

January 19, 1966

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter 5 (1966)

To All Article IX-C Non-profit Medical and Dental Indemnity and Hospital Service Corporations and All Authorized Accident and Health Insurers.

Re: Social Security Amendments of 1965 (P.L. 89-97) - Administrative Contracts Pursuant to Sections 1816 and 1842 thereof.

Gentlemen:

Sections 1816 and 1842 of Title 18 of the Social Security Amendments of 1965 empower the Secretary of Health, Education and Welfare to enter into contracts with carriers to implement major administrative functions of Parts A and B of the Medicare Program and to act as fiscal intermediaries for the Secretary.

This Department has reviewed the federal legislation and evaluated the anticipated role to be played by insurers and non-profit medical expense indemnity and hospital service corporations in administering the Medicare program. The Department considers furtherance and implementation of Medicare by carriers to be in the public interest and their participation therein is encouraged.

The New York Insurance Law does not prohibit carriers from performing on behalf of the Secretary of Health, Education and Welfare any of the functions contemplated under Sections 1816 and 1842 of the Social Security Amendments of 1965. Accordingly, the Department approves, in principle, the execution of appropriate contracts by licensed insurers and Article IX-C Corporations with the Secretary of Health, Education and Welfare. All executed contracts should be filed with this Department in duplicate.

If any contract with the Secretary of Health, Education and Welfare, or the administration thereof, results in a situation which is contrary to the best interests of the licensee, its policyholders or the State of New York, or is inconsistent with any provision of the New York Insurance Law, the Department will take such action as is warranted under the circumstances.

Receipt of this letter should be acknowledged at your earliest convenience, noting your reply for attention of Office of General Counsel.

Very truly yours,

[SIGNATURE]

Henry Root Stern, Jr.

Superintendent of Insurance