

September 8, 1992

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 14 (1992)

TO: ALL INSURERS LICENSED. TO WRITE ACCIDENT, AND HEALTH INSURANCE IN NEW YORK STATE

SUBJECT: CHAPTER 501 OF THE LAWS OF 1992 -- EFFECTIVE DATE PROVISIONS FOR COMMUNITY RATING AND OPEN ENROLLMENT

Chapter 501 of the Laws of 1992 was signed into law on July 17, 1992. This legislation makes comprehensive changes in the marketing, underwriting, rating and contract structure of individual and small group medical, hospital and surgical coverage, including Medicare supplement insurance, in the State of New York.

Section 21 of this legislation contains the effective date provisions of Chapter 501. Certain of these provisions require insurers to modify their usual procedures regarding renewal rating periods for new policies and contracts delivered in this state and new coverages effectuated in this state on or after July 17, 1992. Specifically, rating periods for policies issued on or after July 17, 1992, but before March 31, 1993, must terminate on March 31, 1993, and such policies must be community rated as of April 1, 1993.

Similar renewal rating period modifications may be necessary for: (a) existing policies and contracts delivered in this state and existing coverage effectuated in this state on or after April 1, 1992 but before July 17, 1992, (b) existing policies and contracts delivered in this state and existing coverage effectuated in this state before April 1, 1992 and (c) policies and contracts with multi-year rating periods which began prior to the effective date of this act. In many instances these effective date provisions require immediate attention by insurers since they directly affect coverage now being issued or coverage presently in force.

The effective date provisions in Section 21 of Chapter 501 of the Laws of 1992 also require that existing hospital/medical policies and contracts renewed on or after April 1, 1993 must comply with the community rating and open enrollment provisions of the legislation.

It should also be noted that Sections 3, 5, 7, 8, 9, 10 and 15 of Chapter 501, which deal with permissible pre-existing condition limitations and permissible conversion and continuation requirements, become effective January 1, 1993 and apply to all policies and contracts issued, renewed, modified, altered or amended on or after January 1, 1993.

Failure to comply with these effective date provisions will be viewed as a violation of the Insurance Law. Such violations can result in disciplinary proceedings with the imposition of penalties by the Insurance Department.

The Insurance Department advises prompt and intensive review of this new legislation by insurers to assure timely compliance with all of its provisions.

Very truly yours,

SALVATORE R. CURIALE

Superintendent of Insurance