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RE: AN ACT to amend the insurance law, in relation to requiring health insurers to provide, when liability for a claim is not reasonably clear, the coverage the policyholder or covered person is enrolled in

A.8063-A (Cymbrowitz)
S.5779-A (Hannon)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the Blue Cross and Blue Shield Plans

The New York State Conference of Blue Cross and Blue Shield Plans oppose enactment of this legislation as it imposes unnecessary operational and administrative costs on health insurers as members and providers are already on notice of the product that the member is enrolled in. Currently, health insurers are required to provide notice to the member or provider if the insurer is not liable for the submitted claim or if additional information is needed to determine liability to pay the claim. The Bill would add a requirement that this notice from the insurer specify the exact type of coverage and product that the member is enrolled in.

Under New York's prompt payment law, upon a determination that the insurer does not need to pay a claim, health insurers are required to notify the member or provider in writing that the insurer is not obligated to pay the submitted claim or that we need additional information in order to process the claim. Health insurers have invested significant resources into developing systems to comply with the existing requirements of the prompt payment law. The requirement contained in this Bill was not built into the systems for prompt payment notices, thus requiring health insurers to invest additional resources in their systems to meet this burden. The development of such capabilities can be costly, resulting increasing administrative costs in a time when insurers need to reduce administrative costs in order to keep the premium costs as low as possible for all New York residents.

This expense is unnecessary in light of the fact that the member should be aware of the product that they are enrolled in and providers usually take a copy of the member identification card at the time of service. The product that the member is enrolled in can be determined by the information contained on member ID. Providers would already have the member's insurance

information as well as coverage type in their files. Further, a provider's knowledge of the member's product would have a limited impact on assisting the provider on whether the insurer is liable for the member's claim and the denial should be appealed. This Bill would unnecessarily require all health insurers to undertake modifications to their systems in order to provide readily available information to a member or provider, imposing a cost on insurers that provides little benefit to members and providers.

For the foregoing reasons, the New York State Conference of Blue Cross and Blue Shield Plans opposes this legislation and urges that it not be enacted.

Respectfully submitted,

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