SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 562

STATE OF NEW JERSEY

DATED: JUNE 3, 2019

The Senate Commerce Committee reports favorably a Senate Committee Substitute for Senate Bill No. 562.

This substitute bill requires health insurers (health, hospital and medical service corporations; commercial individual and group health insurers; health maintenance organizations; and health benefits plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs) to continue providing coverage that meets certain essential health benefits requirements.

The bill requires the Commissioner of Banking and Insurance to define essential health benefits to include at least the following general categories and the items and services covered within the categories:

(1) ambulatory patient services;

(2) emergency services;

(3) hospitalization;

(4) maternity and newborn care;

(5) mental health and substance use disorder services, including behavioral health treatment;

(6) prescription drugs;

(7) rehabilitative and habilitative services and devices;

(8) laboratory services;

(9) preventive and wellness services and chronic disease management; and

(10) pediatric services, including oral and vision care.

Under the bill, the cost-sharing incurred under a contract, plan or policy with respect to self-only coverage or coverage other than self-only coverage for a contract, plan or policy year beginning in 2020 may not exceed the dollar amounts in effect under section 1302 of the Patient Protection and Affordable Care Act, Pub. L. 111–148 (42 U.S.C. s.18022), as those limits were in effect on January 1, 2020.

The cost-sharing incurred for a contract, plan or policy year beginning in 2021, and in each subsequent year, would be limited to:

(1) with respect to self-only coverage, an amount equal to the product of the amount for self-only coverage determined for contract, plan or policy year 2020 and a premium adjustment percentage; and

(2) with respect to coverage other than self-only coverage, twice the amount in effect for self-only coverage.

The bill provides that the premium adjustment percentage for any calendar year is to be the percentage by which the average per capita premium for health insurance coverage in the United States for the preceding calendar year exceeds the average per capita premium for 2020.

The bill provides that, notwithstanding any law to the contrary, a contract, plan, or policy may not impose:

(1) any lifetime limits on the dollar value of benefits for any individual insured pursuant to the contract, plan or policy; or

(2) any annual limits on the dollar value of essential health benefits.

Under the bill, individual health benefits plans and small employer health benefits plans are required to provide for a level of coverage that is designed to provide benefits that are actuarially equivalent to:

(1) 60 percent of the full actuarial value of the benefits provided under the plan;

(2) 70 percent of the full actuarial value of the benefits provided under the plan; or

(3) 80 percent of the full actuarial value of the benefits provided under the plan.

The bill provides that the level of coverage of a plan is to be determined on the basis that the essential health benefits described in the bill are provided to a standard population, and without regard to the actual population to which the plan may provide benefits.

The commissioner is required develop guidelines to provide for a de minimis variation in the actuarial calculations used in determining the level of coverage of a plan to account for differences in actuarial estimates.

In light of federal efforts to repeal and replace the Affordable Care Act, including repeal of the essential health benefits requirements contained in that law, this bill is intended to ensure that New Jersey continues to require that certain plans sold in the State continue to contain coverage for essential health benefits.