

6004

2015-2016 Regular Sessions

I N S E N A T E

June 19, 2015

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the insurance law, in relation to catastrophic or reinsurance coverage issued to certain small groups; and to amend a chapter of the laws of 2015 amending the insurance law relating to catastrophic or reinsurance coverage issued to certain small groups, as proposed in legislative bills numbers S. 5928-A and A. 8134-A, in relation to the effectiveness of such chapter; and in relation to directing the superintendent of financial services to contract with an independent entity to conduct an assessment regarding the impact of the prohibition on the sale of stop loss, catastrophic and reinsurance coverage to the small group market

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

1 Section 1. Paragraph 1 of subsection (h) of section 3231 of the insur-
2 ance law, as amended by a chapter of the laws of 2015 amending the
3 insurance law relating to catastrophic or reinsurance coverage issued to
4 certain small groups, as proposed in legislative bills numbers S. 5928-A
5 and A. 8134-A, is amended to read as follows:
6 (1) Notwithstanding any other provision of this chapter, no insurer,
7 subsidiary of an insurer, or controlled person of a holding company
8 system may act as an administrator or claims paying agent, as opposed to
9 an insurer, on behalf of small groups which, if they purchased insur-
10 ance, would be subject to this section. No insurer, subsidiary of an
11 insurer, or controlled person of a holding company may provide stop
12 loss, catastrophic or reinsurance coverage to small groups which, if
13 they purchased insurance, would be subject to this section. Provided,
14 however, the provisions of this paragraph shall not apply to stop loss,
15 catastrophic or reinsurance coverage issued and in effect on or before
16 [June] JANUARY first, two thousand fifteen to small groups covering
17 between fifty-one and one hundred employees or members of the group.

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

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1 S 2. Paragraph 1 of subsection (e) of section 4317 of the insurance
2 law, as amended by a chapter of the laws of 2015 amending the insurance
3 law relating to catastrophic or reinsurance coverage issued to certain
4 small groups, as proposed in legislative bills numbers S. 5928-A and A.
5 8134-A, is amended to read as follows:

6 (1) Notwithstanding any other provision of this chapter, no insurer,
7 subsidiary of an insurer, or controlled person of a holding company
8 system may act as an administrator or claims paying agent, as opposed to
9 an insurer, on behalf of small groups which, if they purchased insur-
10 ance, would be subject to this section. No insurer, subsidiary of an
11 insurer, or controlled person of a holding company may provide stop
12 loss, catastrophic or reinsurance coverage to small groups which, if
13 they purchased insurance, would be subject to this section. Provided,
14 however, the provisions of this paragraph shall not apply to stop loss,
15 catastrophic or reinsurance coverage issued and in effect on or before
16 [June] JANUARY first, two thousand fifteen to small groups covering
17 between fifty-one and one hundred employees or members of the group.

18 S 3. Section 5 of a chapter of the laws of 2015 amending the insurance
19 law relating to catastrophic or reinsurance coverage issued to certain
20 small groups, as proposed in legislative bills numbers S.5928-A and
21 A.8134-A, is amended to read as follows:

22 S 5. This act shall take effect immediately; and shall be deemed
23 repealed [5] 2 years after it shall have become a law.

24 S 4. 1. The superintendent of financial services shall contract with
25 an independent entity to conduct an assessment regarding the impact of
26 the prohibition on the sale of stop loss, catastrophic and reinsurance
27 coverage to the small group market. Such contract shall be awarded on a
28 competitive basis through a request for proposals process. Issues to be
29 assessed shall include, but not be limited to, the following:

30 (a) the costs to small group employers of providing health coverage;
31 (b) the ability of small group employers to continue to provide health
32 coverage;

33 (c) benefit package and wellness program comparability between self-
34 insured and small group products;

35 (d) whether the inability of small group employers to self-insure
36 affects such employers' ability to remain in or relocate to New York
37 state;

38 (e) the impact of allowing the sale of stop loss, catastrophic or
39 reinsurance coverage to groups with 51-100 employees or members exempted
40 from paragraph 1 of subsection (h) of section 3231 and paragraph 1 of
41 subsection (e) of section 4317 of the insurance law by a chapter of the
42 laws of 2015 amending the insurance law relating to catastrophic or
43 reinsurance coverage issued to certain small groups, as proposed in
44 legislative bills numbers S.5928-A and A.8134-A, on the affordability of
45 health insurance purchased in the small group health insurance market,
46 including:

47 (i) the impact on the premiums within the small group health insurance
48 market of allowing such exempted groups to obtain stop loss, catastroph-
49 ic or reinsurance coverage; and

50 (ii) whether allowing the sale of stop loss, catastrophic or reinsur-
51 ance coverage to such exempted groups with 51-100 members results in
52 adverse selection within the small group health insurance market by
53 allowing such groups to select either stop loss or a small group insur-
54 ance product; and

55 (f) differences in consumer protections provided under small group
56 health insurance products versus those provided under stop loss,

1 catastrophic or reinsurance coverage including, but not limited to,
2 differences in limits on cost sharing, network adequacy, patient appeal
3 rights, consumer review of rates during the prior approval process,
4 department of financial services audits and oversight and insurer
5 solvency requirements.

6 2. The department of financial services shall submit its report to the
7 governor, the temporary president of the senate, the speaker of the
8 assembly, and the chairs of the senate and assembly standing committees
9 on insurance no later than January 1, 2017.

10 S 5. This act shall take effect on the same date and in the same
11 manner as a chapter of the laws of 2015 amending the insurance law
12 relating to catastrophic or reinsurance coverage issued to certain small
13 groups, as proposed in legislative bills numbers S.5928-A and A.8134-A,
14 takes effect.