

ASSEMBLY, No. 4389

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JULY 9, 2020

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

SYNOPSIS

Requires certain entities authorized to issue health benefits plans to pay annual assessment.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning an assessment on entities authorized to issue
2 health benefits plans and supplementing Title 17B of the New
3 Jersey Statutes.

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

7
8 1. As used in this act:

9 "Commissioner" means the Commissioner of Banking and
10 Insurance.

11 "Entity subject to this act" or "entity" means an entity that is
12 subject to section 9010 of the Affordable Care Act and that is
13 subject to an assessment by the State, including an insurance
14 company, health service corporation, hospital service corporation,
15 medical service corporation, health maintenance organization,
16 dental service corporation, or dental plan organization authorized to
17 issue health benefits or dental benefits plans in this State. "Entity"
18 shall include a multiple employer welfare arrangement registered
19 pursuant to the "Self-Funded Multiple Employer Welfare
20 Arrangement Regulation Act," P.L.2001, c.352 (C.17B:27C-1 et
21 seq.).

22 "Health benefits plan" means a benefits plan which pays or
23 provides hospital and medical expense benefits for covered
24 services, and is delivered or issued for delivery in this State by or
25 through an entity subject to this act, including a vision or dental
26 plan as defined pursuant to section 1 of P.L.2014, c.70 (C.26:2S-
27 26). For the purposes of this act, "health benefits plan" shall not
28 include the following plans, policies or contracts: Medicaid,
29 Medicare, Medicare Advantage, accident only, credit, disability,
30 long-term care, TRICARE supplement coverage, coverage arising
31 out of a workers' compensation or similar law, automobile medical
32 payment insurance, personal injury protection insurance issued
33 pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.), and hospital
34 confinement indemnity coverage.

35 "Net written premiums" means the premiums earned in this State
36 on health benefits plans, less return premiums thereon and
37 dividends paid or credited to policy or contract holders on the
38 health benefits plan business. Net earned premium shall include the
39 aggregate premiums earned on the entity's insured group and
40 individual business, excluding premiums from any Medicaid or NJ
41 FamilyCare contracts.

42
43 2. a. An entity subject to this act shall annually file with the
44 commissioner its net written premiums for the preceding year, no
45 later than April 1 of each year.

46 b. The commissioner shall calculate and issue to the entity a
47 certified assessment, which shall be 2.75% of the entity's net

1 written premiums. The commissioner shall calculate the assessment
2 without regard to:

3 (1) the threshold limits established in section 9010(b)(2)(A) of
4 the Affordable Care Act; or

5 (2) the partial exclusion of net premiums provided for in section
6 9010(b)(2)(B) of the Affordable Care Act.

7 c. An entity shall annually pay the assessment issued pursuant
8 to subsection b. of this section to the State Treasurer no later than
9 May 1 of each year, as prescribed by the commissioner.

10 d. If the commissioner determines that the amount of the
11 assessment calculated pursuant to this section shall reduce the
12 State's total revenue, the commissioner may reduce the assessment.

13
14 3. a. There is established in the Department of the Treasury a
15 nonlapsing revolving fund to be known as the "Health Insurance
16 Affordability Fund." This fund shall be the repository for all
17 monies collected pursuant to this act. As directed by the
18 commissioner, the monies in the fund shall be used only for the
19 purposes of increasing affordability in the individual and small
20 group markets and providing greater access to health insurance to
21 the uninsured, including minors, through subsidies, reinsurance, tax
22 policies, outreach and enrollment efforts, buy-in programs, such as
23 the NJ FamilyCare Advantage Program, or any other efforts that
24 can increase affordability for small employers and individual
25 policyholders in those markets.

26 b. The monies in the fund shall be invested and reinvested by
27 the Director of the Division of Investment in the Department of the
28 Treasury to the same extent that other trust funds that are in the
29 custody of the State Treasurer are invested and reinvested, in the
30 manner provided by law. Interest received on the monies in the
31 fund shall be credited to the fund.

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33 4. This act shall take effect on January 1, 2021, except the
34 commissioner may take any anticipatory administrative action in
35 advance as shall be necessary for the implementation of this act.

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38 STATEMENT

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40 This bill requires certain entities authorized to issue health
41 benefits plans to pay annual assessments based on the entity's net
42 written premiums.

43 The bill requires entities to pay an annual assessment of 2.75%
44 of the entity's net written premiums. Entities are subject to the bill
45 if they are subject to section 9010 of the Affordable Care Act and
46 may be subject to an assessment by the State. Entities include
47 various organizations that are authorized to issue health and dental
48 benefits plans in this State.

1 The bill requires entities to annually file with the Commissioner
2 of Banking and Insurance their net written premiums for the
3 preceding year, no later than April 1 of each year.

4 The bill requires the commissioner to calculate and issue to the
5 entity a certified assessment, which will be 2.75% of the entity's net
6 written premiums. The commissioner is required to calculate the
7 assessment without regard to:

8 (1) the threshold limits established in section 9010(b)(2)(A) of
9 the Affordable Care Act; or

10 (2) the partial exclusion of net premiums provided for in section
11 9010(b)(2)(B) of the Affordable Care Act.

12 The bill requires entities to pay the assessment issued by the
13 commissioner to the State Treasurer no later than May 1 of each
14 year, as prescribed by the commissioner.

15 The bill provides that if the commissioner determines that the
16 amount of the assessment will reduce the State's total revenue, the
17 commissioner may reduce the assessment.

18 The bill establishes in the Department of the Treasury a
19 nonlapsing revolving fund to be known as the "Health Insurance
20 Affordability Fund." This fund is to be the repository for all
21 monies collected pursuant to the bill. As directed by the
22 commissioner, the monies in the fund are to be used only for the
23 purposes of increasing affordability in the individual and small
24 group markets and providing greater access to health insurance to
25 the uninsured, including minors, through subsidies, reinsurance, tax
26 policies, outreach and enrollment efforts, buy-in programs, such as
27 the NJ FamilyCare Advantage Program, or any other efforts that
28 can increase affordability for small employers and individual
29 policyholders in those markets.