

EXPANDED HEALTH CARE COVERAGE ACT
OF NINETEEN HUNDRED EIGHTY-EIGHT

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Section 1. Legislative findings. The legislature finds that there are more than two and one-half million residents of the state who have no health care coverage. The legislature recognizes that since nineteen hundred eighty the number of state residents without health care coverage has increased at a rate of one hundred thousand per year, an increase of more than thirty percent in six years.

The legislature further finds that people without health care coverage have limited access to primary health care services and tend to defer obtaining medical care, which leads to increased severity of illness and increased costs when services are utilized. The legislature recognizes that the lack of health care coverage has serious implications for the overall health status of residents of the state.

The legislature recognizes the need to develop methods of providing health care coverage to uninsured individuals and families in order to improve the health of residents of New York. Therefore, the legislature hereby declares that it is the policy of this state to promote the establishment of pilot programs to test effective mechanisms to provide health care coverage to the uninsured. The legislature further declares that these pilot programs will provide valuable information for determining future methods of providing comprehensive health care coverage to all New York residents who lack such coverage.

§ 2. Short title. This act shall be known and may be cited as the "Expanded Health Care Coverage Act of Nineteen Hundred Eighty-eight".

§ 3. Definitions. For the purpose of this act, unless the context

clearly requires otherwise:

1. "Applicant" means an eligible organization which submits a proposal under subdivision five of section four of this act.

2. "Approved organization" means an eligible organization approved by the commissioner to conduct either an individual subsidy program or an employer incentive program, under subdivision five of section four of this act.

3. "Commissioner" means the commissioner of health.

4. "Eligible organization" means an organization submitting a proposal to the commissioner under subdivision five of section four of this act. The organizations which may submit a proposal shall include, but not be limited to, the following:

(i) a commercial insurer;

(ii) a corporation or health maintenance organization licensed under article forty-three of the insurance law;

(iii) a health maintenance organization certified under article forty-four of the public health law;

(iv) a comprehensive health services plan operating under regulations of the department of social services or the department of health;

(v) an employer association; or

(vi) a local social services district.

5. "Employer incentive program" means a pilot program which assists employers in providing health care coverage under subdivision three of section four of this act.

6. "Incentive payment" means payments made to an approved organization to reduce the cost of providing health care coverage under the employer incentive program.

7. "Individual subsidy program" means a pilot program which shall assist individuals and families in purchasing health care coverage under subdivision two of section four of this act.

8. "Regional pilot project" means a program to test a model providing health care coverage under insurance or equivalent coverage mechanisms for the uninsured and to test negotiated special payment rate methodologies for inpatient and outpatient services delivered by general hospitals.

9. "Subcommittee" means the subcommittee on health insurance established pursuant to chapter one hundred twenty-six of the laws of nineteen hundred eighty-one.

10. "Subsidy payment" means a payment made to an approved organization to reduce the cost of purchasing health care coverage under the individual subsidy program.

11. "Superintendent" means the superintendent of financial services.

§ 4. Regional pilot projects for the uninsured. 1. The commissioner, in consultation with the subcommittee, is authorized to conduct regional pilot projects, including one or more individual subsidy programs and one or more employer incentive programs. The commissioner shall approve at least one of each program in accordance with subdivision five of this section. In the absence of applications which meet the approval criteria for any one model, the commissioner may approve additional programs in the other program category.

2. (a) An individual subsidy program shall assist individuals and families in purchasing health care coverage under insurance or equivalent coverage mechanisms. In order to be eligible for participation in the program, and subject to annual recertification of eligibility, individuals and families shall meet the following criteria:

(i) gross household income is at or below two hundred percent of the non-farm federal poverty level; and

(ii) not receiving medical assistance without taking into account costs incurred for medical care under the provisions of section three hundred sixty-six of the social services law; and

(iii) ineligible for medicare as defined in subchapter XVIII of the federal Social Security Act, 42 U.S.C. §1395 et seq., and

(iv) do not have equivalent health care coverage under insurance or equivalent coverage mechanisms as defined by the commissioner, in consultation with the superintendent. Individuals and families having health care coverage within the six month period prior to application shall not be eligible for the individual subsidy program. The limitation shall not apply to persons who become ineligible for medical assistance or whose insurance or equivalent coverage is terminated as a result of loss of employment within such period.

(b) If individuals and families receiving benefits under the individual subsidy program become eligible for medical assistance by taking into account costs incurred for medical care, social services districts may pay all or part of the premium in accordance with department of social services regulations. For the purpose of this paragraph, subsidy payments shall not be available to cover the costs of the premium.

(c) For the purposes of the individual subsidy program, subsidy payments shall be made, under subdivision eight of this section, to an approved organization for the purpose of reducing premium payments, deductibles or copayments for participants in the program. The commissioner may establish and adjust schedules of payments to be made under this program. In determining such schedules, the costs to be borne by the individual or family shall take into account the household size and gross annual income of the household and such other factors as the commissioner may deem appropriate.

(d) Notwithstanding the provisions of paragraph (a) of this subdivision, an individual who meets the criteria as established in subparagraphs (ii) through (iv) of such paragraph may be enrolled in the individual subsidy program, provided however, that an approved organization shall not be eligible to receive a subsidy payment for providing coverage to such an individual. Enrollment of such individuals shall not exceed twenty-five percent of the total enrollment for participants in the individual subsidy program.

(e) Applications for enrollment in the individual subsidy program will not be accepted on and after January first, two thousand one; provided, however, individuals and families who are otherwise eligible to receive

benefits under such program and are enrolled prior to January first, two thousand one, may remain enrolled in such program until March thirty-first, two thousand nine.

3. (a) An employer incentive program shall assist employers of twenty or fewer employees in purchasing health care coverage for all full-time employees and such other employees determined to be qualified for such coverage by the employer based on employment status. In order to participate in the program, an employer shall not have, within the six month period prior to application, provided employer-financed group health care coverage to any employee associated with the employer's business.

(b) An employer incentive payment shall consist of payments to an approved organization in the amount of no more than fifty percent of the premium costs for group health care coverage for employees and their dependents. Employees shall not be required to make contributions to the payment of premium costs under this program. Premium costs incurred by an employer for group health insurance coverage for officers and directors of an employer and others with a proprietary or ownership interest in the employer may be eligible for an incentive payment to offset premium costs; provided, however, that the gross household income of such officers and directors or others with a propriety or ownership interest does not exceed the limits provided pursuant to subparagraph (i) of paragraph (a) of subdivision two of this section and provided further that one or more employees and their dependents proposed to be covered by such group health care coverage are unrelated to such officers, directors or other persons with a propriety or ownership interest. If an employer participating in an employer incentive program hires more than twenty employees after joining the program, the employer may continue in the program but the premium costs attributable to the additional employees or their families shall not be eligible for incentive payments.

(c) Employers may be approved to participate in the program based upon the average salaries of the employees who are to receive health care coverage, with those employers with the lowest average employee salaries to be selected first and other employers to be eligible for participation as funding will allow.

(d) Notwithstanding the provisions of this subdivision, if the number of employers who meet the criteria established in paragraph (a) of this subdivision, and who are applying for participation in the employer subsidy program, exceeds the amount of funds available to an approved organization to provide health care coverage to employers under the program, the approved organization may enroll additional employers. The approved organization shall not receive incentive payments for such employers. Enrollment of such employers shall not exceed twenty-five percent of the total enrollment of employers and their dependents participating in the employer incentive program.

(e) Employer incentive programs established pursuant to this section shall expire upon implementation of the New York state small business health insurance partnership program in accordance with the provisions of article 9-A of the public health law.

4. The commissioner shall establish guidelines for the submission of proposals by eligible organizations, including, but not limited to, the following components:

(i) standards for premiums, copayments and deductibles which consider the needs of program participants in obtaining health care;

(ii) insurance or equivalent coverage mechanisms to be utilized under the project;

(iii) minimum standards for benefits under the requirements of the insurance law and such additional benefits as may be identified;

(iv) health care provider payment methodologies;

(v) appropriate utilization review and quality assurance mechanisms; and

(vi) such other criteria which may be deemed necessary.

5. (a) A proposal submitted by an eligible organization shall meet the following criteria:

(i) estimate the number of participants who would be eligible for the program and the estimated number of actual participants in the program location;

(ii) designate the geographic area to be served by the program;

(iii) assure access to and delivery of high quality, appropriate medical services and include a network of health care providers in

sufficient numbers and geographically accessible to service program participants;

(iv) describe the procedures for marketing and determining eligibility for the health care coverage plan in the program location, including the designation of other entities which may perform such functions under contract with the organization;

(v) describe any arrangements for negotiated special payment rate methodologies for inpatient and outpatient services;

(vi) describe in detail the estimated expenses, including the proposed use of subsidy or incentive payments, personnel costs and other types of administrative expenses which will be incurred in the development and implementation of the program;

(vii) describe the quality assurance mechanisms and utilization review mechanisms to be implemented;

(viii) demonstrate that the applicant has sought public participation and local involvement in the development of the program plan;

(ix) demonstrate the applicant's ability to meet the data analysis and reporting requirements for program evaluation;

(x) describe the extent to which the program may be replicated in other geographic areas or on a statewide basis;

(xi) describe the benefit package to be offered in the program and the cost of such benefit package;

(xii) comply with or demonstrate an acceptable arrangement or contract with an organization which can meet the requirements of section eleven hundred eighteen and other applicable provisions of the insurance law;

(xiii) demonstrate the financial feasibility of the program;

(xiv) describe the premium, copayments and deductibles to be paid by program participants; and

(xv) include any other information the commissioner and the superintendent shall deem appropriate.

(b) The commissioner, within forty-five days of receiving a proposal from an eligible entity, shall make a determination whether to approve, disapprove or recommend modification of the proposal. In order for a proposal to be approved by the commissioner, the proposal must also be approved by the superintendent with respect to the provisions of subparagraphs (xii) through (xiv) of paragraph (a) of this subdivision. Upon receiving a proposal, the commissioner shall provide a copy of the

proposal to the chairman of the subcommittee, consult with the subcommittee and receive its recommendation with regard to such application.

6. The commissioner, in consultation with the subcommittee, may approve a supplemental grant program, in addition to those programs authorized under subdivision five of this section, to provide grants for public education, outreach and marketing of health care coverage targeted at uninsured individuals and families and employers not providing coverage to their employees in any geographic area which is not designated for regional pilot project implementation. Grants may be used for the following:

- (i) public education concerning the availability of health care coverage;
- (ii) promotion of community awareness of the benefits of health care coverage; and
- (iii) outreach and direct recruitment of potential enrollees.

7. The commissioner is authorized to approve contracts between an approved organization and any other organization for the purposes including, but not limited to, outreach, marketing and eligibility determination.

8. The commissioner shall determine the amount of funds to be allocated to an approved organization for the purposes described in subdivision one of this section from any funds available pursuant to subparagraph (i) of paragraph (f) of subdivision nineteen of section twenty-eight hundred seven-c of the public health law.

8-a. The commissioner, in consultation with the superintendent, may adjust subsidy payments and incentive payments for approved programs for any of the following circumstances: (a) for new programs; (b) for new coverage under existing programs; and (c) to be effective on the next annual renewal date of the affected coverage for existing coverage.

9. Notwithstanding the provisions of paragraph (c) of subdivision two of section two thousand eight hundred seven-c of the public health law,

approved organizations may enter into agreements for negotiated payment rate methodologies with general hospitals for inpatient and outpatient hospital services. Such negotiated payment rate methodologies in the case of inpatient services or outpatient services shall be subject to the approval of the commissioner, and shall not adversely affect quality of care outcomes or result in the shifting of costs of providing services to beneficiaries of a program to any other payor.

10. An approved organization shall submit reports to the commissioner in such form and at times as may be required in order to evaluate the operations and results of such program.

11. The commissioner, in consultation with the subcommittee, shall enter into agreements with one or more persons, not-for-profit corporations, or other organizations, other than a state employee, official or agency, for the performance of a comprehensive evaluation of the implementation and effectiveness of the regional pilot projects authorized pursuant to this act. The evaluation shall assess factors including, but not limited to:

(i) the overall effect of the regional pilot projects on access to and utilization of health care services;

(ii) the impact of the regional pilot projects on the health status of program participants;

(iii) the impact of using a negotiated special payment rate methodology on access to and quality of inpatient and outpatient services delivered by general hospitals and on the functioning of such hospitals;

(iv) the impact of using alternative insurance, financing, health care delivery and provider payment models on the costs of health care coverage;

(v) the impact of the regional pilot projects on the bad debt and charity care system and on other insurers, employment and health care delivery systems in the regional pilot project location;

(vi) the feasibility and appropriateness of implementing the regional pilot projects in other locations and on a statewide basis; and

(vii) the impact on the regional pilot projects of any adjustment of subsidy payments or incentive payments.

An evaluation required pursuant to this section shall be submitted to the governor and the legislature by April 1, 1995.

12. Notwithstanding any inconsistent provision of section 112 or 163 of the state finance law or any other law, at the discretion of the commissioner without a competitive bid or request for proposal process, contractual arrangements with approved organizations in effect in 1993 may be extended through December 31, 1999 to provide an uninterrupted continuation of services and may be amended as may be necessary.