATION PROGRAM WAIVER;

(B) FAILURE TO MAINTAIN THE RESERVES REQUIRED BY SUBSECTION (H) OF THIS SECTION; OR

(C) A DETERMINATION BY THE SUPERINTENDENT THAT THE FREELANCERS ASSOCIATION HAS REFUSED TO PRODUCE ITS ACCOUNTS, RECORDS, AND FILES FOR EXAMINATION OR HAS REFUSED TO COOPERATE OR GIVE INFORMATION WITH RESPECT TO THE AFFAIRS OF THE FREELANCERS HEALTH PLAN OR TO PERFORM ANY OTHER LEGAL OBLIGATION RELATING TO SUCH AN EXAMINATION WHEN REQUIRED BY THE SUPERINTENDENT.

(2) ANY DEMONSTRATION PROGRAM WAIVER SUSPENDED OR REVOKED UNDER THIS SUBSECTION SHALL BE SURRENDERED TO THE SUPERINTENDENT, AND THE FREELANCERS ASSOCIATION SHALL NOTIFY ALL MEMBERS OF THAT DECISION IN SUCH FORM AND MANNER AS THE SUPERINTENDENT MAY PRESCRIBE, BUT NOT LATER THAN TEN DAYS AFTER RECEIPT OF NOTICE OF THE SUPERINTENDENT'S DECISION REQUIRING SUSPENSION OR REVOCATION. IN ADDITION, THE FREELANCERS ASSOCIATION SHALL

1 SUBMIT A PLAN FOR THE SUPERINTENDENT'S APPROVAL FOR WINDING UP THE  
2 PLAN'S AFFAIRS IN AN ORDERLY MANNER DESIGNED TO RESULT IN TIMELY PAYMENT  
3 OF ALL BENEFITS, IN SUCH FORM AND MANNER AS THE SUPERINTENDENT MAY  
4 PRESCRIBE.

5 (3) NOTWITHSTANDING SUBDIVISION TWO OF SECTION EIGHTY-SEVEN OF THE  
6 PUBLIC OFFICERS LAW, ALL FINAL DECISIONS TO SUSPEND OR REVOKE THE DEMON-  
7 STRATION PROGRAM WAIVER WITH REGARD TO A FREELANCERS HEALTH PLAN SHALL  
8 BE PUBLIC.

9 (L) IN ANY CASE IN WHICH A FREELANCERS ASSOCIATION DETERMINES THAT  
10 THERE IS A REASON TO BELIEVE THAT THE FREELANCERS HEALTH PLAN WILL  
11 TERMINATE, THE FREELANCERS ASSOCIATION SHALL SO INFORM THE SUPERINTEN-  
12 DENT AT LEAST SIXTY DAYS PRIOR THERETO, AND SHALL FILE A SWORN STATEMENT  
13 WITH THE SUPERINTENDENT CONCERNING ALL CURRENT AND FUTURE LIABILITIES  
14 UNDER ITS DISCONTINUED PLAN. THE FREELANCERS ASSOCIATION SHALL SUBMIT A  
15 PLAN FOR THE SUPERINTENDENT'S APPROVAL FOR WINDING UP THE PLAN'S AFFAIRS  
16 IN AN ORDERLY MANNER DESIGNED TO RESULT IN TIMELY PAYMENT OF ALL BENE-  
17 FITS, IN SUCH FORM AND MANNER AS THE SUPERINTENDENT MAY PRESCRIBE.

18 (M) NO PART OF ANY FUNDS OF THE FREELANCERS ASSOCIATION, AS THEY  
19 PERTAIN TO THE FREELANCERS HEALTH PLAN, SHALL BE SUBJECT TO THE CLAIMS  
20 OF GENERAL CREDITORS OF THE FREELANCERS ASSOCIATION UNTIL ALL PLAN BENE-  
21 FITS AND OTHER PLAN OBLIGATIONS HAVE BEEN SATISFIED. UNTIL SUCH TIME,  
22 THE FREELANCERS ASSOCIATION SHALL CONTINUE TO MAINTAIN AND FUND THE  
23 RESERVE FUNDS REQUIRED TO BE ESTABLISHED UNDER SUBSECTION (H) OF THIS  
24 SECTION. IF AT ANY TIME THE SUPERINTENDENT DETERMINES THAT ADDITIONAL  
25 FUNDS SHALL BE DEPOSITED IN THE RESERVE FUNDS, THEN THE FREELANCERS  
26 ASSOCIATION SHALL MAKE THE DEPOSIT WITHIN THIRTY DAYS OF THE SUPERINTEN-  
27 DENT'S DETERMINATION.

28 (N) A FREELANCERS ASSOCIATION THAT RECEIVES A DEMONSTRATION PROGRAM  
29 WAIVER UNDER THIS SECTION SHALL SUBMIT PERIODIC REPORTS TO THE SUPER-  
30 INTENDENT SUFFICIENT TO ENABLE THE SUPERINTENDENT TO EVALUATE THE EFFEC-  
31 TIVENESS OF THE DEMONSTRATION PROGRAM. SUCH REPORTS SHALL INCLUDE A  
32 COMPARISON OF THE COST OF BENEFITS OBTAINED UNDER THE PROGRAM TO OTHER  
33 AVAILABLE INSURANCE OPTIONS AND ANY OTHER INFORMATION REQUIRED BY THE  
34 SUPERINTENDENT.

35 (O) A FREELANCERS ASSOCIATION SHALL NOT ISSUE A STOP-LOSS INSURANCE  
36 POLICY.

37 (P) A FREELANCERS HEALTH PLAN SHALL PROVIDE BENEFITS ONLY TO INDEPEND-  
38 ENT WORKERS WHO ARE MEMBERS OF THE FREELANCERS ASSOCIATION SPONSORING  
39 THE PLAN AND SUCH MEMBERS' SPOUSES, CHILDREN AND ALL OTHER PERSONS  
40 CHIEFLY DEPENDENT UPON THE MEMBERS FOR SUPPORT AND MAINTENANCE;  
41 PROVIDED, HOWEVER, A FREELANCERS HEALTH PLAN SHALL NOT ESTABLISH RULES  
42 OF ELIGIBILITY, INCLUDING CONTINUED ELIGIBILITY, OF ANY INDIVIDUAL OR  
43 DEPENDENT OF THE INDIVIDUAL BASED ON ANY OF THE FOLLOWING FACTORS:

- 44 (1) HEALTH STATUS;
- 45 (2) MEDICAL CONDITION;
- 46 (3) CLAIMS EXPERIENCE;
- 47 (4) RECEIPT OF HEALTH CARE;
- 48 (5) MEDICAL HISTORY;
- 49 (6) GENETIC INFORMATION;
- 50 (7) EVIDENCE OF INSURABILITY, INCLUDING CONDITIONS ARISING OUT OF ACTS  
51 OF DOMESTIC VIOLENCE; OR
- 52 (8) DISABILITY.

53 (Q) THE SUPERINTENDENT MAY PROMULGATE SUCH REGULATIONS AS THE SUPER-  
54 INTENDENT DEEMS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SECTION  
55 AND TO ENSURE THAT THE PLANS ESTABLISHED UNDER THIS SECTION ARE IN THE  
56 BEST INTERESTS OF MEMBERS OF THE FREELANCERS ASSOCIATION AND THE

1 MEMBER'S SPOUSE, CHILDREN AND OTHER PERSONS CHIEFLY DEPENDENT UPON THE  
2 MEMBERS FOR SUPPORT AND MAINTENANCE.

3 (R) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ANY FREELANCERS  
4 ASSOCIATION THAT VIOLATES THIS SECTION SHALL BE SUBJECT TO THE PENALTIES  
5 SET FORTH IN SECTION ONE HUNDRED NINE OF THIS CHAPTER.

6 (S) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS SECTION, ANY  
7 ACTIVITIES THAT MAY OR MUST BE CARRIED OUT BY A FREELANCERS ASSOCIATION  
8 UNDER THIS SECTION MAY BE CARRIED OUT ON BEHALF OF THE FREELANCERS ASSO-  
9 CIATION BY ANOTHER ENTITY WHOLLY OWNED OR CONTROLLED BY THE FREELANCERS  
10 ASSOCIATION, PROVIDED THAT ANY ACTIVITIES CARRIED OUT ON BEHALF OF THE  
11 FREELANCERS ASSOCIATION BY ANOTHER ENTITY WHOLLY OWNED OR CONTROLLED BY  
12 THE FREELANCERS ASSOCIATION SHALL BE SUBJECT TO ALL PROVISIONS OF THIS  
13 SECTION.

14 S 2. Subsections (b) and (c) of section 4237-a of the insurance law,  
15 as amended by chapter 246 of the laws of 2012, are amended to read as  
16 follows:

17 (b) "Stop-loss insurance" means an insurance policy whereby the insur-  
18 er agrees to pay claims or indemnify an employer for losses incurred  
19 under a self-insured employee benefit plan or a student health plan as  
20 authorized by section one thousand one hundred twenty-four of this chap-  
21 ter, OR THE FREELANCERS HEALTH PLAN DEMONSTRATION PROGRAM AS AUTHORIZED  
22 BY SECTION ONE THOUSAND ONE HUNDRED TWENTY-FIVE OF THIS CHAPTER, in  
23 excess of specified loss limits for individual claims and/or for all  
24 claims combined, or any similar arrangement.

25 (c) A stop-loss insurance policy delivered, issued for delivery, or  
26 entered into in this state shall clearly describe:

27 (1) the entire money or other consideration for the policy;

28 (2) the time at which the insurance takes effect and terminates;

29 (3) the specified per-claim, per-employee or, in the case of a student  
30 health plan under section one thousand one hundred twenty-four of this  
31 chapter, per student, OR IN THE CASE OF THE FREELANCERS HEALTH PLAN  
32 DEMONSTRATION PROGRAM UNDER SECTION ONE THOUSAND ONE HUNDRED TWENTY-FIVE  
33 OF THIS CHAPTER, PER MEMBER, or aggregate amount of claims above which  
34 payment or reimbursement is to be made by the insurer; and

35 (4) the payments to be made by the insurer once the specified stop-  
36 loss thresholds have been exceeded.

37 S 3. Subsection (k) of section 1108 of the insurance law, as added by  
38 chapter 246 of the laws of 2012, is relettered subsection (l) and a new  
39 subsection (m) is added to read as follows:

40 (M) A FREELANCERS ASSOCIATION, AS DEFINED IN SECTION ONE THOUSAND ONE  
41 HUNDRED TWENTY-FIVE OF THIS ARTICLE, THAT OBTAINS AND MAINTAINS A DEMON-  
42 STRATION PROGRAM WAIVER FROM THE SUPERINTENDENT AND COMPLIES WITH THE  
43 REQUIREMENTS OF SECTION ONE THOUSAND ONE HUNDRED TWENTY-FIVE OF THIS  
44 ARTICLE, TO THE EXTENT THEREIN STATED.

45 S 4. This act shall take effect immediately and shall expire and be  
46 deemed repealed December 31, 2014.