

SENATE, No. 246

STATE OF NEW JERSEY
219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Repeals statute authorizing offering of “Basic and Essential” health benefits plans under individual health benefits and small employer health benefits plans and other statutes concerning basic health plans; makes conforming amendments.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning certain individual and small employer health
2 benefits plans, amending P.L.1992, c.161 and repealing parts of
3 statutory law.

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

7
8 1. The following are repealed:

9 P.L.2001, c.368 (C.17B:27A-4.4 through C.17B:27A-4.7 and
10 C.17B:27A-19.11);

11 Section 49 of P.L.1991, c.187 (*not compiled*);

12 Sections 50 and 51 of P.L.1991, c.187 (C.17:48-6.13 and
13 C.17:48-6.14);

14 Sections 52 and 53 of P.L.1991, c.187 (C.17:48A-6.8 and
15 C.17:48A-6.9);

16 Sections 54 and 55 of P.L.1991, c.187 (C.17:48E-22.1 and
17 C.17:48E-22.2);

18 Sections 56 and 57 of P.L.1991, c.187 (C.17B:26B-1 and
19 C.17B:26B-2);

20 Sections 58 and 59 of P.L.1991, c.187 (C.26:2J-4.2 and C.26:2J-
21 4.3).

22
23 2. Section 3 of P.L.1992, c.161 (C.17B:27A-4 is amended to
24 read as follows:

25 3. a. No later than 180 days after the effective date of this
26 section of P.L.2008, c.38, a carrier shall, as a condition of issuing
27 small employer health benefits plans in this State, also offer
28 individual health benefits plans. The plans shall be offered on an
29 open enrollment, modified community rated basis, pursuant to the
30 provisions of this act and P.L.2008, c.38. Every carrier that issues
31 small employer health benefits plans pursuant to P.L.1992, c.162
32 (C.17B:27A-17 et seq.) shall make a good faith effort to market
33 individual health benefits plans.

34 b. A carrier shall offer to an eligible person a choice of at least
35 three individual health benefits plans established by the board
36 pursuant to section 6 of P.L.1992, c.161 (C.17B:27A-7). **【One plan**
37 **shall be a basic health benefits plan.】** A carrier may elect to
38 convert any individual contract or policy forms in force on the
39 effective date of P.L.2008, c.38 to any of the benefit plans, except
40 that the carrier may not convert more than 25% of existing contracts
41 or policies each year, and the replacement plan shall be of no less
42 actuarial value than the policy or contract being replaced.

43 **【Notwithstanding the provisions of this subsection to the**
44 **contrary, a health maintenance organization which is a qualified**
45 **health maintenance organization pursuant to the "Health**

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.

1 Maintenance Organization Act of 1973," Pub.L.93-222 (42 U.S.C.
2 s.300e et seq.) shall be permitted to offer a basic health benefits
3 plan in accordance with the provisions of that law in lieu of the
4 plans required pursuant to this subsection.】

5 c. (1) 【A basic health benefits plan shall provide the benefits
6 set forth in section 55 of P.L.1991, c.187 (C.17:48E-22.2), section
7 57 of P.L.1991, c.187 (C.17B:26B-2) or section 59 of P.L.1991,
8 c.187 (C.26:2J-4.3), as the case may be.】 (Deleted by amendment,
9 P. L. , c. (Pending before the Legislature as this bill).

10 (2) 【Notwithstanding the provisions of this subsection or any
11 other law to the contrary, a carrier may, with the approval of the
12 board, modify the coverage provided for in sections 55, 57, and 59
13 of P.L.1991, c.187 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3,
14 respectively) or provide alternative benefits or services from those
15 required by this subsection if they are within the intent of this act or
16 if the board changes the benefits included in the basic health
17 benefits plan.】 (Deleted by amendment, P. L. , c. (Pending
18 before the Legislature as this bill).

19 (3) 【A contract or policy for a basic health benefits plan
20 provided for in this section may contain or provide for coinsurance
21 or deductibles, or both, except that no deductible shall be payable in
22 excess of a total of \$250 by an individual or \$500 by a family unit
23 during any benefit year; and no coinsurance shall be payable in
24 excess of a total of \$500 by an individual or by a family unit during
25 any benefit year.】 (Deleted by amendment, P. L. , c. (Pending
26 before the Legislature as this bill).

27 (4) 【Notwithstanding the provisions of paragraph (3) of this
28 subsection or any other law to the contrary, a carrier may provide
29 for increased deductibles or coinsurance for a basic health benefits
30 plan if approved by the board or if the board increases deductibles
31 or coinsurance included in the basic health benefits plan.】 (Deleted
32 by amendment, P. L. , c. (Pending before the Legislature as this
33 bill).

34 (5) The provisions of section 13 of P.L.1985, c.236 (C.17:48E-
35 13), N.J.S.17B:26-1, and section 8 of P.L.1973, c.337 (C.26:2J-8)
36 with respect to the filing of policy forms shall not apply to health
37 plans issued on or after the effective date of this act.

38 (6) The provisions of section 27 of P.L.1985, c.236 (C.17:48E-
39 27) and section 7 of P.L.1988, c.71 (C.17:48E-27.1) with respect to
40 rate filings shall not apply to individual health plans issued on or
41 after the effective date of this act.

42 d. Every group conversion contract or policy issued after the
43 effective date of this act shall be issued pursuant to this section;
44 except that this requirement shall not apply to any group conversion
45 contract or policy in which a portion of the premium is chargeable
46 to, or subsidized by, the group policy from which the conversion is
47 made.

- 1 e. (Deleted by amendment, P.L.2008, c.38).
- 2 f. In addition to the rider packages provided for in subsection
3 c. of section 6 of P.L.1992, c.161 (C.17B:27A-7), every carrier may
4 offer, in connection with the health benefits plans required to be
5 offered by this section, any number of riders which may add
6 benefits or increase the actuarial value of any of the plans. Any
7 such rider or amendment thereof shall be filed with the board for
8 informational purposes before the rider may be sold. The added
9 premium for each rider shall be listed separately from the premium
10 for the standard plan.
- 11 The commissioner shall disapprove any rider filed pursuant to
12 this subsection that is unjust, unfair, inequitable, unreasonably
13 discriminatory, misleading, contrary to law or the public policy of
14 this State. The commissioner's determination shall be in writing and
15 shall be appealable.
16 (cf: P.L.2008, c.38, s.11)
- 17
- 18 3. This act shall take effect immediately.
- 19
- 20

21 STATEMENT

- 22
- 23 This bill repeals the statute which authorizes health insurance
24 carriers to offer "Basic and Essential" health benefits plans in the
25 individual health benefits market.
- 26 Under New Jersey law, the Basic and Essential Plan (B&E Plan)
27 is authorized as an option under the individual health benefits plan.
28 Enacted in 2002, the B&E Plan was designed as a reduced benefit
29 plan to encourage additional individuals to purchase at least an
30 "entry level" health benefits plan. The B&E Plan fails to meet the
31 requirements of the federal Affordable Care Act's (ACA) Essential
32 Health Benefits in multiple ways. Because of the interaction of the
33 State and federal law, it was determined that the State requirement
34 to offer the B&E Plan was preempted, and carriers had to stop
35 offering B&E plans. Without this repeal, if the ACA is eliminated
36 at the federal level, carriers would again be required to offer the
37 B&E Plan in accordance with New Jersey law.
- 38 The bill also repeals another statute, enacted prior to the 2002
39 law, that required the offering of a "basic health benefits plan" and
40 makes some conforming amendments elsewhere in the statutes, to
41 eliminate any confusion.