

**SENATE, No. 3957**

**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

INTRODUCED JUNE 17, 2019

**Sponsored by:**  
**Senator NELLIE POU**  
**District 35 (Bergen and Passaic)**

**SYNOPSIS**

Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the annual assessment on health maintenance  
2 organizations and amending P.L.2004, c.49.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read  
8 as follows:

9 3. a. (1) For the fiscal years 2005 and 2006, the Commissioner  
10 of Banking and Insurance shall issue, in accordance with the  
11 provisions of this section, a special interim assessment of one  
12 percent, and in fiscal year 2007 and each fiscal year thereafter  
13 through fiscal year 2019, an annual assessment **[,]** in the amount of  
14 two percent, and in fiscal year 2020 and each fiscal year thereafter,  
15 an annual assessment in the amount of three percent on the net  
16 written premiums received by each health maintenance organization  
17 granted a certificate of authority to operate in this State pursuant to  
18 P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated to the Health  
19 Care Subsidy Fund established pursuant to section 8 of P.L.1992,  
20 c.160 (C.26:2H-18.58) for the purpose of providing charity care  
21 payments to hospitals in accordance with the formula used for the  
22 distribution of charity care subsidies that are provided pursuant to  
23 P.L.1992, c.160 (C.26:2H-18.51 et al.).

24 (2) "Net written premiums received" means direct premiums as  
25 reported on the annual financial statement submitted pursuant to  
26 section 9 of P.L.1973, c.337 (C.26:2J-9), and to the commissioner  
27 on a quarterly basis.

28 b. The commissioner shall certify the amount of the annual  
29 assessment issued to each health maintenance organization as  
30 calculated pursuant to subsection a. of this section. Each health  
31 maintenance organization shall remit the amount so certified on a  
32 quarterly basis in each fiscal year to the Department of Banking and  
33 Insurance in accordance with the procedures established in  
34 P.L.1995, c.156 (C.17:1C-19 et seq.), and as prescribed by the  
35 commissioner, who may adjust the quarterly payments from time to  
36 time as necessary to meet the current and estimated assessment  
37 obligation of each health maintenance organization in each fiscal  
38 year.

39 c. Amounts collected by the commissioner shall be allocated to  
40 the Health Care Subsidy Fund established pursuant to section 8 of  
41 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of  
42 providing charity care payments to hospitals in accordance with the  
43 formula used for the distribution of charity care subsidies that are  
44 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

**S3957 POU**

1       d. (1) A health maintenance organization shall not impose any  
2 additional premium, fee or surcharge on its premium or enrollee  
3 charge to recoup any assessment paid pursuant to this section.

4       (2) The provisions of paragraph (1) of this subsection shall not  
5 apply to a health maintenance organization with respect to any  
6 federally funded program underwritten by that health maintenance  
7 organization.

8 (cf: P.L.2006, c.43, s.1)

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10       2. This act shall take effect immediately and shall apply to  
11 assessments made for Fiscal Year 2020 and thereafter.

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**STATEMENT**

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16       The Governor's Fiscal Year 2020 budget recommendations  
17 include enactment of legislation to increase the HMO assessment  
18 from two percent to three percent on net written premiums of health  
19 maintenance organizations, beginning in Fiscal Year 2020. This  
20 assessment is statutorily allocated to the Health Care Subsidy Fund  
21 for the purpose of providing charity care payments to hospitals in  
22 accordance with the formula used for the distribution of charity care  
23 subsidies. The Department of the Treasury estimates that this bill  
24 would increase revenue by \$66 million.