



NEW YORK STATE SENATOR

David J. Valesky

## Senator Valesky Proposes Guaranty Fund as RX for Consumer and Health Care Provider Protection

DAVID J. VALESKY February 4, 2016

| ISSUE: [HEALTH CARE](#), [INSURANCE](#)

*After collapse of Health Republic, hundreds of thousands of New Yorkers stiffed on millions in healthcare bills*

Syracuse, NY — **State Senator David J. Valesky (D-Oneida)** introduced legislation (S.6667) to create an insurance consumer protection security fund, known as a “guaranty fund,” to ensure that medical bills are paid even if an insurance company becomes insolvent.

“New York State is the only state in the nation that doesn’t protect healthcare consumers in the event their insurance provider folds. After Health Republic collapsed, it was a hard pill to swallow for so many of its enrollees who had outstanding bills and were left without insurance. It was equally difficult for providers who offered care and were left with a trail of unpaid bills. This fund will ensure that even if an insurer falls financially ill, our consumers and providers remain well,” **said Senator Valesky, Vice Chair of the Senate’s Health Committee.**

The legislation would establish a guaranty fund financed by a one-time, temporary assessment on health insurers. Under the measure, providers are barred from passing this assessment cost to policyholders.

The superintendent of the State's Department of Financial Services would be permitted to evaluate the financial health of an insurer and adjust or suspend the assessment fee for the fund, under the proposal.

A guaranty fund would reimburse providers in the event that a company met financial ruin.

Health Republic Insurance of New York faced this fate late last year, leaving 200,000 patients uninsured and an estimated \$200 million in outstanding hospital and healthcare provider bills. The company said it would make "modest payments" in November 2015, but those payments have discontinued.

Back in 1998, WellCare also left their insured and providers in the lurch.

New York is the only state in the nation lacking a guaranty fund. Washington DC and the Commonwealth of Puerto Rico also have this important consumer protection in place.

Senator Valesky's proposal was hailed by health care groups.

"Health Republic's collapse was a stark reminder of an unconscionable fact: New York is the only state without a health insurance guaranty fund," **said Greater New York Hospital Association president Kenneth E. Raske.** "Senator Valesky's important bill would create a guaranty fund to not only retroactively address the hundreds of millions that Health Republic owes hospitals across New York, but also protect consumers and providers from future insurer insolvencies. I applaud Senator Valesky for addressing this glaring need."

"We thank and applaud Senator Valesky for introducing this important legislation. As Health Republic collapsed, healthcare providers across the state were dedicated to continuing patient care despite knowing that claims, which ultimately reached nearly \$200 million, would likely not be fully reimbursed—on top of the tremendous financial strains they

already face. It is time for New York to join 49 other states and do what is right and makes sense and protect both patients and providers by establishing a guaranty fund,” **said Healthcare Association of New York State President Dennis Whalen.**

“Physicians thank Senator Valesky for introducing legislation to assure that Physicians can receive payment for services rendered to their patients who had health insurance coverage through the now defunct Health Republic. Physicians and other healthcare stakeholders should not bear the losses associated with the demise of this company. The failure to address this problem will have a de-stabilizing effect on our already fragile health care system at a time changes are being demanded of by policymakers on physicians to accept far greater insurance risk,” **said Medical Society of the State of New York President Joseph Maldonado, Jr., MD, MSc, MBA.**

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#### RELATED LEGISLATION

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### 2015-S6667

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- Introduced
  
- - In Committee Assembly
  - In Committee Senate
  
- - On Floor Calendar Assembly
  - On Floor Calendar Senate

- - Passed Assembly
  - Passed Senate
- Delivered to Governor
- Signed By Governor
- 

Creates the health insurance guaranty fund

February 03, 2016

In Senate Committee Insurance

Sponsored by David J. Valesky

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