

STATE OF NEW YORK

8500

IN SENATE

May 9, 2018

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

AN ACT to amend the insurance law, in relation to rating of individual and small group health insurance contracts and policies

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph 1 of subsection (a) of section 3231 of the insurance law, as amended by section 69 of part D of chapter 56 of the laws of 2013, is amended to read as follows:

2 (1) No individual health insurance policy and no group health insurance policy covering between one and fifty employees or members of the group, except as set forth in subsection (h) of this section, or between 3 one and one hundred employees or members of the group for policies 4 issued or renewed on or after January first, two thousand sixteen exclusive of spouses and dependents, hereinafter referred to as a small 5 group, providing hospital and/or medical benefits, including medicare 6 supplemental insurance, shall be issued in this state unless such policy 7 is community rated and, notwithstanding any other provisions of law, the 8 underwriting of such policy involves no more than the imposition of a 9 pre-existing condition limitation if otherwise permitted by this article. 10

11 § 2. Paragraph 1 of subsection (h) of section 3231 of the insurance law, as amended by chapter 12 of the laws of 2016, is amended to read as 12 follows: 13

14 (1) Notwithstanding any other provision of this chapter, no insurer, 15 subsidiary of an insurer, or controlled person of a holding company 16 system may act as an administrator or claims paying agent, as opposed to 17 an insurer, on behalf of small groups which, if they purchased insurance, 18 would be subject to this section. No insurer may provide stop 19 loss, catastrophic or reinsurance coverage to small groups which, if 20 they purchased insurance, would be subject to this section. Provided, 21 however, the provisions of this paragraph shall not apply to: (A) the 22 renewal of stop loss, catastrophic or reinsurance coverage issued and in 23 effect on January first, two thousand fifteen to small groups covering 24

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

LBD01398-02-8

1 between fifty-one and one hundred employees or members of the group; and
2 (B) the issuance between January first, two thousand sixteen and Decem-
3 ber thirty-first, two thousand sixteen, of stop loss, catastrophic or
4 reinsurance coverage, and any renewal thereof, to a small group covering
5 between fifty-one and one hundred employees or members of the group,
6 provided that such group had stop loss, catastrophic or reinsurance
7 coverage issued and in effect on January first, two thousand fifteen.

8 For purposes of this subsection, "small group" shall mean a group
9 comprised of between one and fifty employees or members, exclusive of
10 spouses and dependents.

11 § 3. Paragraph 1 of subsection (h) of section 3231 of the insurance
12 law, as added by chapter 501 of the laws of 1992, is amended to read as
13 follows:

14 (1) Notwithstanding any other provision of this chapter, no insurer,
15 subsidiary of an insurer, or controlled person of a holding company
16 system may act as an administrator or claims paying agent, as opposed to
17 an insurer, on behalf of small groups which, if they purchased insur-
18 ance, would be subject to this section. No insurer, subsidiary of an
19 insurer, or controlled person of a holding company may provide stop
20 loss, catastrophic or reinsurance coverage to small groups which, if
21 they purchased insurance, would be subject to this section. For purposes
22 of this subsection, "small group" shall mean a group comprised of
23 between one and fifty employees or members, exclusive of spouses and
24 dependents.

25 § 4. Paragraph 1 of subsection (a) of section 4317 of the insurance
26 law, as amended by section 72 of part D of chapter 56 of the laws of
27 2013, is amended to read as follows:

28 (1) No individual health insurance contract and no group health insur-
29 ance contract covering between one and fifty employees or members of the
30 group, except as set forth in subsection (e) of this section, or between
31 one and one hundred employees or members of the group for policies
32 issued or renewed on or after January first, two thousand sixteen exclu-
33 sive of spouses and dependents, including contracts for which the premi-
34 ums are paid by a remitting agent for a group, hereinafter referred to
35 as a small group, providing hospital and/or medical benefits, including
36 Medicare supplemental insurance, shall be issued in this state unless
37 such contract is community rated and, notwithstanding any other
38 provisions of law, the underwriting of such contract involves no more
39 than the imposition of a pre-existing condition limitation if otherwise
40 permitted by this article.

41 § 5. Paragraph 1 of subsection (e) of section 4317 of the insurance
42 law, as amended by chapter 12 of the laws of 2016, is amended to read as
43 follows:

44 (1) Notwithstanding any other provision of this chapter, no insurer,
45 subsidiary of an insurer, or controlled person of a holding company
46 system may act as an administrator or claims paying agent, as opposed to
47 an insurer, on behalf of small groups which, if they purchased insur-
48 ance, would be subject to this section. No insurer may provide stop
49 loss, catastrophic or reinsurance coverage to small groups which, if
50 they purchased insurance, would be subject to this section. Provided,
51 however, the provisions of this paragraph shall not apply to: (A) the
52 renewal of stop loss, catastrophic or reinsurance coverage issued and in
53 effect on January first, two thousand fifteen to small groups covering
54 between fifty-one and one hundred employees or members of the group; and
55 (B) the issuance between January first, two thousand sixteen, and Decem-
56 ber thirty-first, two thousand sixteen, of stop loss, catastrophic or

1 reinsurance coverage, and any renewal thereof, to a small group covering
2 between fifty-one and one hundred employees or members of the group,
3 provided that such group had stop loss, catastrophic or reinsurance
4 coverage issued and in effect on January first, two thousand fifteen.

5 For purposes of this subsection, "small group" shall mean a group
6 comprised of between one and fifty employees or members, exclusive of
7 spouses and dependents.

8 § 6. Paragraph 1 of subsection (e) of section 4317 of the insurance
9 law, as amended by section 72 of part D of chapter 56 of the laws of
10 2013, is amended to read as follows:

11 (1) Notwithstanding any other provision of this chapter, no insurer,
12 subsidiary of an insurer, or controlled person of a holding company
13 system may act as an administrator or claims paying agent, as opposed to
14 an insurer, on behalf of small groups which, if they purchased insur-
15 ance, would be subject to this section. No insurer, subsidiary of an
16 insurer, or controlled person of a holding company may provide stop
17 loss, catastrophic or reinsurance coverage to small groups which, if
18 they purchased insurance, would be subject to this section.

19 For purposes of this subsection, "small group" shall mean a group comprised
20 of between one and fifty employees or members, exclusive of spouses and
21 dependents.

22 § 7. This act shall take effect immediately; provided, however the
23 amendments to paragraph 1 of subsection (h) of section 3231 of the
24 insurance law made by section two of this act shall be subject to the
25 expiration and reversion of such paragraph pursuant to section 5 of
26 chapter 588 of the laws of 2015, as amended, when upon such date the
27 provisions of section three of this act shall take effect; and provided,
28 further, the amendments to paragraph 1 of subsection (e) of section 4317
29 of the insurance law made by section five of this act shall be subject
30 to the expiration and reversion of such paragraph pursuant to section 5
31 of chapter 588 of the laws of 2015, as amended, when upon such date the
32 provisions of section six of this act shall take effect.