

**ASSEMBLY CONCURRENT
RESOLUTION No. 207**

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 12, 2021

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Co-Sponsored by:

Assemblymen DePhillips, Peters and Assemblywoman Stanfield

SYNOPSIS

Proposes constitutional amendment dedicating certain assessments paid by mutual holding company to reduce health insurance premiums for the company's policyholders.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/25/2021)

1 **A CONCURRENT RESOLUTION** proposing to amend Article VIII,
2 Section II of the New Jersey Constitution by adding a new
3 paragraph.

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5 **BE IT RESOLVED** *by the General Assembly of the State of New*
6 *Jersey (the Senate concurring):*

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8 1. The following proposed amendment to the Constitution of
9 the State of New Jersey is agreed to:

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11 PROPOSED AMENDMENT

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13 Amend Article VIII, Section II by adding a new paragraph 10 to
14 read as follows:

15 10. If a health service corporation reorganizes as a mutual
16 holding company system pursuant to P.L.2020, c.145 (C.),
17 there shall be credited annually to a special account in the General
18 Fund an amount equivalent to the revenue annually derived from
19 the assessments paid by the reorganized mutual holding company
20 and its affiliates pursuant to section 13 of P.L.2020, c.145 (C.).

21 The Legislature shall appropriate the revenue credited pursuant
22 to this paragraph to reducing the cost of premiums for health
23 benefits coverage provided by the reorganized insurer that is formed
24 as part of the reorganization pursuant to P.L.2020, c.145 (C.).
25 The provisions of this paragraph shall apply to a reorganization
26 pursuant to P.L.2020, c.145 (C.) or any subsequent law of
27 similar effect.

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29 2. When this proposed amendment to the Constitution is finally
30 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
31 shall be submitted to the people at the next general election
32 occurring more than three months after the final agreement and
33 shall be published at least once in at least one newspaper of each
34 county designated by the President of the Senate, the Speaker of the
35 General Assembly and the Secretary of State, not less than three
36 months prior to the general election.

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38 3. This proposed amendment to the Constitution shall be
39 submitted to the people at that election in the following manner and
40 form:

41 There shall be printed on each official ballot to be used at the
42 general election, the following:

43 a. In every municipality in which voting machines are not used,
44 a legend which shall immediately precede the question as follows:

45 If you favor the proposition printed below make a cross (X), plus
46 (+), or check (✓) in the square opposite the word "Yes." If you are
47 opposed thereto make a cross (X), plus (+) or check (✓) in the
48 square opposite the word "No."

1 b. In every municipality the following question:
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	YES	<p>CONSTITUTIONAL AMENDMENT DEDICATING CERTAIN ASSESSMENTS PAID BY A MUTUAL HOLDING COMPANY</p> <p>Do you approve amending the State Constitution to dedicate certain assessments paid by a mutual holding company?</p> <p>Current law requires a health service corporation to pay an assessment to the State if it converts to a mutual holding company. This amendment requires the State to use the assessment to lower the cost of health insurance provided by that company.</p>
	NO	<p>INTERPRETIVE STATEMENT</p> <p>A health service corporation is a type of health insurer. Current law permits a health service corporation to reorganize as a mutual holding company. Current law also requires the company to pay an assessment to the State if it reorganizes. The company would continue to provide health insurance after the reorganization.</p> <p>This constitutional amendment would require that the assessments from the reorganized company be used to reduce the cost of its health insurance.</p>

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STATEMENT

This constitutional amendment requires revenue generated pursuant to certain assessments of a mutual holding company to be used to reduce health insurance premiums for the company’s policyholders.

Current law permits a health service corporation, which is a type of health insurer, to reorganize as a mutual holding company. The mutual holding company would continue to offer health insurance after the reorganization. Pursuant to the law, the mutual holding company, or any affiliate benefiting from the establishment of a mutual holding company, is to pay to the State an initial assessment of \$600 million and 17 annual assessments, not to exceed a total of \$650 million.

Current law does not specify how the revenue generated by the initial assessment or annual assessments may be used. This constitutional amendment would require that the assessments from

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- 1 the reorganized company be used to reduce the cost of its health
- 2 insurance to its policyholders. Horizon Blue Cross Blue Shield of
- 3 New Jersey is the only health service corporation in the State.