

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 4389**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JULY 23, 2020

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 4389.

As amended by the committee, the bill requires certain entities authorized to issue health benefits plans to pay annual assessments based on the entity's net written premiums.

The bill requires entities to pay an annual assessment of 2.75% of the entity's net written premiums. Entities include various organizations that are authorized to issue health and dental benefits plans in this State.

The bill requires entities to annually file with the Commissioner of Banking and Insurance their net written premiums for the preceding year, no later than April 1 of each year.

The bill requires the commissioner to calculate and issue to the entity a certified assessment, which will be 2.75% of the entity's net written premiums.

The bill requires entities to pay the assessment issued by the commissioner to the State Treasurer no later than May 1 of each year, as prescribed by the commissioner.

The bill provides that if the commissioner determines that the amount of the assessment will reduce the State's total revenue, the commissioner may reduce the assessment.

The bill establishes in the Department of the Treasury a nonlapsing revolving fund to be known as the "Health Insurance Affordability Fund." This fund is to be the repository for all monies collected pursuant to the bill. As directed by the commissioner, in consultation with the Commissioners of the Department of Human Services and the Department of Health, the monies in the fund are to be used only for the purposes of increasing affordability in the individual and small group markets and providing greater access to health insurance to the uninsured, including minors, with a primary focus on households with an income below 400 percent of the federal poverty level, expanding eligibility, or modifying the definition of affordability in those markets, through subsidies, reinsurance, tax policies, outreach and

enrollment efforts, buy-in programs, such as the NJ FamilyCare Advantage Program, or any other efforts that can increase affordability for small employers and individual policyholders in those markets or that can reduce racial disparities in coverage for the uninsured.

The bill provides that a report currently required to be issued by the Commissioner of Banking and Insurance by June 1, 2022 shall also set forth the impacts of the measures taken pursuant to the bill on affordability and reductions in racial disparities in health insurance coverage, including impacts by income level, race, and immigration status. The report shall make recommendations to increase affordability and reduce the uninsured rate in New Jersey, as appropriate, based on the data available to the department.

The bill also requires that the assessments collected pursuant to the bill be used only for the purposes contained in the bill, with certain provisions to ensure the assessments are used for those purposes in future fiscal years.

As amended and reported, this bill is identical to Senate Bill No. 2676 (1R).

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

1) Make clarifications to the definition of “entity subject to this act,” as used in the bill, and provide that the bill does not apply to Medicare supplements plans.

2) Remove references to certain sections of the federal Affordable Care Act that will no longer be in effect in 2021.

3) Provide that the Commissioner of Banking and Insurance must consult with the Commissioners of the Department of Human Services and the Department of Health in using the funds collected pursuant to the bill.

4) Provide that the funds collected pursuant to the bill are to be used to increase affordability and provide greater access to health insurance with a primary focus on households with an income below 400 percent of the federal poverty level, and to expand eligibility, and to modify the definition of affordability in the small employer and individual markets.

5) Provide that the funds collected pursuant to the bill may be used for efforts that can reduce racial disparities in coverage for the uninsured.

6) Provide that a report currently required to be issued by the Commissioner of Banking and Insurance by June 1, 2022 shall also set forth the impacts of the measures taken pursuant to the bill on affordability, reductions in racial disparities in health insurance coverage, including impacts by income level, race, and immigration status. The report shall make recommendations to increase affordability and reduce the uninsured rate in New Jersey, as appropriate, based on the data available to the department.

7) Require that the assessments collected pursuant to the bill be used only for the purposes contained in the bill, with certain provisions to ensure the assessments are used for those purposes in future fiscal years.