

S 6207 HANNON Same as A 8494 Rosenthal

ON FILE: 01/08/14 Insurance Law

TITLE....Requires health insurers to offer coverage
of health care provided by out of network providers

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Insurance Law

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STATE OF NEW YORK

S. 6207

January 8, 2014

Introduced by Sens. HANNON, DeFRANCISCO, LAVALLE, MAZIARZ, RANZENHOFER

-- read twice and ordered printed, and when printed to be committed to
the Committee on Insurance

AN ACT to amend the insurance law and the public health law, in relation
to requiring health care insurers to offer coverage for health care
provided by out-of-network providers

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

1 Section 1. Section 3217-e of the insurance law, as added by chapter

2 219 of the laws of 2011, is amended to read as follows:

3 § 3217-e. Choice of health care provider. (a) An insurer that is

4 subject to this article and requires or provides for designation by an

5 insured of a participating primary care provider shall permit the

6 insured to designate any participating primary care provider who is

7 available to accept such individual, and in the case of a child, shall

8 permit the insured to designate a physician (allopathic or osteopathic)

9 who specializes in pediatrics as the child's primary care provider if

10 such provider participates in the network of the insurer.

11 (b) Every insurer that offers health insurance and is subject to the

12 provisions of this article, shall offer out-of-network coverage as an

13 optional rider to any policy and shall offer at least one policy option

14 that includes out-of-network coverage. These options shall be made

15 available both within the statewide health benefit exchange and outside

16 of the health benefit exchange.

17 § 2. Section 4306-d of the insurance law, as added by chapter 219 of

18 the laws of 2011, is amended to read as follows:

19 § 4306-d. Choice of health care provider. (a) A corporation that is

20 subject to the provisions of this article and requires or provides for

21 designation by a subscriber of a participating primary care provider

22 shall permit the subscriber to designate any participating primary care

23 provider who is available to accept such individual, and in the case of

24 a child, shall permit the subscriber to designate a physician (allopath-

25 ic or osteopathic) who specializes in pediatrics as the child's primary

1 care provider if such provider participates in the network of the corpo-
2 ration.

3 (b) Every corporation that is subject to the provisions of this arti-
4 cle, shall offer out-of-network coverage as an optional rider to any
5 contract and shall offer at least one contract option that includes
6 out-of-network coverage. These options shall be made available both
7 within the statewide health benefit exchange and outside of the health
8 benefit exchange.

9 § 3. Section 4403 of the public health law is amended by adding a new
10 subdivision 9 to read as follows:

11 9. Every health maintenance organization shall offer out-of-network
12 coverage as an optional rider to any contract and shall offer at least
13 one contract option that includes out-of-network coverage. These options

14 shall be made available both within the statewide health benefit

15 exchange and outside of the health benefit exchange.

16 § 4. This act shall take effect on the first of January next succeed-

17 ing the date on which it shall have become a law, and shall apply to

18 contracts and policies issued, renewed, modified or amended on or after

19 such date.

NEW YORK STATE SENATE

INTRODUCER'S MEMORANDUM IN SUPPORT

submitted in accordance with Senate Rule VI. Sec 1

BILL NUMBER: S6207

SPONSOR: HANNON

TITLE OF BILL: An act to amend the insurance law and the public

health law, in relation to requiring health care insurers to offer

coverage for health care provided by out-of-network providers

PURPOSE: Ensures consumer choice by providing for continued access to out-of-network insurance coverage

SUMMARY OF PROVISIONS: This bill amends Insurance Law §§ 3217-e, 4306-d and Public Health Law § 4403 to require that every insurer offer, both inside and outside of the exchange, out-of-network coverage in at least one policy option and as an optional rider.

It provides an effective date of January 1st next succeeding the date of enactment.

JUSTIFICATION: Across the state, individuals accessing insurance through the statewide health benefit exchange, "the New York State of Health," and outside of the exchange are finding plans no longer include out-of-network coverage. Citing concerns of keeping plan costs affordable and predictable, the New York State of Health did not require plans sold on the exchange offer out-of-network coverage. In establishing the New York State of Health, the only condition regulators imposed on insurers regarding out-of-network coverage was the requirement that if they offer out-of-network coverage to individuals purchasing insurance directly, they must also offer it through the exchange.

As insurance carriers put into effect cost saving measures, coverage the Affordable Care Act does not mandate, such as out-of-network coverage, is being eliminated. Insurers across the state faced concerns that competitors would not offer out-of-network coverage, leaving them to attract the sickest, most costly patients if they did offer this coverage. The result has been most insurers chose to eliminate the out-of-

network option in all their plans marketed to individuals. This coverage remains an option in just 8 counties in the state, all in Western New York. Some New Yorkers who previously had out-of-network coverage on the individual market are allowed to keep it through riders on their policy; however, other individuals are not eligible to purchase such riders. This situation is compounded by recent reports that the plans being offered on the exchange have very limited networks. The Wall Street Journal reported results of a McKinsey report which looked at federal and state-run exchanges in 20 cities, finding that 60% of health plans offered coverage at fewer hospitals compared to current individual plans. Narrow networks restrict access and further illustrate the need for an out-of-network coverage option.

While policies containing out-of-network coverage will likely cost more than those that do not provide this coverage, for individuals facing certain illnesses or having specific health care needs, this is an affordable and necessary option that must be made available. Additionally, for individuals who have used a particular provider not included within a network, this added option may be well worth the extra expense. By requiring insurers to provide out-of-network coverage as an option, this legislation will provide and protect consumer choice, and ensure patients can maintain access to the provider of their choice.

LEGISLATIVE HISTORY: New bill.

FISCAL IMPLICATIONS: None.

EFFECTIVE DATE: The first of January next succeeding the date on

which it shall become law, and shall apply to contracts and policies
issued, renewed, modified or amended on or after such date. ---