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

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:

Section 1. Paragraph 1 of subsection (h) of section 3231 of the insurance law, as amended by 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, is amended to read as follows:

(1) Notwithstanding any other provision of this chapter, no insurer, subsidiary of an insurer, or controlled person of a holding company system may act as an administrator or claims paying agent, as opposed to an insurer, on behalf of small groups which, if they purchased insurance, would be subject to this section. No insurer, subsidiary of an insurer, or controlled person of a holding company may provide stop loss, catastrophic or reinsurance coverage to small groups which, if they purchased insurance, would be subject to this section. Provided, however, the provisions of this paragraph shall not apply to stop loss, catastrophic or reinsurance coverage issued and in effect on or before [June] JANUARY first, two thousand fifteen to small groups covering 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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S 2. Paragraph 1 of subsection (e) of section 4317 of the insurance law, as amended by 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, is amended to read as follows:

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

S 3. Section 5 of 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, is amended to read as follows:

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 This act shall take effect immediately; and shall be deemed repealed [5] 2 years after it shall have become a law.

S 4. 1. The superintendent of financial services shall 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. Such contract shall be awarded on a competitive basis through a request for proposals process. Issues to be assessed shall include, but not be limited to, the following:

(a) the costs to small group employers of providing health coverage;

(b) the ability of small group employers to continue to provide health coverage;

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

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

(e) the impact of allowing the sale of stop loss, catastrophic or reinsurance coverage to groups with 51-100 employees or members exempted from paragraph 1 of subsection (h) of section 3231 and paragraph 1 of subsection (e) of section 4317 of the insurance law by 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, on the affordability of health insurance purchased in the small group health insurance market, including:

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

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

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

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

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

S 5. This act shall take effect on the same date and in the same manner as 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, takes effect.