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Division of Governmental Affairs
MEMORANDUM IN SUPPORT

IN ASSEMBLY INSURANCE COMMITTEE

A.9265 (SOLAGES)

IN SENATE INSURANCE COMMITTEE

S.5323 (BAILEY)

AN ACT to amend the insurance law, in relation to penalties imposed on subcontractors for failure to adhere to the standards for prompt, fair and equitable settlement of claims for health care and payments for healthcare services.

This measure would amend the insurance law to increase penalties on health insurers and their subcontractors which fail to pay health insurance claims timely. **The Medical Society supports this legislation.**

Physicians and hospitals across the State of New York have brought thousands of complaints to New York's Department of Financial Services for inappropriately delaying or denying payment of claims. At a time when many community-based physician practices are struggling to stay afloat, these delays in payments owed are unconscionable and can affect the ability of these practices to keep their doors open for patient care.

In 2024, enforcement of New York's Prompt Payment Law by the Department of Financial Services (DFS) resulted in \$82 million in wrongfully withheld payments being returned to physicians and hospitals; in 2023, the amount exceeded \$120 million. While this is laudable, it is outrageous that physicians, hospitals, and other care providers must continue to regularly resort to governmental intervention to be paid fairly and accurately for delivering needed patient care, particularly for those physician practices that are hanging on by a thread to continue to deliver essential patient care in their communities. Practice transactional costs are often immense. Physicians and their staff often must spend hours or days on unnecessary phone calls and e-mails to ensure they are reimbursed for the patient care these insurers are legally obligated to cover.

The problem is that there is little incentive for health insurers to pay claims promptly. New York's Prompt Payment law, enacted nearly 30 years ago, needs to be updated to increase the penalties and interest that can be imposed on health insurers for illegally delaying payment for health care claims that should be paid pursuant to enrollees' contract with their health insurer.

Based upon the foregoing, the Medical Society of the State of New York supports this legislation and urges its enactment.

6/4/26
MMA – support

Respectfully submitted,

MSSNY DIVISION OF GOVERNMENTAL AFFAIRS