

SENATE, No. 3807

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 30, 2019

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Co-Sponsored by:

Senator Gopal

SYNOPSIS

Authorizes DOBI to establish State-based exchange for certain health benefits 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.).

3

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

6

7 1. a. There is established in the Department of the Treasury a
8 nonlapsing revolving fund to be known as the “Individual Health
9 Insurance Exchange Trust Fund.” This fund shall be the repository
10 for monies collected pursuant to subsection c. of this section and
11 other monies received as grants or otherwise appropriated for the
12 purposes of supporting health insurance outreach, enrollment, and
13 reinsurance efforts. The monies in the fund shall be used only for
14 the purpose of supporting the exchange authorized in subsection d.
15 of this section through initial start-up costs associated with
16 establishment of the exchange, exchange operations, outreach,
17 enrollment, reinsurance, and other means of supporting the
18 exchange.

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

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

36 (1) .5 percent of the total monthly premium charged by a carrier
37 for each health benefits plan during any period that the State is on a
38 federally-facilitated exchange;

39 (2) 1 percent of the total monthly premium charged by a carrier
40 for each health benefits plan during any period that the State is on a
41 State-based exchange using the federal platform; or

42 (3) 3.5 percent of the total monthly premium charged by a
43 carrier for each health benefits plan during any period that the State
44 is on a State-based exchange. The commissioner shall have the
45 discretion to adjust this rate to ensure that the State-based exchange
46 is fully funded.

47 d. Notwithstanding any other law to the contrary, the
48 Department of Banking and Insurance shall have the authority to:

1 (1) operate a State-based exchange in the department; and
2 (2) coordinate the exchange operations with the operations of
3 the New Jersey Individual Health Coverage Program and the New
4 Jersey Small Employer Health Benefits Program, including
5 reorganization of the boards, as the commissioner deems
6 appropriate.

7
8 2. The Department of Banking and Insurance shall adopt rules
9 and regulations pursuant to the “Administrative Procedure Act,”
10 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of
11 this act.

12
13 3. This act shall take effect on January 1, 2020, except the
14 commissioner may take any anticipatory administrative action in
15 advance as shall be necessary for the implementation of this act.

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18 STATEMENT

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

23 Specifically, the bill establishes in the Department of the
24 Treasury a nonlapsing revolving fund to be known as the
25 “Individual Health Insurance Exchange Trust Fund.” This fund is
26 to be the repository for monies collected pursuant to the bill and
27 other monies received as grants or otherwise appropriated for the
28 purposes of supporting health insurance outreach, enrollment, and
29 reinsurance efforts. The monies in the fund are to be used only for
30 the purpose of supporting the exchange through initial start-up costs
31 associated with establishment of the exchange, exchange
32 operations, outreach, enrollment, reinsurance, and other means of
33 supporting the exchange.

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

42 (1) .5 percent of the total monthly premium charged by a carrier
43 for each health benefits plan during any period that the State is on a
44 federally-facilitated exchange;

45 (2) 1 percent of the total monthly premium charged by a carrier
46 for each health benefits plan during any period that the State is on a
47 State-based exchange using the federal platform; or

1 (3) 3.5 percent of the total monthly premium charged by a
2 carrier for each health benefits plan during any period that the State
3 is on a State-based exchange. The bill provides that the
4 commissioner has discretion to adjust this rate to ensure that the
5 State-based exchange is fully funded.

6 New Jersey's health insurance exchange is currently operated
7 through the federally-facilitated exchange. This bill takes into
8 account that the State may opt to establish either a State-based
9 exchange using the federal platform, or a wholly State-based
10 exchange.

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