P.L. 2020, CHAPTER 96, ***approved September 29, 2020***
Assembly, No. 4722

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

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

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

3. a. (1) For the fiscal years 2005 and 2006, the Commissioner of Banking and Insurance shall issue, in accordance with the provisions of this section, a special interim assessment of one percent, and in fiscal year 2007 and each fiscal year thereafter through fiscal year 2019, an annual assessment in the amount of two percent, **[**and**]** in fiscal year 2020 **[**and each fiscal year thereafter**]**, an annual assessment in the amount of three percent, and in fiscal year 2021 and each fiscal year thereafter, an annual assessment in the amount of five percent on the net written premiums received by each health maintenance organization granted a certificate of authority to operate in this State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated to the Health Care Subsidy Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58) for the purpose of providing charity care payments to hospitals in accordance with the formula used for the distribution of charity care subsidies that are provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

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

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

c. Amounts collected by the commissioner shall be allocated to the Health Care Subsidy Fund established pursuant to section 8 of

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.

P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of providing charity care payments to hospitals in accordance with the formula used for the distribution of charity care subsidies that are provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

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

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

(cf: P.L.2019, c.148, s.1)

2. This act shall take effect immediately and shall apply to assessments made for Fiscal Year 2021, which begins on October 1, 2020, and thereafter.

STATEMENT

The Governor's Fiscal Year 2021 Revised Budget Proposal includes a recommendation for legislation to increase the HMO assessment from three to five percent on net written premiums of health maintenance organizations, beginning in Fiscal Year 2021, which begins on October 1, 2020. This assessment is statutorily allocated to the Health Care Subsidy Fund for the purpose of providing charity care payments to hospitals in accordance with the formula used for the distribution of charity care subsidies. The Department of the Treasury estimates that this bill would increase revenue by $102.7 million.

Increases annual assessment on net written premiums of HMOs to support charity care from three percent to five percent in FY 2021.