

ASSEMBLY, No. 5603

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED JUNE 17, 2019

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Assemblywoman PATRICIA EGAN JONES

District 5 (Camden and Gloucester)

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/21/2019)

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

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read
8 as follows:

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

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

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

39 c. Amounts collected by the commissioner shall be allocated to
40 the Health Care Subsidy Fund established pursuant to section 8 of
41 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of
42 providing charity care payments to hospitals in accordance with the
43 formula used for the distribution of charity care subsidies that are
44 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

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.

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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.

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

8 (cf: P.L.2006, c.43, s.1)

10 2. This act shall take effect immediately and shall apply to
11 assessments made for Fiscal Year 2020 and thereafter.

STATEMENT

The Governor's Fiscal Year 2020 budget recommendations include enactment of legislation to increase the HMO assessment from two percent to three percent on net written premiums of health maintenance organizations, beginning in Fiscal Year 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 \$66 million.