OUTSIDE the Beltway

written by Dave Kirby

NY Stop-Loss Grandfathering Extension Is a Win for Smaller Employee Health Plans

There is good news for self-insured small group employee health plans in New York: the state legislature passed a bill that extended the grandfather status of existing stop-loss insurance policies for groups of 51-100 for an additional year to January 1, 2019. The bill had been passed by both houses of the Assembly but had not yet been signed by Governor Andrew M. Cuomo as this issue was published.

An earlier SIIA-backed bill to permanently allow stop-loss coverage for such groups rather than a minimum of 100 members was deferred as the Department of Financial Services (DFS) launched a study of the use of stop-loss insurance for completion by March 1, 2018.

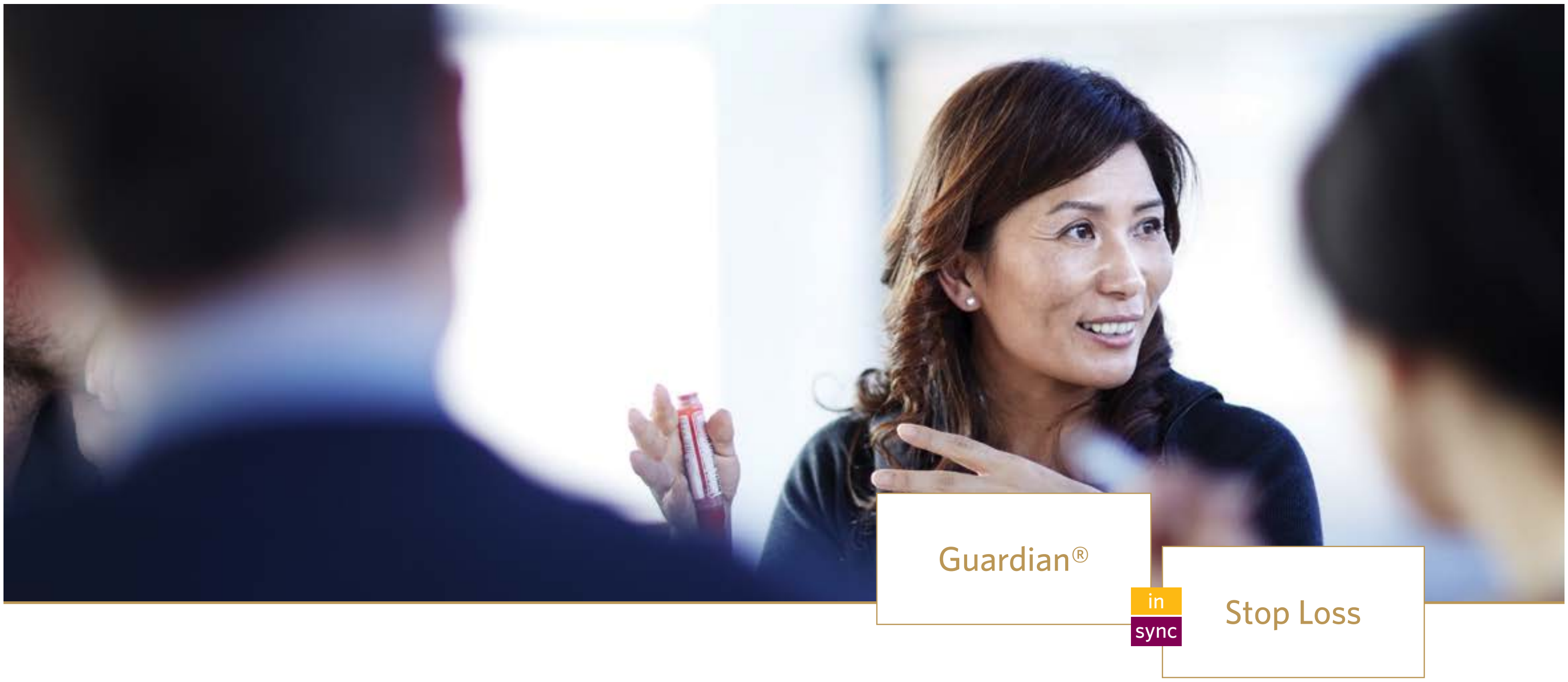
"Any delay in the production and subsequent analysis of the stop-loss study would have compressed an already-short timeframe to achieve SIIA's goal of permanently reopening the 51-100 stop-loss market," said Adam Brackemyre, SIIA Vice President of State Government Relations. "Now with an extra year's breathing room, pending Governor Cuomo's approval of the bill, we can permanently solve this issue to provide benefits security for many employers and their employees."

The extension of grandfathering for one year brought palpable relief to many of the state's self-insuring employers. Bob Madden, Senior Benefits Consultant of SIIA member Lawley Insurance of Buffalo, New York, said, *"The reaction among our employer clients has been a general sigh of relief after these recent years of being on 'pins and needles' over this issue."*

Bob Madden

Madden believes that even the grandfathering extension – hopefully in advance of the legislated small group minimum of 51 members – can help New York maintain employment. "Several of our clients are located near the Pennsylvania border and could go either way," he said. "The important thing to them is to be able to retain the flexibility and control of self-funding."

Madden believes that defining small groups for this purpose will benefit the market for self-insured groups of all sizes.



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Ellie Nieves

"Even companies above the 100-member level would be hurt if inventories of insurance opportunities would be restricted. Maintaining a robust small group market would bring advantages of more insurers, more competition and a stronger self-insurance market for employers of all sizes," he said.

Madden looks forward to his company participating in the DFS study, if that is possible, and is making sure that Lawley clients are kept informed as the issue continues. "We reach out continually to extend grassroots advocacy into the retail level," he said. "Who else would contact employers with the information they need to participate in the legislative process?"

Advocacy to re-establish New York's small group definition at the 51-member level for purposes of obtaining stop-loss insurance has become a multi-year effort according to Ellie Nieves, Vice President and Counsel for Government Affairs of Guardian Life Insurance, which is active in the New York stop-loss market.

"Our immediate goal was to keep the market open while the Department of Financial Services conducts the study of the needs and effects of stop-loss for small groups," Nieves said.

She noted that the DFS is in the planning stages of the study that will be conducted by Milliman. "The staff of DFS is working diligently to ensure that they conduct a thorough study of the stop-loss market in New York. I understand that a number of New York employers will be contacted for information as part of the process."

Nieves says that lobbying by the self-insurance industry in Albany has been extremely important to raise legislators' understanding of self-insurance for employee benefits. "It's vitally important for legislators to understand their constituents' needs in a fairly complicated area. The industry is fortunate to have good partners in the employer community to help us educate legislators.

"Organizations like SIIA play an important role in bringing together a broad-based coalition of employers, carriers and third party administrators to help legislators be better informed so that these specialized issues become 'real' to them," she said.

As the New York DFS study takes shape, SIIA is actively engaged in helping to identify employers and members of the self-insurance industry who can be instrumental in its success.

SIIA members who wish to join the state government relations advocacy team are invited to contact Adam Brackemyre at the Washington, DC, office, (202) 463-8161 or abrackemyre@siia.org. ■