STATE OF NEW YORK

5323

2025-2026 Regular Sessions

IN SENATE

February 20, 2025

Introduced by Sen. BAILEY -- 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 penalties imposed on subcontractors for failure to adhere to the standards for prompt, fair and equitable settlement of claims for health care and payments for health care services

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

Section 1. Paragraph 1 of subsection (c) of section 3224-a of the insurance law, as amended by chapter 237 of the laws of 2009, is amended to read as follows:

(1) Except as provided in paragraph two of this subsection, each claim or bill for health care services processed in violation of this section shall constitute a separate violation. In addition to the penalties provided in this chapter, any insurer or organization or corporation that fails to adhere to the standards contained in this section shall be obligated to pay to the health care provider or person submitting the claim, in full settlement of the claim or bill for health care services, the amount of the claim or health care payment plus interest on the amount of such claim or health care payment of the greater of the rate equal to the rate set by the commissioner of taxation and finance for corporate taxes pursuant to paragraph one of subsection (e) of section one thousand ninety-six of the tax law or twelve percent per annum, to be computed from the date the claim or health care payment was required to be made. **The superintendent shall be authorized to impose penalties on subcontractors of an insurer or organization or corporation in addition to penalties imposed on the insurer or organization where it can be reasonably demonstrated that the subcontractor was responsible for a failure to adhere to the standards contained in this section. Furthermore, the superintendent shall be authorized to double the penalties authorized under this chapter where it is demonstrated that the insurer**

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

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or organization or corporation engaged in a pattern of failing to adhere to the standards contained in this section. When the amount of interest due on such a claim is less then two dollars, and insurer or organization or corporation shall not be required to pay interest on such claim.

§ 2. This act shall take effect on the ninetieth day after it shall have become a law, and apply to all health care claims submitted after such date. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.