

[First Reprint]

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 reported by the Assembly Financial Institutions and Insurance Committee on July 23, 2020, with amendments.



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

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

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

40
41 2. a. An entity subject to this act shall annually file with the
42 commissioner its net written premiums for the preceding year, no later
43 than April 1 of each year.

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AFI committee amendments adopted July 23, 2020.

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

3 (1) the threshold limits established in section 9010(b)(2)(A) of the
4 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.】¹

7 c. An entity shall annually pay the assessment issued pursuant to
8 subsection b. of this section to the State Treasurer no later than May 1
9 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 State's
12 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 monies
17 collected pursuant to this act. As directed by the commissioner, ¹in
18 consultation with the Commissioners of the Department of Human
19 Services and the Department of Health,¹ the monies in the fund shall
20 be used only for the purposes of increasing affordability in the
21 individual and small group markets and providing greater access to
22 health insurance to the uninsured, including minors, ¹with a primary
23 focus on households with an income below 400 percent of the
24 federal poverty level, expanding eligibility, or modifying the
25 definition of affordability in those markets,¹ through subsidies,
26 reinsurance, tax policies, outreach and enrollment efforts, buy-in
27 programs, such as the NJ FamilyCare Advantage Program, or any
28 other efforts that can increase affordability for small employers and
29 individual policyholders in those markets ¹or that can reduce racial
30 disparities in coverage for the uninsured¹.

31 b. The monies in the fund shall be invested and reinvested by the
32 Director of the Division of Investment in the Department of the
33 Treasury to the same extent that other trust funds that are in the
34 custody of the State Treasurer are invested and reinvested, in the
35 manner provided by law. Interest received on the monies in the fund
36 shall be credited to the fund.

37 ¹c. The report required pursuant to section 3 of P.L.2019, c.141
38 shall set forth the impacts of the measures taken pursuant to this act on
39 affordability and reductions in racial disparities in health insurance
40 coverage, including impacts by income level, race, and immigration
41 status. The report shall make recommendations to increase
42 affordability and reduce the uninsured rate in New Jersey, as
43 appropriate, based on the data available to the department.

44 d. (1) The assessments collected pursuant to section 2 of this act
45 shall be deposited to the Health Insurance Affordability Fund and shall
46 be used for the purposes set forth in subsection a. of this section.
47 Beginning in State Fiscal Year 2021, and each State fiscal year

1 thereafter, if 100 percent of the money appropriated from the Health
2 Insurance Affordability Fund is not used for the purposes set forth in
3 subsection a. of this section on the effective date of an annual
4 appropriations act for the State fiscal year, or if an amendment or
5 supplement to an annual appropriations act for the State fiscal year
6 appropriates money from the Health Insurance Affordability Fund to a
7 purpose not set forth in subsection a. of this section, the Director of the
8 Division of Budget and Accounting in the Department of the Treasury
9 shall, not later than five days after the enactment of the annual
10 appropriations act, or an amendment or supplement thereto, that
11 appropriates money from the Health Insurance Affordability Fund to a
12 purpose not set forth in subsection a. of this section, certify to the
13 Director of the Division of Taxation and the Commissioner of Banking
14 and Insurance that the requirements of this section have not been met.

15 (2) The Commissioner of Banking and Insurance shall, no later
16 than five days after certification by the Director of the Division of
17 Budget and Accounting in the Department of the Treasury pursuant to
18 paragraph (1) of this subsection that the requirements of this section
19 have not been met by the annual appropriations act, or an amendment
20 or supplement to the annual appropriations act, notify each entity that
21 the assessment imposed pursuant to section 2 of this act shall no longer
22 be paid or collected.¹

23

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