

SENATE, No. 49

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 30, 2019

Sponsored by:
Senator NELLIE POU
District 35 (Bergen and Passaic)

SYNOPSIS

Authorizes DOBI to establish State-based exchange for Medicaid and certain health insurance plans.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning health insurance and supplementing P.L.1992,
2 c.161 (C.17B:27A-2 et seq.).
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4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:
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7 1. a. There is established in the Department of the Treasury a
8 nonlapsing revolving fund to be known as the "Health Insurance
9 Exchange Trust Fund." This fund shall be the repository for monies
10 collected pursuant to subsection c. of this section, any federal
11 financial participation received for the administration of the State
12 Medicaid plan through the exchange, and other monies received as
13 grants or otherwise appropriated for the purposes of supporting
14 health insurance outreach, enrollment, and reinsurance efforts. The
15 monies in the fund shall be used only for the purpose of supporting
16 the exchange through initial start-up costs associated with
17 establishment of the exchange, exchange operations, outreach,
18 enrollment, reinsurance, and other means of supporting the
19 exchange.

20 b. The State Treasurer shall be the custodian of the fund and all
21 disbursements from the fund shall be made by the State Treasurer
22 upon vouchers signed by the Commissioner of Banking and
23 Insurance. The monies in the fund shall be invested and reinvested
24 by the Director of the Division of Investment in the Department of
25 the Treasury to the same extent that other trust funds that are in the
26 custody of the State Treasurer are invested and reinvested, in the
27 manner provided by law. Interest received on the monies in the
28 fund shall be credited to the fund.

29 c. The commissioner may apply a monthly assessment to each
30 health benefits plan offered by a carrier. The assessment shall be
31 paid by the carrier and deposited into the fund and shall be used
32 only for the purpose of supporting the exchange through initial
33 start-up costs associated with establishment of the exchange,
34 exchange operations, outreach, enrollment, reinsurance, and other
35 means of supporting the exchange. The assessment may be applied
36 at a rate of:

37 (1) .5 percent of the total monthly premium charged by a carrier
38 for each health benefits plan during any period that the State is on a
39 federally-facilitated exchange;

40 (2) 1 percent of the total monthly premium charged by a carrier
41 for each health benefits plan during any period that the State is on a
42 State-based exchange using the federal platform; or

43 (3) 3.5 percent of the total monthly premium charged by a
44 carrier for each health benefits plan during any period that the State
45 is on a State-based exchange. The commissioner shall have the
46 discretion to adjust this rate to ensure that the State-based exchange
47 is fully funded.

1 2. a. Notwithstanding any other law to the contrary, the
2 Department of Banking and Insurance shall have the authority to
3 operate a State-based exchange and coordinate the operations of the
4 exchange with the operations of the New Jersey Individual Health
5 Coverage Program and the New Jersey Small Employer Health
6 Benefits Program, including reorganization of the boards, as the
7 commissioner deems appropriate. The department shall also have
8 the authority to coordinate the operations of the exchange with the
9 operations of the State Medicaid program established pursuant to
10 P.L.1968, c.413 (C.30:4D-1 et seq.) and the NJ FamilyCare
11 Program established pursuant to P.L.2005, c.156 (C.30:4J-8 et al.).

12 b. The Commissioner of Banking and Insurance shall, to the
13 extent practicable, secure the maximum federal financial
14 participation for the exchange as a State administrative expenditure
15 necessary for the proper and efficient administration of the State
16 Medicaid plan.

17 c. The commissioner shall have the authority to require that
18 plans offered on the exchange conform with standardized plan
19 designs that provide for standardized cost-sharing for covered
20 health services.

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22 3. The commissioner shall present a report to the Governor,
23 and to the Legislature pursuant to section 2 of P.L.1991, c.164
24 (C.52:14-19.1), no later than January 1, 2022, which contains the
25 commissioner's findings and recommendations, including such
26 recommendations for administrative or legislative action as the
27 commissioner deems appropriate, concerning whether to:

28 a. continue the New Jersey Individual Health Coverage
29 Program established pursuant to P.L.1992, c.161 (C.17B:27A-2 et
30 seq.) and the New Jersey Small Employer Health Benefits Program
31 established pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.), as
32 provided under current law;

33 b. revise these programs to reflect the provisions of this act; or

34 c. phase out these programs and transition the health care
35 coverage provided thereunder to coverage provided under health
36 benefits plans through the exchange, in which case the
37 commissioner shall specify a projected schedule for effecting this
38 transition in the most efficient and effective manner possible.

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40 4. The Department of Banking and Insurance shall adopt rules
41 and regulations pursuant to the "Administrative Procedure Act,"
42 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of
43 this act.

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45 5. This act shall take effect on January 1, 2020, except the
46 commissioner may take any anticipatory administrative action in
47 advance as shall be necessary for the implementation of this act.

STATEMENT

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This bill authorizes the Department of Banking and Insurance to establish, operate, and fund a State-based exchange for Medicaid and certain health benefits plans.

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Specifically, the bill establishes in the Department of the Treasury a nonlapsing revolving fund to be known as the “Health Insurance Exchange Trust Fund.” This fund is to be the repository for monies collected pursuant to the bill, any federal financial participation received for the administration of the State Medicaid plan through the exchange, and other monies received as grants or otherwise appropriated for the purposes of supporting health insurance outreach, enrollment, and reinsurance efforts. The monies in the fund are to be used only for the purpose of supporting the exchange through initial start-up costs associated with establishment of the exchange, exchange operations, outreach, enrollment, reinsurance, and other means of supporting the exchange.

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The bill allows the Commissioner of Banking and Insurance to apply a monthly assessment to each individual health benefits plan offered by a carrier. The assessment is to be deposited into the fund and is to be used only for the purpose of supporting the exchange through initial start-up costs associated with establishment of the exchange, exchange operations, outreach, enrollment, reinsurance, and other means of supporting the exchange. The assessment may be applied at a rate of:

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(1) .5 percent of the total monthly premium charged by a carrier for each health benefits plan during any period that the State is on a federally-facilitated exchange;

(2) 1 percent of the total monthly premium charged by a carrier for each health benefits plan during any period that the State is on a State-based exchange using the federal platform; or

(3) 3.5 percent of the total monthly premium charged by a carrier for each health benefits plan during any period that the State is on a State-based exchange. The bill provides that the commissioner has discretion to adjust this rate to ensure that the State-based exchange is fully funded.

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New Jersey’s health insurance exchange is currently operated through the federally-facilitated exchange. This bill takes into account that the State may opt to continue to use the federally-facilitated exchange, or to establish a State-based exchange using the federal platform or a wholly State-based exchange.

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The bill specifically authorizes the department to operate a State-based exchange in the department and to coordinate the exchange operations with the operations of the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program, including reorganization of the boards, as the commissioner deems appropriate. The bill also authorizes the

1 department to coordinate the operations of the exchange with the
2 operations of the State Medicaid program and the NJ FamilyCare
3 program.

4 The bill authorizes the commissioner to require that plans offered
5 on the exchange conform with standardized plan designs that
6 provide for standardized cost-sharing for covered health services.

7 The bill provides that the commissioner shall, to the extent
8 practicable, secure the maximum federal financial participation for
9 the exchange as a State administrative expenditure necessary for the
10 proper and efficient administration of the State Medicaid plan.

11 The bill requires the commissioner to present a report to the
12 Governor and Legislature, no later than January 1, 2022, which
13 contains the commissioner's findings and recommendations,
14 including recommendations for administrative or legislative action
15 as the commissioner deems appropriate, concerning whether to
16 continue, revise, or phase out the New Jersey Individual Health
17 Coverage and Small Employer Health Benefits Programs.