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

7295

2013-2014 Regular Sessions

I N A S S E M B L Y

May 10, 2013

Introduced by M. of A. CAHILL -- (at request of the Department of Financial Services) -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to the discontinuance of a class of group or blanket policy or contract of hospital, surgical or medical expense insurance, and in relation to a marketplace withdrawal

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

Section 1. The opening paragraph of subparagraph (A) of paragraph 3 of subsection (p) of section 3221 of the insurance law, as amended by chapter 398 of the laws of 2010, is amended to read as follows:

In any case in which an insurer decides to discontinue offering a particular class of group or blanket policy of hospital, surgical or medical expense insurance offered in the small or large group market, the policy of such class may be discontinued by the insurer in accordance with this chapter in such market ONLY AT THE TIME OF COVERAGE RENEWAL, UNLESS THE SUPERINTENDENT DETERMINES THAT CONTINUATION OF THE POLICY WOULD JEOPARDIZE THE INSURER'S SOLVENCY, CONTINUATION OF THE POLICY WOULD NOT BE IN THE BEST INTERESTS OF THE POLICYHOLDERS AND MEMBER INSUREDS OF THE INSURER OR THE PUBLIC, DISCONTINUANCE IS NECESSARY TO PERMIT THE INSURER TO STANDARDIZE ITS POLICY FORMS, OR ANOTHER DATE IS NECESSARY IN ORDER TO EFFECTUATE AN ORDERLY DISCONTINUANCE; AND only if:

S 2. Items (iii) and (iv) of subparagraph (A) of paragraph 3 of subsection (p) of section 3221 of the insurance law, as amended by chapter 398 of the laws of 2010, are amended and a new item (v) is added to read as follows:

(iii) in exercising the option to discontinue coverage of this class and in offering the option of coverage under item (ii) of this subparagraph, the insurer acts uniformly without regard to the claims experience of those policyholders or any health status-related factor relating

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

LBD08858-01-3

to any particular covered employee, member insured or dependent or particular new employee, member insured or dependent who may become eligible for such coverage, and the insurer is not discontinuing the coverage of this class with the intent or as a pretext to discontinuing the coverage of any such employee, member insured or dependent; [and]

(iv) at least ninety days prior to the date of discontinuance of such coverage, the insurer provides written notice to the superintendent of such discontinuance, including the reason for the discontinuance, and an officer or director of the insurer certifies to the superintendent that the insurer has complied with items (i), (ii) and (iii) of this [paragraph] SUBPARAGRAPH. If such notice does not include the date or dates that the insurer mailed or delivered the notice to all policyholders, covered [employers] EMPLOYEES and member insureds, the insurer shall notify the superintendent of such date within seven days of the completion of the mailing or delivery[.]; AND

(V) AS PART OF THE NOTICE TO THE SUPERINTENDENT REFERRED TO IN ITEM (IV) OF THIS SUBPARAGRAPH, THE INSURER SHALL PROVIDE A WRITTEN PLAN THAT IS ACCEPTABLE TO THE SUPERINTENDENT TO MINIMIZE POTENTIAL DISRUPTION IN THE MARKETPLACE OCCASIONED BY THE INSURER'S DISCONTINUANCE OF A CLASS OF ONE OR MORE GROUP OR BLANKET POLICIES IN THE SMALL OR LARGE GROUP MARKET.

S 3. The opening paragraph of subparagraph (E) of paragraph 3 of subsection (p) of section 3221 of the insurance law, as amended by chapter 398 of the laws of 2010, is amended to read as follows:

In any case in which an insurer elects to discontinue offering all hospital, surgical and medical expense coverage in the small group market or the large group market, or both markets, in this state, health insurance coverage may be discontinued by the insurer only AT THE TIME OF COVERAGE RENEWAL, UNLESS THE SUPERINTENDENT DETERMINES THAT CONTINUATION OF THE POLICY WOULD JEOPARDIZE THE INSURER'S SOLVENCY, CONTINUATION OF THE POLICY WOULD NOT BE IN THE BEST INTERESTS OF THE POLICYHOLDERS AND MEMBER INSUREDS OF THE INSURER OR THE PUBLIC, OR ANOTHER DATE IS NECESSARY IN ORDER TO EFFECTUATE AN ORDERLY DISCONTINUANCE; AND ONLY if:

S 4. Item (iii) of subparagraph (E) of paragraph 3 of subsection (p) of section 3221 of the insurance law, as amended by chapter 398 of the laws of 2010, is amended to read as follows:

(iii) in addition to the notice to the superintendent referred to in item (i) of this subparagraph, the insurer shall provide [the superintendent with] a written plan THAT IS ACCEPTABLE TO THE SUPERINTENDENT to minimize potential disruption in the marketplace occasioned by the insurer's withdrawal from the market.

S 5. The opening paragraph of subparagraph (A) of paragraph 3 of subsection (j) of section 4305 of the insurance law, as amended by chapter 398 of the laws of 2010, is amended to read as follows:

In any case in which a corporation decides to discontinue offering a particular class of group or blanket contract of hospital, surgical or medical expense insurance offered in the small or large group market, the contract of such class may be discontinued by the corporation in accordance with this chapter in such market ONLY AT THE TIME OF COVERAGE RENEWAL, UNLESS THE SUPERINTENDENT DETERMINES THAT CONTINUATION OF THE CONTRACT WOULD JEOPARDIZE THE CORPORATION'S SOLVENCY, CONTINUATION OF THE CONTRACT WOULD NOT BE IN THE BEST INTERESTS OF THE CONTRACTHOLDERS AND MEMBER INSUREDS OF THE CORPORATION OR THE PUBLIC, DISCONTINUANCE IS NECESSARY TO PERMIT THE CORPORATION TO STANDARDIZE ITS CONTRACT FORMS, OR ANOTHER DATE IS NECESSARY IN ORDER TO EFFECTUATE AN ORDERLY DISCONTINUANCE; AND only if:

S 6. Items (iii) and (iv) of subparagraph (A) of paragraph 3 of subsection (j) of section 4305 of the insurance law, as amended by chapter 398 of the laws of 2010, are amended and a new item (v) is added to read as follows:

(iii) in exercising the option to discontinue coverage of this class and in offering the option of coverage under item (ii) of this subparagraph, the corporation acts uniformly without regard to the claims experience of those contract holders or any health status-related factor relating to any particular covered employee, member insured or dependent who may become eligible for such coverage, and the corporation is not discontinuing the coverage of this class with the intent or as a pretext to discontinuing the coverage of any such employee, member insured or dependent; [and]

(iv) at least ninety days prior to the date of discontinuance of such coverage, the corporation provides written notice to the superintendent of such discontinuance, including the reason for the discontinuance, and an officer or director of the corporation certifies to the superintendent that the corporation has complied with items (i), (ii) and (iii) of this [paragraph] SUBPARAGRAPH. If such notice does not include the date or dates that the corporation mailed or delivered the notice to all contract holders, covered [employers] EMPLOYEES and member insureds, the corporation shall notify the superintendent of such date within seven days of the completion of the mailing or delivery[.]; AND

(V) AS PART OF THE NOTICE TO THE SUPERINTENDENT REFERRED TO IN ITEM (IV) OF THIS SUBPARAGRAPH, THE CORPORATION SHALL PROVIDE A WRITTEN PLAN THAT IS ACCEPTABLE TO THE SUPERINTENDENT TO MINIMIZE POTENTIAL DISRUPTION IN THE MARKETPLACE OCCASIONED BY THE CORPORATION'S DISCONTINUANCE OF A CLASS OF ONE OR MORE GROUP OR BLANKET CONTRACTS IN THE SMALL OR LARGE GROUP MARKET.

S 7. The opening paragraph of subparagraph (E) of paragraph 3 of subsection (j) of section 4305 of the insurance law, as amended by chapter 398 of the laws of 2010, is amended to read as follows:

In any case in which a corporation elects to discontinue offering all hospital, surgical and medical expense coverage in the small group market or the large group market, or both markets, in this state, health insurance coverage may be discontinued by the corporation ONLY AT THE TIME OF COVERAGE RENEWAL, UNLESS THE SUPERINTENDENT DETERMINES THAT CONTINUATION OF THE CONTRACT WOULD JEOPARDIZE THE CORPORATION'S SOLVENCY, CONTINUATION OF THE CONTRACT WOULD NOT BE IN THE BEST INTERESTS OF THE CONTRACTHOLDERS AND MEMBER INSUREDS OF THE CORPORATION OR THE PUBLIC, OR ANOTHER DATE IS NECESSARY IN ORDER TO EFFECTUATE AN ORDERLY DISCONTINUANCE; AND only if:

S 8. Item (iii) of subparagraph (E) of paragraph 3 of subsection (j) of section 4305 of the insurance law, as amended by chapter 398 of the laws of 2010, is amended to read as follows:

(iii) in addition to the notice to the superintendent referred to in item (i) of this subparagraph, the corporation shall provide [the superintendent with] a written plan THAT IS ACCEPTABLE TO THE SUPERINTENDENT to minimize potential disruption in the marketplace occasioned by the corporation's withdrawal from the market.

S 9. This act shall take effect immediately.