SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 5248

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 6, 2020

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 5248 ACS.

This bill, as amended, requires certain health benefits plans to continue to offer essential health benefits.

The bill requires individual and small employer health benefits plans to provide coverage under every plan delivered, issued, executed or renewed in this State that meets the essential health benefits requirements provided by the bill.

The bill requires the Commissioner of Banking and Insurance to define essential health benefits to include at least the following general categories and the items and services covered within the categories:

(1) ambulatory patient services;

(2) emergency services;

(3) hospitalization;

(4) maternity and newborn care;

(5) mental health and substance use disorder services, including behavioral health treatment;

(6) prescription drugs;

(7) rehabilitative and habilitative services and devices;

(8) laboratory services;

(9) preventive and wellness services and chronic disease management; and

(10) pediatric services, including oral and vision care.

The bill requires individual and small employer health benefits plans to provide for a level of coverage that is designed to provide benefits that are actuarially equivalent to:

(1) 60 percent of the full actuarial value of the benefits provided under the plan;

(2) 70 percent of the full actuarial value of the benefits provided under the plan; or

(3) 80 percent of the full actuarial value of the benefits provided under the plan.

Under the bill, the level of coverage of a plan is to be determined on the basis that the essential health benefits are provided to a standard population, and without regard to the actual population to which the plan may provide benefits. The bill directs the commissioner to develop guidelines to provide for a de minimis variation in the actuarial calculations used in determining the level of coverage of a plan to account for differences in actuarial estimates.

In defining the essential health benefits pursuant to the bill, the commissioner is required to:

(1) ensure that the essential health benefits are at least as comprehensive as the essential health benefits required of plans subject to the essential health benefits requirements of the Affordable Care Act as of January 1, 2019;

(2) ensure that the essential health benefits reflect an appropriate balance among the categories described in the bill, so that benefits are not unduly weighted toward any category;

(3) not make coverage decisions, determine reimbursement rates, establish incentive programs, or design benefits in ways that discriminate against individuals because of their age, disability, or expected length of life;

(4) take into account the health care needs of diverse segments of the population, including women, children, persons with disabilities, and other groups;

(5) ensure that health benefits established as essential not be subject to denial to individuals against their wishes on the basis of the individuals' age or expected length of life or of the individuals' present or predicted disability, degree of medical dependency, or quality of life;

(6) provide that if a stand-alone dental plan is offered through the exchange, another health plan offered through the exchange will not fail to be treated as a qualified health plan solely because the plan does not offer coverage of benefits offered through the stand-alone plan that are otherwise required;

(7) periodically review and update the essential health benefits, and provide a report to the Governor and the Legislature that provides certain information; and

(8) establish limits on the dollar amounts of cost-sharing that may be imposed pursuant to a plan with respect to self-only coverage or coverage other than self-only coverage for a plan year. The limits initially established shall not exceed the dollar amounts in effect under section 1302 of the Patient Protection and Affordable Care Act, Pub. L. 111-148 (42 U.S.C. s.18022), as those limits were in effect on June 1, 2020.

The bill also supplements the “Health Care Quality Act,” which applies to the following health insurers: health, hospital and medical service corporations; commercial individual and group health insurers; health maintenance organizations; and health benefits plans issued

pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs.

The provisions of the bill supplementing the "Health Care Quality Act" provide that, notwithstanding any law to the contrary, a health benefits plan may not impose:

(1) any lifetime limits on the dollar value of benefits for any individual insured pursuant to the plan; or

(2) any annual limits on the dollar value of essential health benefits.

Those provisions also provide that a carrier that offers a health benefits plan in this State shall provide that coverage for medically necessary services on an emergency or urgent basis shall be provided without imposing any requirement under the plan for prior authorization of the services or, if the services are provided by an out-of-network provider, any limitation on coverage that is more restrictive than if the services were provided by an in-network provider.

As amended and reported by the committee, this bill is identical to the Senate Committee Substitute for S562(SCS) that was adopted and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amendments:

(1) remove a requirement that the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs cover certain emergency services;

(2) supplement the "Health Care Quality Act" to provide that a carrier that offers a health benefits plan in this State shall provide that coverage for medically necessary services on an emergency or urgent basis shall be provided without imposing any requirement under the plan for prior authorization of the services or, if the services are provided by an out-of-network provider, any limitation on coverage that is more restrictive than if the services were provided by an in-network provider;

(3) provide that the Commissioner of Banking and Insurance shall establish limits on the dollar amounts of cost-sharing that may be imposed pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs; and

(4) change the effective date from January 1, 2020, to June 1, 2020.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.