

GOVERNOR'S PROGRAM BILL

2009

MEMORANDUM

AN ACT to amend the insurance law, in relation to the coverage of a dependent child

Purpose:

This bill would expand access to health insurance by allowing unmarried children through age 29, regardless of financial dependence, to be covered under a parent's group health insurance policy.

Summary of Provisions:

Section 1 of the bill would amend Insurance Law § 3221 to require commercial insurers that provide group health insurance coverage to extend an option to continue coverage to unmarried children who have "aged off" of their parents' group health insurance policies. The "dependent children" may continue to be covered under their parents' group policy through age 29 as long as they do not have group insurance coverage through another group insurance policy and are not eligible for Medicare. Such children are not required to be financially dependent on their parents to elect this benefit.

Section 1 of the bill would also allow an employee, group member or dependent child to elect to purchase group health insurance coverage: (1) within 60 days following the date coverage would otherwise terminate due to age, under the terms of the parent's policy; (2) within 60 days after meeting the definition of "dependent child;" or (3) during an annual 30-day open enrollment period. Dependent children whose coverage terminated prior to the effective date of the bill would have a period of 12 months from the effective date to elect coverage.

Section 1 of the bill would also provide that employers shall not be required to pay the premiums for dependent children electing this continuation option. An insurer must establish a distinct premium rate for this coverage, which would be discounted to reflect the favorable claims experience of the dependent children who qualify.

Section 1 of the bill would further require an insurer to submit reports as the Superintendent of Insurance ("Superintendent") may request, in a form and manner to be prescribed by the Superintendent.

Section 2 of the bill would amend Insurance Law § 4304 to require not-for-profit corporations and health maintenance organizations ("HMOs") that offer group remittance contracts to include unmarried dependent children through age 29 under the same terms and conditions as commercial insurers.

Section 3 of the bill would amend Insurance Law § 4305 to require not-for-profit corporations and HMOs that offer group contracts to include unmarried dependent children through age 29, also under the same terms and conditions as commercial insurers.

Section 4 of the bill would provide that the bill take effect on July 1, 2009 and apply to contracts issued, renewed, modified, altered or amended on or after that date.

Existing Law:

Current law pertaining to group contracts does not delineate a minimum age to which an insurer must extend dependent coverage in a family contract.

With regard to group remittance contracts, Insurance Law § 4304(d)(1) limits coverage to children under the age of 25, at the option of the insurer. If the child is incapable of self-sustaining employment due to disability, the age limitations do not apply and the child would be eligible to remain covered under the contract.

Legislative History:

This is a new bill.

Statement of Support:

Uninsured young adults between the age of 19 through 29 represent 31 percent of New York State's total uninsured population. These individuals -- sometimes referred to as "young invincibles" -- often lose their health coverage at the age of 19, or upon graduation from high school or college. Young adults are often employed in entry-level jobs and may work for employers that do not provide (or contribute to the cost of) health insurance. As such, young adults are often unable to afford individual direct payment insurance and frequently choose to go uninsured.

This bill would expand access to health insurance for young adults by requiring commercial insurers, non-profit corporations and HMOs to offer an option to continue coverage for unmarried young adults through age 29, regardless of financial dependence, under a parent's group health insurance policy. The bill requires insurers to establish a "distinct premium" for this coverage, reflecting the lower morbidity of the young adult population. As a result, such coverage would be less expensive than Consolidated Omnibus Budget Reconciliation Act ("COBRA") or state continuation coverage, and would not impact the risk of the underlying employee group. The bill would not require employers to contribute to the cost of coverage.

In 2006, New Jersey enacted similar legislation which resulted in premium rates for young adults that were discounted by 20 to 40 percent when compared to standard COBRA continuation premiums.

Budget Implications:

This bill will not have a fiscal impact to the State.

Effective Date:

This bill takes effect July 1, 2009 and will apply to contracts issued, renewed, modified, altered and amended on or after such date.

PROGRAM BILL # 12

S. _____
Senate

IN SENATE--Introduced by Sen

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

_____ A.
Assembly

IN ASSEMBLY--Introduced by M. of A.

with M. of A. as co-sponsors

--read once and referred to the
Committee on

INSURLA

(Relates to the coverage for a
dependent child; defines "dependent
child" for purposes of certain
health insurance coverage)

Ins. coverage dept child

AN ACT

to amend the insurance law, in
relation to the coverage of a
dependent child

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

IN SENATE

Senate introducer's signature

The senators whose names are circled below wish to join me in the sponsorship
of this proposal

- | | | | | |
|-----------------|-----------------|----------------|------------------|----------------|
| s20 Adams | s03 Foley | s24 Lanza | s12 Onorato | s09 Skelos |
| s15 Addabbo | s08 Fuschillo | s39 Larkin | s37 Oppenheimer | s14 Smith |
| s55 Alesi | s22 Golden | s01 LaValle | s11 Padavan | s25 Squadron |
| s48 Aubertine | s47 Griffio | s40 Leibell | s21 Parker | s58 Stachowski |
| s42 Bonacic | s06 Hannon | s52 Libous | s30 Perkins | s16 Stavisky |
| s46 Breslin | s36 Hassell- | s45 Little | s61 Ranzenhofers | s35 Stewart- |
| s50 DeFrancisco | Thompson | s05 Marcellino | s56 Robach | Cousins |
| s32 Diaz | s10 Huntley | s62 Maziarz | s41 Saland | s60 Thompson |
| s17 Dilan | s07 Johnson, C. | s43 McDonald | s19 Sampson | s49 Valesky |
| s29 Duane | s04 Johnson, O. | s13 Monserrate | s23 Savino | s59 Volker |
| s33 Espada | s34 Klein | s18 Montgomery | s31 Schneiderman | s53 Winner |
| s44 Farley | s26 Krueger | s38 Morahan | s28 Serrano | s57 Young |
| s02 Flanagan | s27 Kruger | s54 Nozzolio | s51 Seward | |

IN ASSEMBLY

Assembly introducer's signature

The Members of the Assembly whose names are circled below wish to join me in the
multi-sponsorship of this proposal:

- | | | | | |
|-------------------|------------------|-------------------|-----------------|------------------|
| a049 Abbate | a047 Colton | a098 Gunther | a027 Meyersohn | a076 Rivera, P. |
| a001 Alessi | a010 Conte | a139 Hawley | a019 McDonough | a056 Robinson |
| a021 Alfano | a032 Cook | a148 Hayes | a104 McEneny | a067 Rosenthal |
| a105 Amedore | a142 Corwin | a083 Heastie | a017 McKeivitt | a118 Russell |
| a084 Arroyo | a107 Crouch | a028 Hevesi | a022 Meng | a012 Saladino |
| a035 Aubry | a063 Cusick | a048 Hinkind | a102 Miller | a113 Sayward |
| a136 Bacalles | a045 Cymbrowitz | a018 Hooper | a052 Millman | a029 Scarborough |
| a099 Ball | a138 DelMonte | a144 Hoyt | a103 Molinaro | a016 Schimel |
| a124 Barclay | a034 DenDekker | a060 Hyer-Spencer | a132 Morelle | a140 Schimminger |
| a014 Barra | a116 Destito | a042 Jacobs | a037 Nolan | a145 Schroeder |
| a040 Barron | a085 Diaz | a095 Jaffee | a128 Oaks | a122 Scozzafava |
| a082 Benedetto | a081 Dinowitz | a057 Jeffries | a069 O'Donnell | a038 Seminero |
| a079 Benjamin | a114 Duprey | a131 John | a137 O'Hara | a064 Silver |
| a073 Bigg | a003 Edgington | a112 Jordan | a051 Ortiz | a100 Skartados |
| a055 Boyland | a004 Englebright | a074 Kavanagh | a150 Parment | a093 Spano |
| a008 Boyle | a130 Errigo | a065 Kellner | a088 Paulin | a121 Stirpe |
| a089 Bradley | a072 Espaillet | a129 Kolb | a141 Peoples | a011 Sweeney |
| a044 Brennan | a071 Farrell | a135 Koon | a039 Peralta | a10 Tedisco |
| a092 Brodsky | a005 Fields | a025 Lancman | a058 Perry | a002 Thiele |
| a046 Brook-Krasny | a123 Finch | a091 Latimer | a023 Pheffer | a061 Titone |
| a147 Burling | a007 Fitzpatrick | a013 Lavine | a068 Powell | a031 Titus |
| a117 Butler | a143 Gabryszak | a050 Lentol | a087 Fretlow | a062 Tobaccco |
| a101 Cahill | a090 Galef | a125 Lifton | a146 Quinn | a054 Towns |
| a096 Calhoun | a133 Gantt | a127 Lopez, P. | a097 Rabbitt | a115 Townsend |
| a043 Camara | a036 Gianaris | a053 Lopez, V. | a009 Raja | a015 Walker |
| a106 Canestrari | a149 Giglio | a126 Lupardo | a006 Ramos | a041 Weinstein |
| a026 Carrozza | a066 Glick | a111 Magee | a134 Rellich | a020 Weisenberg |
| a086 Castro | a108 Gordon | a120 Magnarelli | a109 Reilly | a024 Weprin |
| a119 Christensen | a075 Gottfried | a059 Maisel | a078 Rivera, J. | a070 Wright |
| a033 Clark | a077 Greene | a030 Markey | a080 Rivera, N. | a094 Zebrowski |

1) Single House Bill (introduced and printed separately in either or both
houses). Uni-Bill (introduced simultaneously in both houses and printed as one
bill. Senate and Assembly introducer sign the same copy of the bill).

2) Circle names of co-sponsors and return to introduction clerk with 2 signed
copies of bill and 4 copies of memorandum in support (single house); or 4 signed
copies of bill and 8 copies of memorandum in support (uni-bill).

1 Section 1. Section 3221 of the insurance law is amended by adding a
2 new subsection (r) to read as follows:

3 (r)(1) As used in this subsection, "dependent child" means an unmar-
4 ried child through age twenty-nine of an employee or member insured
5 under a group contract, regardless of financial dependence, who is not a
6 named insured under any other group contract or group remittance
7 contract and who is not eligible for coverage under title XVIII of the
8 United States Social Security Act (Medicare).

9 (2) In addition to the conversion privilege afforded by subsection (e)
10 of this section and the continuation privilege afforded by subsection
11 (m) of this section, every group contract delivered or issued for deliv-
12 ery in this state that provides hospital, surgical or medical coverage
13 for other than specific diseases or accidents only, and which provides
14 dependent coverage that terminates at a specified age, shall, upon
15 application of the employee, member or dependent child, as set forth in
16 subparagraphs (B) or (C) of this paragraph, provide coverage to the
17 dependent child after that specified age and through age twenty-nine
18 without evidence of insurability, subject to all of the terms and condi-
19 tions of the group contract and the following:

20 (A) An employer shall not be required to pay all or part of the cost
21 of coverage for a dependent child provided pursuant to this subsection;

22 (B) An employee, member or dependent child who wishes to elect contin-
23 uation of coverage pursuant to this subsection may request the continua-
24 tion in writing:

25 (i) within sixty days following the date coverage would otherwise
26 terminate due to reaching the specified age set forth in the group
27 contract;

1 (ii) within sixty days after meeting the requirements for dependent
2 child status set forth in paragraph one of this subsection when coverage
3 for the dependent child previously terminated; or

4 (iii) during an annual thirty-day open enrollment period, as described
5 in the contract;

6 (C) For twelve months after the initial effective date of this
7 subsection, an employee, member or dependent child may elect prospective
8 coverage under this subsection for a dependent child whose coverage
9 terminated under the terms of the group contract prior to the initial
10 effective date of this subsection;

11 (D) An employee, member or dependent child electing continuation as
12 described in this subsection must pay to the group contractholder or
13 employer, but not more frequently than on a monthly basis in advance,
14 the amount of the required premium payment on the due date of each
15 payment. The written election of continuation, together with the first
16 premium payment required to establish premium payment on a monthly basis
17 in advance, must be given to the group contractholder or employer within
18 the time periods set forth in subparagraphs (B) and (C) of this para-
19 graph. Any premium received within the thirty-day period after the due
20 date shall be considered timely;

21 (E) For any dependent child electing coverage within sixty days of the
22 date the dependent child would otherwise lose coverage due to reaching a
23 specified age, the effective date of the continuation coverage shall be
24 the date coverage would have otherwise terminated. For any dependent
25 child electing to resume coverage during an annual open enrollment peri-
26 od or during the twelve-month initial open enrollment period described
27 in subparagraph (C) of this paragraph, the effective date of the contin-

1 uation coverage shall be prospective no later than thirty days after the
2 election and payment of first premium;

3 (F) Coverage for a dependent child pursuant this subsection shall
4 consist of coverage that is identical to the coverage provided to the
5 employee or member parent. If coverage is modified under the contract
6 for any group of similarly situated employees or members, then the
7 coverage shall also be modified in the same manner for any dependent
8 child;

9 (G) Coverage shall terminate on the first to occur of the following:

10 (i) the date the dependent child no longer meets the requirements of
11 paragraph one of this subsection;

12 (ii) the end of the period for which premium payments were made, if
13 there is a failure to make a required premium payment within the period
14 of grace described in subparagraph (D) of this paragraph; or

15 (iii) the date on which the group contract is terminated and not
16 replaced by coverage under another group contract;

17 (H) The insurer shall provide written notification of the continuation
18 privilege described in this subsection and the time period in which to
19 request continuation to the employee or member:

20 (i) in each certificate of coverage;

21 (ii) at least sixty days prior to termination at the specified age as
22 provided in the contract;

23 (iii) at least thirty days before the annual open enrollment period
24 permitting an employee, member or dependent child to make a written
25 election for coverage pursuant to subparagraph (B) of this paragraph;

26 and

27 (iv) thirty days or less from the initial effective date of this
28 subsection, with respect to information concerning a dependent child's

1 opportunity, for twelve months after the effective date of this
2 subsection, to make a written election to obtain coverage under a
3 contract pursuant to subparagraph (C) of this paragraph; and

4 (I) Notwithstanding the community rating requirements set forth in
5 section three thousand two hundred thirty-one of this article and
6 section four thousand three hundred seventeen of this chapter, an insur-
7 er shall establish a distinct premium for continuation coverage provided
8 pursuant to this subsection that reflects the lower morbidity of the
9 population eligible for coverage pursuant to this subsection.

10 (3) An insurer shall submit reports, including quarterly enrollment
11 reports and such other information as the superintendent may require, no
12 later than thirty days following each calendar quarter, in a form and
13 manner to be prescribed by the superintendent.

14 § 2. Section 4304 of the insurance law is amended by adding a new
15 subsection (m) to read as follows:

16 (m)(1) As used in this subsection, "dependent child" means an unmar-
17 ried child through age twenty-nine of an employee or member insured
18 under a group remittance contract, regardless of financial dependence,
19 who is not a named insured under any other group contract or group
20 remittance contract and who is not eligible for coverage under title
21 XVIII of the United States Social Security Act (Medicare).

22 (2) In addition to the conversion privilege afforded by subsection (e)
23 of this section and the continuation privilege afforded by subsections
24 (e) and (k) of this section, a hospital service, health service or
25 medical expense corporation or health maintenance organization that
26 provides coverage for which the premiums are paid by the remitting agent
27 of a group that provides dependent coverage that terminates at a speci-
28 fied age shall, upon application of the employee, member or dependent

1 child, as set forth in subparagraph (B) or (C) of this paragraph,
2 provide coverage to the dependent child after that specified age and
3 through age twenty-nine without evidence of insurability, subject to all
4 of the terms and conditions of the group remittance contract and the
5 following:

6 (A) An employer shall not be required to pay all or part of the cost
7 of coverage for a dependent child provided pursuant to this subsection;

8 (B) An employee, member or dependent child who wishes to elect contin-
9 uation of coverage pursuant to this subsection may request the continua-
10 tion in writing:

11 (i) within sixty days following the date coverage would otherwise
12 terminate due to reaching the specified age set forth in the group
13 contract;

14 (ii) within sixty days after meeting the requirements for dependent
15 child status set forth in paragraph one of this subsection when coverage
16 for the dependent child previously terminated; or

17 (iii) during an annual thirty-day open enrollment period as described
18 in the contract;

19 (C) For twelve months after the initial effective date of this
20 subsection, an employee, member or dependent child may elect prospective
21 continuation coverage under this subsection for a dependent child whose
22 coverage terminated under the terms of the group remittance contract
23 prior to the initial effective date of this subsection;

24 (D) An employee, member or dependent child electing continuation as
25 described in this subsection must pay to the group remitting agent or
26 employer, but not more frequently than on a monthly basis in advance,
27 the amount of the required premium payment on the due date of each
28 payment. The written election of continuation, together with the first

1 premium payment required to establish premium payment on a monthly basis
2 in advance, must be given to the group remitting agent or employer with-
3 in the time periods set forth in subparagraphs (B) and (C) of this para-
4 graph. Any premium received within the thirty-day period after the due
5 date shall be considered timely;

6 (E) For any dependent child electing coverage within sixty days of the
7 date the dependent child would otherwise lose coverage due to reaching a
8 specified age, the effective date of the continuation coverage shall be
9 the date coverage would have otherwise terminated. For any dependent
10 child electing to resume coverage during an annual open enrollment peri-
11 od or during the twelve-month initial open enrollment period described
12 in subparagraph (C) of this paragraph, the effective date of the contin-
13 uation coverage shall be prospective no later than thirty days after the
14 election and payment of first premium;

15 (F) Coverage for a dependent child pursuant to this subsection shall
16 consist of coverage that is identical to the coverage provided to the
17 employee or member parent. If coverage is modified under the contract
18 for any group of similarly situated employees or members, then the
19 coverage shall also be modified in the same manner for any dependent
20 child;

21 (G) Coverage shall terminate on the first to occur of the following:

22 (i) the date the dependent child no longer meets the requirements of
23 paragraph one of this subsection;

24 (ii) the end of the period for which premium payments were made, if
25 there is a failure to make payment of a required premium payment within
26 the period of grace described in subparagraph (D) of this paragraph; or

27 (iii) the date on which the group remittance contract is terminated
28 and not replaced by coverage under another group remittance contract.

1 (H) The corporation or health maintenance organization shall provide
2 written notification of the continuation privilege described in this
3 subsection and the time period in which to request continuation to the
4 employee or member:

5 (i) in each certificate of coverage;

6 (ii) at least sixty days prior to termination at the specified age as
7 provided in the contract;

8 (iii) at least thirty days before the annual open enrollment period
9 permitting an employee, member or dependent child to make a written
10 election for coverage pursuant to subparagraph (B) of this paragraph;

11 and

12 (iv) thirty days or less from the initial effective date of this
13 subsection, with respect to information concerning a dependent child's
14 opportunity, for twelve months after the effective date of this
15 subsection, to make a written election to obtain coverage under a
16 contract pursuant to subparagraph (C) of this paragraph; and

17 (I) Notwithstanding the community rating requirements set forth in
18 section three thousand two hundred thirty-one of this chapter and
19 section four thousand three hundred seventeen of this article, a corpo-
20 ration or health maintenance organization shall establish a distinct
21 premium for continuation coverage provided pursuant to this subsection
22 that reflects the lower morbidity of the population eligible for cover-
23 age pursuant to this subsection.

24 (3) A corporation or health maintenance organization shall submit
25 reports, including quarterly enrollment reports and such other informa-
26 tion as the superintendent may require, no later than thirty days
27 following each calendar quarter, in a form and manner to be prescribed
28 by the superintendent.

1 § 3. Section 4305 of the insurance law is amended by adding a new
2 subsection (1) to read as follows:

3 (1)(1) As used in this subsection, "dependent child" means an unmar-
4 ried child through age twenty-nine of an employee or member insured
5 under a group contract, regardless of financial dependence, who is not a
6 named insured under any other group contract or group remittance
7 contract and who is not eligible for coverage under title XVIII of the
8 United States Social Security Act (Medicare).

9 (2) In addition to the conversion privilege afforded by subsection (d)
10 of this section and the continuation privilege afforded by subsection
11 (e) of this section, a hospital service, health service or medical
12 expense corporation or health maintenance organization that provides
13 group coverage under which dependent coverage terminates at a specified
14 age shall, upon application of the employee, member or dependent child,
15 as set forth in subparagraph (B) or (C) of this paragraph, provide
16 coverage to the dependent child after that specified age and through age
17 twenty-nine without evidence of insurability, subject to all of the
18 terms and conditions of the group contract and the following:

19 (A) An employer shall not be required to pay all or part of the cost
20 of coverage for a dependent child provided pursuant to this subsection;

21 (B) An employee, member or dependent child who wishes to elect contin-
22 uation of coverage pursuant to this subsection may request the continua-
23 tion in writing:

24 (i) within sixty days following the date coverage would otherwise
25 terminate due to reaching the specified age set forth in the group
26 contract;

1 (ii) within sixty days after meeting the requirements for dependent
2 child status set forth in paragraph one of this subsection when coverage
3 for the dependent child previously terminated; or

4 (iii) during an annual thirty-day open enrollment period, as described
5 in the contract;

6 (C) For twelve months after the initial effective date of this
7 subsection, an employee, member or dependent child may elect prospective
8 continuation coverage under this subsection for a dependent child whose
9 coverage terminated under the terms of the group contract prior to the
10 initial effective date of this subsection;

11 (D) An employee, member or dependent child electing continuation as
12 described in this subsection must pay to the group contractholder or
13 employer, but not more frequently than on a monthly basis in advance,
14 the amount of the required premium payment on the due date of each
15 payment. The written election of continuation, together with the first
16 premium payment required to establish premium payment on a monthly basis
17 in advance, must be given to the group contractholder or employer within
18 the time periods set forth in subparagraphs (B) and (C) of this para-
19 graph. Any premium received within the thirty-day period after the due
20 date shall be considered timely;

21 (E) For any dependent child electing coverage within sixty days of the
22 date the dependent child would otherwise lose coverage due to reaching a
23 specified age, the effective date of the continuation coverage shall be
24 the date coverage would have otherwise terminated. For any dependent
25 child electing to resume coverage during an annual open enrollment peri-
26 od or during the twelve-month initial open enrollment period described
27 in subparagraph (C) of this paragraph, the effective date of the contin-

1 uation coverage shall be prospective no later than thirty days after the
2 election and payment of first premium;

3 (F) Coverage for a dependent child pursuant to this subsection shall
4 consist of coverage that is identical to the coverage provided to the
5 employee or member parent. If coverage is modified under the contract
6 for any group of similarly situated employees or members, then the
7 coverage shall also be modified in the same manner for any dependent
8 child;

9 (G) Coverage shall terminate on the first to occur of the following:

10 (i) the date the dependent child no longer meets the requirements of
11 paragraph one of this subsection;

12 (ii) the end of the period for which premium payments were made, if
13 there is a failure to make payment of a required premium payment within
14 the period of grace described in subparagraph (D) of this paragraph; or

15 (iii) the date on which the group contract is terminated and not
16 replaced by coverage under another group contract;

17 (H) The corporation or health maintenance organization shall provide
18 written notification of the continuation privilege described in this
19 subsection and the time period in which to request continuation to the
20 employee or member:

21 (i) in each certificate of coverage;

22 (ii) at least sixty days prior to termination at the specified age as
23 provided in the contract;

24 (iii) at least thirty days before the annual open enrollment period
25 permitting an employee, member or dependent child to make a written
26 election for coverage pursuant to subparagraph (B) of this paragraph;

27 and

1 (iv) thirty days or less from the initial effective date of this
2 subsection, with respect to information concerning a dependent child's
3 opportunity, for twelve months after the effective date of this
4 subsection, to make a written election to obtain coverage under a
5 contract pursuant to subparagraph (C) of this paragraph; and

6 (I) Notwithstanding the community rating requirements set forth in
7 section three thousand two hundred thirty-one of this chapter and
8 section four thousand three hundred seventeen of this article, a corpo-
9 ration or health maintenance organization shall establish a distinct
10 premium for continuation coverage provided pursuant to this subsection
11 that reflects the lower morbidity of the population eligible for cover-
12 age pursuant to this subsection.

13 (3) A corporation or health maintenance organization shall submit
14 reports, including quarterly enrollment reports and such other informa-
15 tion as the superintendent may require, no later than thirty days
16 following each calendar quarter, in a form and manner to be prescribed
17 by the superintendent.

18 § 4. This act shall take effect July 1, 2009 and shall apply to
19 contracts issued, renewed, modified, altered or amended on or after such
20 date.