

STATE OF NEW YORK

8457

2025-2026 Regular Sessions

IN SENATE

July 16, 2025

Introduced by Sen. COONEY -- 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 the definition of small group; and to repeal section 7 of chapter 12 of the laws of 2016 relating 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 relating thereto

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 [~~or between one and one hundred employees or members of the group for policies issued or renewed on or after January first, two thousand sixteen~~] exclusive of spouses and dependents, hereinafter referred to as a small group, providing hospital and/or medical benefits, including medicare supplemental insurance, shall be issued in this state unless such policy is community rated and, notwithstanding any other provisions of law, the underwriting of such policy involves no more than the imposition of a pre-existing condition limitation if otherwise permitted by this article.

15 § 2. Paragraph 3 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:

18 (3) Once accepted for coverage, an individual or small group cannot be terminated by the insurer due to claims experience. Termination of an individual or small group shall be based only on one or more of the reasons set forth in subsection (g) of section three thousand two

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

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1 hundred sixteen or subsection (p) of section three thousand two hundred
2 twenty-one of this article. Group hospital and/or medical coverage,
3 including medicare supplemental insurance, obtained through an out-of-
4 state trust covering a group of fifty or fewer employees, [~~or between~~
5 ~~one and one hundred employees for policies issued or renewed on or after~~
6 ~~January first, two thousand sixteen,~~] or participating persons who are
7 residents of this state must be community rated regardless of the situs
8 of delivery of the policy. Notwithstanding any other provisions of law,
9 the underwriting of such policy may involve no more than the imposition
10 of a pre-existing condition limitation if permitted by this article, and
11 once accepted for coverage, an individual or small group cannot be
12 terminated due to claims experience. Termination of an individual or
13 small group shall be based only on one or more of the reasons set forth
14 in subsection (p) of section three thousand two hundred twenty-one of
15 this article.

16 § 3. Paragraph 1 of subsection (h) of section 3231 of the insurance
17 law, as amended by chapter 12 of the laws of 2016, is amended to read as
18 follows:

19 (1) Notwithstanding any other provision of this chapter, no insurer,
20 subsidiary of an insurer, or controlled person of a holding company
21 system may act as an administrator or claims paying agent, as opposed to
22 an insurer, on behalf of small groups which, if they purchased insur-
23 ance, would be subject to this section. No insurer may provide stop
24 loss, catastrophic or reinsurance coverage to small groups which, if
25 they purchased insurance, would be subject to this section. [~~Provided,~~
26 ~~however, the provisions of this paragraph shall not apply to: (A) the~~
27 ~~renewal of stop loss, catastrophic or reinsurance coverage issued and in~~
28 ~~effect on January first, two thousand fifteen to small groups covering~~
29 ~~between fifty one and one hundred employees or members of the group, and~~
30 ~~(B) the issuance between January first, two thousand sixteen and Decem-~~
31 ~~ber thirty first, two thousand sixteen, of stop loss, catastrophic or~~
32 ~~reinsurance coverage, and any renewal thereof, to a small group covering~~
33 ~~between fifty one and one hundred employees or members of the group,~~
34 ~~provided that such group had stop loss, catastrophic or reinsurance~~
35 ~~coverage issued and in effect on January first, two thousand fifteen.]~~

36 § 4. Paragraph 1 of subsection (a) of section 4317 of the insurance
37 law, as amended by section 72 of part D of chapter 56 of the laws of
38 2013, is amended to read as follows:

39 (1) No individual health insurance contract and no group health insur-
40 ance contract covering between one and fifty employees or members of the
41 group, [~~or between one and one hundred employees or members of the group~~
42 ~~for policies issued or renewed on or after January first, two thousand~~
43 ~~sixteen]~~ exclusive of spouses and dependents, including contracts for
44 which the premiums are paid by a remitting agent for a group, hereinaft-
45 er referred to as a small group, providing hospital and/or medical bene-
46 fits, including Medicare supplemental insurance, shall be issued in this
47 state unless such contract is community rated and, notwithstanding any
48 other provisions of law, the underwriting of such contract involves no
49 more than the imposition of a pre-existing condition limitation if
50 otherwise permitted by this article.

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

54 (1) Notwithstanding any other provision of this chapter, no insurer,
55 subsidiary of an insurer, or controlled person of a holding company
56 system may act as an administrator or claims paying agent, as opposed to

1 an insurer, on behalf of small groups which, if they purchased insur-
 2 ance, would be subject to this section. No insurer may provide stop
 3 loss, catastrophic or reinsurance coverage to small groups which, if
 4 they purchased insurance, would be subject to this section. [~~Provided,
 5 however, the provisions of this paragraph shall not apply to: (A) the
 6 renewal of stop loss, catastrophic or reinsurance coverage issued and in
 7 effect on January first, two thousand fifteen to small groups covering
 8 between fifty one and one hundred employees or members of the group, and
 9 (B) the issuance between January first, two thousand sixteen, and Decem-
 10 ber thirty-first, two thousand sixteen, of stop loss, catastrophic or
 11 reinsurance coverage, and any renewal thereof, to a small group covering
 12 between fifty one and one hundred employees or members of the group,
 13 provided that such group had stop loss, catastrophic or reinsurance
 14 coverage issued and in effect on January first, two thousand fifteen.~~]

15 § 6. Paragraph 1 of subsection (g) of section 3231 of the insurance
 16 law, as amended by chapter 12 of the laws of 2016, is amended to read as
 17 follows:

18 (1) [~~(A)~~] This section shall also apply to policies issued to a group
 19 defined in subsection (c) of section four thousand two hundred thirty-
 20 five of this chapter, including but not limited to an association or
 21 trust of employers, if the group includes one or more member employers
 22 or other member groups having [~~one hundred~~] **fifty** or fewer employees or
 23 members exclusive of spouses and dependents. For a policy issued or
 24 renewed on or after January first, two thousand fourteen, if the group
 25 includes one or more member small group employers eligible for coverage
 26 subject to this section, then such member employers shall be classified
 27 as small groups for rating purposes and the remaining members shall be
 28 rated consistent with the rating rules applicable to such remaining
 29 members pursuant to paragraph two of this subsection. [~~(B) Subparagraph
 30 A of this paragraph shall not apply to either the renewal of a policy
 31 issued to a group or the issuance, between January first, two thousand
 32 sixteen and December thirty-first, two thousand sixteen, of a policy,
 33 and any renewal thereof, to a group, provided that the following three
 34 requirements are met: (I) the group had been issued a policy that was in
 35 effect on July first, two thousand fifteen; (II) the group had member
 36 employers, who, on or after July first, two thousand fifteen, have
 37 between fifty one and one hundred employees, exclusive of spouses and
 38 dependents; and (III) the group is either: (i) comprised entirely of one
 39 or more municipal corporations or districts (as such terms are defined
 40 in section one hundred nineteen-n of the general municipal law); or (ii)
 41 comprised entirely of nonpublic schools providing education in any grade
 42 from pre-kindergarten through twelfth grade.~~]

43 § 7. Paragraph 1 of subsection (d) of section 4317 of the insurance
 44 law, as amended by chapter 12 of the laws of 2016, is amended to read as
 45 follows:

46 (1) [~~(A)~~] This section shall also apply to a contract issued to a
 47 group defined in subsection (c) of section four thousand two hundred
 48 thirty-five of this chapter, including but not limited to an association
 49 or trust of employers, if the group includes one or more member employ-
 50 ers or other member groups having [~~one hundred~~] **fifty** or fewer employees
 51 or members exclusive of spouses and dependents. For a contract issued or
 52 renewed on or after January first, two thousand fourteen, if the group
 53 includes one or more member small group employers eligible for coverage
 54 subject to this section, then such member employers shall be classified
 55 as small groups for rating purposes and the remaining members shall be
 56 rated consistent with the rating rules applicable to such remaining

1 members pursuant to paragraph two of this subsection. [~~(D) Subparagraph~~
2 ~~A of this paragraph shall not apply to either the renewal of a contract~~
3 ~~issued to a group or the issuance, between January first, two thousand~~
4 ~~sixteen and December thirty-first, two thousand sixteen, of a contract,~~
5 ~~and any renewal thereof, to a group, provided that the following three~~
6 ~~requirements are met: (I) the group had been issued a contract that was~~
7 ~~in effect on July first, two thousand fifteen; (II) the group had member~~
8 ~~employers, who, on or after July first, two thousand fifteen, have~~
9 ~~between fifty-one and one hundred employees, exclusive of spouses and~~
10 ~~dependents; and (III) the group is either: (i) comprised entirely of one~~
11 ~~or more municipal corporations or districts (as such terms are defined~~
12 ~~in section one hundred nineteen n of the general municipal law); or (ii)~~
13 ~~comprised entirely of nonpublic schools providing education in any grade~~
14 ~~from pre-kindergarten through twelfth grade.]~~

15 § 8. Section 7 of chapter 12 of the laws of 2016 relating to directing
16 the superintendent of financial services to contract with an independent
17 entity to conduct an assessment regarding the impact of the prohibition
18 on the sale of stop loss, catastrophic and reinsurance coverage to the
19 small group market, is REPEALED.

20 § 9. This act shall take effect immediately; provided, however that
21 the amendments to paragraph 1 of subsection (g) and paragraph 1 of
22 subsection (h) of section 3231, and paragraph 1 of subsection (d) and
23 paragraph 1 of subsection (e) of section 4317 of the insurance law made
24 by sections six, three, seven and five of this act respectively shall
25 not affect the expiration and reversion of such paragraphs and shall
26 expire and be deemed repealed therewith.