

SENATE COMMERCE COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4538

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 11, 2021

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 4538.

This bill requires certain insurance companies, health, hospital, medical, and dental service organizations, and dental plan organizations to provide credits for reduced usage during the coronavirus disease 2019 pandemic. The provisions of the bill do not apply to any entity that:

- (1) issued a credit or refund to policyholders in an amount equivalent to 50% or more of one month's premium for each policyholder for the period of March through June 2020;
 - (2) waived frequency limits for the 2020 plan year;
 - (3) waived deductibles or maximum annual rollover limitations;
- or
- (4) has taken any actions to assist policyholders that the Commissioner of Banking and Insurance deems sufficient to excuse the entity from the provisions of the bill.

Under the bill, every carrier writing dental insurance plans in this State is to issue to each policyholder in good standing with a plan that was in effect on March 27, 2020, regardless of whether the plan has since been terminated, a credit in an amount equivalent to the value of any reduced claims experience due to the limitations of dental services for the period beginning on March 27, 2020 and ending on May 26, 2020. The credit may be returned to the policyholder in the form of a direct refund, or credit toward future premiums, and shall apply to both fully paid and monthly billed policies. Policyholders shall not be required to take any action to receive the refund or credit. The bill prohibits a carrier from conditioning the issuance of the credit on the renewal of the plan by the policyholder.

Under the bill, every insurer is to provide to the Department of Banking and Insurance a report containing all actions taken, and contemplated future actions, to reduce premiums in compliance with the bill. The information provided in each report shall reflect activity through the preceding month's end.

As amended and reported, this bill is identical to Senate Bill No. 3131, as also amended and reported by the committee.

COMMITTEE AMENDMENTS:

The committee amended the bills to:

(1) require a carrier subject to the provisions of the bill to issue a credit to each policyholder pursuant to the bill without regard to whether the policyholder's plan has since been terminated;

(2) prohibit a carrier from conditioning the issuance of the credit on the renewal of the plan by the policyholder;

(3) change the date by which a carrier is to provide certain information to the Department of Banking and Insurance to May 31, 2021 from December 31, 2020;

(4) make certain changes to the requirements for exemption from the provisions of the bill;

(5) define the term "dental benefits plan"; and

(6) clarify that the bill does not apply to certain provider network contracts for dental services.