

[Second Reprint]

**SENATE, No. 2676**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED JULY 6, 2020

**Sponsored by:**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Senator NIA H. GILL**

**District 34 (Essex and Passaic)**

**SYNOPSIS**

Requires certain entities authorized to issue health benefits plans to pay annual assessment.

**CURRENT VERSION OF TEXT**

As reported by the Senate Budget and Appropriations Committee on July 28, 2020, with amendments.



**(Sponsorship Updated As Of: 7/30/2020)**

1 AN ACT concerning an assessment on <sup>2</sup>certain<sup>2</sup> entities authorized to  
2 issue health benefits plans and supplementing Title 17B of the New  
3 Jersey Statutes.

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

7  
8 1. As used in this act:

9 "Commissioner" means the Commissioner of Banking and  
10 Insurance.

11 "Entity subject to this act" or "entity" means <sup>1</sup>[an entity that is  
12 subject to section 9010 of the Affordable Care Act and that is subject  
13 to an assessment by the State, including]<sup>1</sup> an insurance company,  
14 health service corporation, hospital service corporation, medical  
15 service corporation, health maintenance organization, <sup>2</sup>[dental service  
16 corporation,]<sup>2</sup> or dental plan organization authorized to issue health  
17 benefits or dental benefits plans in this State. "Entity" shall include a  
18 multiple employer welfare arrangement <sup>2</sup>that is initially<sup>2</sup> registered  
19 pursuant to the "Self-Funded Multiple Employer Welfare Arrangement  
20 Regulation Act," P.L.2001, c.352 (C.17B:27C-1 et seq.) <sup>2</sup>after the date  
21 of enactment of this act. "Entity" shall not include a dental service  
22 corporation or a multiple employer welfare arrangement that is  
23 registered pursuant to the "Self-Funded Multiple Employer Welfare  
24 Arrangement Regulation Act," P.L.2001, c.352 (C.17B:27C-1 et seq.)  
25 as of the date of enactment of this act<sup>2</sup>.

26 "Health benefits plan" means a benefits plan which pays or  
27 provides hospital and medical expense benefits for covered services,  
28 and is delivered or issued for delivery in this State by or through an  
29 entity subject to this act, including a vision or dental plan as defined  
30 pursuant to section 1 of P.L.2014, c.70 (C.26:2S-26). For the purposes  
31 of this act, "health benefits plan" shall not include the following plans,  
32 policies or contracts: Medicaid, Medicare, Medicare Advantage,  
33 <sup>1</sup>Medicare supplement,<sup>1</sup> accident only, credit, disability, long-term  
34 care, TRICARE supplement coverage, coverage arising out of a  
35 workers' compensation or similar law, automobile medical payment  
36 insurance, personal injury protection insurance issued pursuant to  
37 P.L.1972, c.70 (C.39:6A-1 et seq.), <sup>2</sup>small employer health benefits  
38 plans issued pursuant to P.L.1992, c.162 (C.17B:27A-17),<sup>2</sup> and  
39 hospital confinement indemnity coverage.

40 "Net written premiums" means the premiums earned in this State  
41 on health benefits plans, less return premiums thereon and dividends  
42 paid or credited to policy or contract holders on the health benefits  
43 plan business. Net earned premium shall include the aggregate  
44 premiums earned on the entity's insured group and individual

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SCM committee amendments adopted JULY 22, 2020.

<sup>2</sup>Senate SBA committee amendments adopted July 28, 2020.

1 business, excluding premiums from any Medicaid or NJ FamilyCare  
2 contracts.

3

4 2. a. An entity subject to this act shall annually file with the  
5 commissioner its net written premiums for the preceding year, no later  
6 than April 1 of each year.

7 b. The commissioner shall calculate and issue to the entity a  
8 certified assessment, which shall be <sup>2</sup>~~2.75%~~ 2.5%<sup>2</sup> of the entity's  
9 net written premiums. <sup>1</sup>~~The commissioner shall calculate the~~  
10 assessment without regard to:

11 (1) the threshold limits established in section 9010(b)(2)(A) of the  
12 Affordable Care Act; or

13 (2) the partial exclusion of net premiums provided for in section  
14 9010(b)(2)(B) of the Affordable Care Act.<sup>1</sup>

15 c. An entity shall annually pay the assessment issued pursuant to  
16 subsection b. of this section to the State Treasurer no later than May 1  
17 of each year, as prescribed by the commissioner.

18 d. If the commissioner determines that the amount of the  
19 assessment calculated pursuant to this section shall reduce the State's  
20 total revenue, the commissioner may reduce the assessment.

21

22 3. a. There is established in the Department of the Treasury a  
23 nonlapsing revolving fund to be known as the "Health Insurance  
24 Affordability Fund." This fund shall be the repository for all monies  
25 collected pursuant to this act. As directed by the commissioner, <sup>1</sup>in  
26 consultation with the Commissioners of the Department of Human  
27 Services and the Department of Health,<sup>1</sup> the monies in the fund shall  
28 be used only for the purposes of increasing affordability in the  
29 individual <sup>2</sup>~~and small group markets~~ market<sup>2</sup> and providing greater  
30 access to health insurance to the uninsured, including minors, <sup>1</sup>with a  
31 primary focus on households with an income below 400 percent of  
32 the federal poverty level, expanding eligibility, or modifying the  
33 definition of affordability in <sup>2</sup>~~those markets~~ the individual  
34 market<sup>2, 1</sup> through subsidies, reinsurance, tax policies, outreach and  
35 enrollment efforts, buy-in programs, such as the NJ FamilyCare  
36 Advantage Program, or any other efforts that can increase affordability  
37 for <sup>2</sup>~~small employers and~~<sup>2</sup> individual policyholders <sup>2</sup>~~in those~~  
38 ~~markets~~<sup>2 1</sup> or that can reduce racial disparities in coverage for the  
39 uninsured<sup>1</sup>.

40 b. The monies in the fund shall be invested and reinvested by the  
41 Director of the Division of Investment in the Department of the  
42 Treasury to the same extent that other trust funds that are in the  
43 custody of the State Treasurer are invested and reinvested, in the  
44 manner provided by law. Interest received on the monies in the fund  
45 shall be credited to the fund.

46 <sup>1</sup>c. The report required pursuant to section 3 of P.L.2019, c.141  
47 shall set forth the impacts of the measures taken pursuant to this act on

1 affordability and reductions in racial disparities in health insurance  
2 coverage, including impacts by income level, race, and immigration  
3 status. The report shall make recommendations to increase  
4 affordability and reduce the uninsured rate in New Jersey, as  
5 appropriate, based on the data available to the department.

6 d. (1) The assessments collected pursuant to section 2 of this act  
7 shall be deposited to the Health Insurance Affordability Fund and shall  
8 be used for the purposes set forth in subsection a. of this section.  
9 Beginning in State Fiscal Year 2021, and each State fiscal year  
10 thereafter, if 100 percent of the money appropriated from the Health  
11 Insurance Affordability Fund is not used for the purposes set forth in  
12 subsection a. of this section on the effective date of an annual  
13 appropriations act for the State fiscal year, or if an amendment or  
14 supplement to an annual appropriations act for the State fiscal year  
15 appropriates money from the Health Insurance Affordability Fund to a  
16 purpose not set forth in subsection a. of this section, the Director of the  
17 Division of Budget and Accounting in the Department of the Treasury  
18 shall, not later than five days after the enactment of the annual  
19 appropriations act, or an amendment or supplement thereto, that  
20 appropriates money from the Health Insurance Affordability Fund to a  
21 purpose not set forth in subsection a. of this section, certify to the  
22 Director of the Division of Taxation and the Commissioner of Banking  
23 and Insurance that the requirements of this section have not been met.

24 (2) The Commissioner of Banking and Insurance shall, no later  
25 than five days after certification by the Director of the Division of  
26 Budget and Accounting in the Department of the Treasury pursuant to  
27 paragraph (1) of this subsection that the requirements of this section  
28 have not been met by the annual appropriations act, or an amendment  
29 or supplement to the annual appropriations act, notify each entity that  
30 the assessment imposed pursuant to section 2 of this act shall no longer  
31 be paid or collected.<sup>1</sup>

32  
33 4. This act shall take effect on January 1, 2021, except the  
34 commissioner may take any anticipatory administrative action in  
35 advance as shall be necessary for the implementation of this act.