



**STATE OF NEW YORK  
INSURANCE DEPARTMENT**  
ONE COMMERCE PLAZA  
ALBANY, NEW YORK 12257

**Circular Letter No. 3 (2003)  
February 19, 2003**

**TO: All Insurers Licensed to Write Accident and Health Insurance in New York State ("Commercial Insurers"), Article 43 Corporations and Health Maintenance Organizations**

**RE: New York State Small Business Health Insurance Partnership Program (NYSHIP)**

**STATUTORY REFERENCE: Public Health Law Article 9-A, Insurance Law Section 1118**

This letter is to advise all commercial insurers, Article 43 corporations and health maintenance organizations (HMOs) that in accordance with the Health Care Reform Act of 2000, the NYSHIP program and its funding will end effective June 30, 2003. All NYSHIP premium subsidies for the cost of group health insurance contracts purchased by eligible businesses will also end on that date.

NYSHIP is a program designed to assist small businesses to purchase health insurance coverage for their employees and dependents through subsidization of the premium rate. A small business for the purpose of NYSHIP is a sole proprietor or an employer of fifty or fewer employees. The program is administered by the New York State Department of Health. Insurance Department Circular Letter No. 18 (1996) provides a detailed description of the NYSHIP program.

Please note that cessation of the NYSHIP program does not automatically result in termination of the group health insurance contracts purchased by NYSHIP businesses. Those contracts will continue in force so long as premium is paid, unless they are terminated by the policyholder or by the commercial insurer, Article 43 corporation or HMO for one of the contractually permitted bases.

The Department of Health has advised all the NYSHIP participants of the termination of the program and has advised them of their conversion rights as well as their eligibility for the Healthy New York Program. The sole proprietors covered under the NYSHIP program have been advised that after the program ends, they may no longer meet the definition of a group for insurance purposes. If the commercial insurer, Article 43 corporation or HMO decides to terminate a sole proprietor's coverage for failure to meet the definition of a group, the commercial insurer, Article 43 corporation or HMO is required to allow the sole proprietor to purchase an individual direct pay conversion contract. Additionally, all current NYSHIP participants are automatically eligible to participate in the Healthy New York Program so long as they apply within 90 days of their final date of coverage in the NYSHIP program.

The Department of Health has determined that the last date for insurers, Article 43 corporations and HMOs to submit outstanding bills for the premium subsidy to that Department is December 31, 2003.

Any questions regarding the termination of the NYSHIP program may be directed to Rosemary DeSanta of the Department of Health at (518) 473-7883 or Janet Graham of this Department by telephone to (518) 486-7815 or by e-mail to [jgraham@ins.state.ny.us](mailto:jgraham@ins.state.ny.us). All questions regarding billing and/or payment for the NYSHIP subsidy should be directed to Francis Endryck of the Department of Health at (518) 474-5020.

Very truly yours,

Very truly yours,

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Charles S. Henricks  
Co-Chief – Health Bureau

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Thomas C. Zyra  
Co-Chief – Health Bureau