



New York Stop-Loss Legislation Passed

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Governor Cuomo recently signed Assembly Bill A8264 into law, allowing employers having 1-100 employees to continue to purchase stop-loss coverage, catastrophic insurance and reinsurance coverage through December 31, 2019.

■ Background

The Affordable Care Act (“ACA”) required a change of the small group market from 1-50 to 1-100 employees. The ACA was subsequently amended by the PACE Act, and the small group definition reverted to 1-50 employees. Prior to the PACE Act, New York had changed the definition of small group market to 1-100 employees, requiring legislative action to change the definition.

Stop-loss coverage, catastrophic insurance and reinsurance coverage are generally prohibited to be sold to employers in the small group market in the State of New York.

Prior to December 2015, the small group market was defined as an employer having 1-50 employees. After December 2015, an employer in the small group market became an employer with 1-100 employees. Prior Bills allowed an employer to purchase stop-loss, catastrophic insurance or reinsurance coverage until 2018 because the employer was in the large group market as of January 1, 2015 or June 1, 2015. Employers that are part of a municipal cooperation or school do not have to be treated as small group market employers if a policy or coverage was in effect as of January 1, 2015 or June 1, 2015.

■ New Legislation

A8264 provides the review of the prohibited sale products within the small group market and extends the purchase of prohibited coverage until 2019. Under this legislation, an employer that was permitted to purchase stop-loss coverage, catastrophic insurance or reinsurance coverage because the employer was in the large group market as of January 1, 2015 or June 1, 2015 may continue to purchase such coverage until 2019.

It is important to note that the definition of small group market has not changed. In New York, a small group continues to be an employer with 1-100 employees.

A review of the law will be completed by spring 2018. We will keep you apprised of any changes.

For a copy of the Bill, visit:
<https://www.nysenate.gov/legislation/bills/2017/a8264>