

SENATE, No. 1107

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JANUARY 30, 2020

Sponsored by:

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Provides premium assistance to certain small employers who purchase health benefits plans; appropriates \$10 million.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning premium assistance payments to certain small
2 employers, supplementing P.L.1992, c.162 (C.17B:27A-17 et
3 seq.), and making an appropriation.

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

7
8 1. a. The Commissioner of Banking and Insurance shall
9 establish the “small employer premium assistance program,” the
10 purpose of which is to assist participating small employers in
11 purchasing a small employer health benefits plan that provides
12 health coverage for the small employer’s eligible employees and
13 their dependents. Under the premium assistance program, a
14 participating small employer shall be eligible to claim a premium
15 assistance payment equal to an amount set by the commissioner
16 through regulation, but not more than 50 percent of the monthly
17 premium paid by a participating small employer for a small
18 employer health benefits plan that covers its eligible employees and
19 their dependents. A participating small employer may claim a
20 premium assistance payment in each month in which the small
21 employer remains eligible for the program, pursuant to subsection c.
22 of this section, for two consecutive plan years. The aggregate of the
23 monthly claims for payment shall be distributed by the
24 commissioner pursuant to a schedule established by regulation.

25 b. The commissioner shall:

26 (1) develop an application to be used by a small employer to
27 apply for a premium assistance payment;

28 (2) establish time frames in which applications for participation
29 in the program will be accepted for review, which shall be not less
30 frequently than three times per year;

31 (3) review applications to determine whether a small employer
32 is eligible, as provided in subsection c. of this section, to participate
33 in the premium assistance program;

34 (4) report to each small employer the results of the review of its
35 application;

36 (5) enroll participating small employers in the premium
37 assistance program on a first-come, first-served basis, to the extent
38 that the amount of claims for premium assistance payments shall
39 not exceed \$10,000,000 in any fiscal year;

40 (6) distribute premium assistance payments to participating
41 small employers pursuant to a payment schedule established
42 through regulation; and

43 (7) develop and maintain a waiting list for small employers who
44 are eligible to participate in the premium assistance program, but
45 who are unable to participate because the funding is unavailable.

46 c. To participate in the premium assistance program, a small
47 employer:

1 (1) shall not have provided health benefits coverage to its
2 eligible employees under a small employer health benefits plan
3 during any of the five calendar years immediately prior to applying
4 to participate in the program;

5 (2) shall, upon acceptance into the program, purchase a small
6 employer health benefits plan to cover its eligible employees and
7 their dependents, and require its eligible employees and their
8 dependents to pay no more than 20 percent of the costs of the
9 premium for the small employer health benefits plan or an amount
10 set by the commissioner, whichever is less;

11 (3) shall employ an average of at least two but not more than
12 five eligible employees each month during the plan year;

13 (4) shall not pay any employee, including a sole proprietor,
14 partner of a partnership, or officer, more than \$50,000 in gross
15 compensation, including bonuses and commissions, during the plan
16 year; and

17 (5) shall submit an application to the department and receive
18 approval from the commissioner to participate in the premium
19 assistance program for two consecutive health benefits plan years.

20 d. As used in this section:

21 "Participating small employer" means a small employer who has
22 been approved by the commissioner pursuant to subsection b. of
23 this section to participate in the premium assistance program.

24
25 2. The commissioner shall seek to secure the use of funds or
26 other resources, as may be available from the federal government to
27 effectuate the purposes of this act.

28
29 3. There is appropriated \$10,000,000 from the General Fund to
30 the Department of Banking and Insurance to effectuate the purposes
31 of this act.

32
33 4. This act shall take effect on the 120th day after enactment.

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36 STATEMENT

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38 This bill establishes the small employer premium assistance
39 program to encourage small employers to provide health benefits
40 coverage to their employees and their employees' dependents.

41 Under the premium assistance program, qualified small
42 employers are eligible each month to claim a premium assistance
43 payment equal to an amount of no more than 50 percent of the cost
44 that the small employer pays for the monthly premium of a small
45 employer health benefits plan that covers eligible employees and
46 their dependents. Participating small employers may claim the
47 premium assistance payments, as long as they remain otherwise
48 qualified, for two consecutive health benefits plan years.

1 Since the goal of the premium assistance program is to
2 encourage small employers to offer coverage to their employees,
3 enrollment is limited to those small employers who have not offered
4 health benefits coverage to their employees during any of the five
5 calendar years immediately prior to applying for the program.
6 Upon acceptance into the program, a small employer must purchase
7 coverage through the New Jersey Small Employer Health Benefits
8 Program and may not require their employees to pay more than 20
9 percent of the cost of the coverage.

10 In addition, data suggest that very small employers are least
11 likely to afford and provide coverage; thus enrollment is limited to
12 those small employers that employ an average of at least two but
13 not more than five eligible employees each month during the health
14 benefits plan year. Enrollment is also limited to small employers
15 who do not pay any employee, including a sole proprietor, partner
16 of a partnership, or officer, more than \$50,000 in gross
17 compensation during the plan year. "Eligible employee" is defined
18 in the law establishing the New Jersey Small Employer Health
19 Benefits Program as a full-time employee who works a normal
20 work week of 25 or more hours.

21 To enroll in the premium assistance program, small employers
22 must apply to the Department of Banking and Insurance. The
23 Commissioner of Banking and Insurance is required to: develop an
24 application for the program; accept applications for review not less
25 than three times per year under a "rolling admissions" model; notify
26 applicants of the results of the review; enroll qualified small
27 employers; distribute the assistance payments on a time schedule set
28 through regulation; and secure any funding available from the
29 federal government.

30 Enrollment in the program is limited based on the amount of
31 money (\$10 million) appropriated for the premium assistance
32 program. Thus, qualified applicants will be accepted on a first-
33 come, first-served basis, and the commissioner is required to
34 develop a waiting list for those qualified applicants who would be
35 eligible to participate but for funding limitations.

36 Finally, the bill appropriates \$10 million to the Department of
37 Banking and Insurance from the State's General Fund for the
38 premium assistance program.