

ASSEMBLY, No. 4722

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED SEPTEMBER 21, 2020

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Senator NELLIE POU

District 35 (Bergen and Passaic)

SYNOPSIS

Increases annual assessment on net written premiums of HMOs to support charity care from three percent to five percent in FY 2021.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/24/2020)

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:

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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 Commissioner
10 of Banking and Insurance shall issue, in accordance with the
11 provisions of this section, a special interim assessment of one
12 percent, and in fiscal year 2007 and each fiscal year thereafter
13 through fiscal year 2019, an annual assessment in the amount of two
14 percent, **[and]** in fiscal year 2020 **[and each fiscal year thereafter]**,
15 an annual assessment in the amount of three percent, and in fiscal
16 year 2021 and each fiscal year thereafter, an annual assessment in
17 the amount of five percent on the net written premiums received by
18 each health maintenance organization granted a certificate of
19 authority to operate in this State pursuant to P.L.1973, c.337
20 (C.26:2J-1 et seq.), to be allocated to the Health Care Subsidy Fund
21 established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-
22 18.58) for the purpose of providing charity care payments to
23 hospitals in accordance with the formula used for the distribution of
24 charity care subsidies that are provided pursuant to P.L.1992, c.160
25 (C.26:2H-18.51 et al.).

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

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

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

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.

1 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

2 d. (1) A health maintenance organization shall not impose any
3 additional premium, fee or surcharge on its premium or enrollee
4 charge to recoup any assessment paid pursuant to this section.

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

9 (cf: P.L.2019, c.148, s.1)

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11 2. This act shall take effect immediately and shall apply to
12 assessments made for Fiscal Year 2021, which begins on October 1,
13 2020, and thereafter.

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STATEMENT

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18 The Governor's Fiscal Year 2021 Revised Budget Proposal
19 includes a recommendation for legislation to increase the HMO
20 assessment from three to five percent on net written premiums of
21 health maintenance organizations, beginning in Fiscal Year 2021,
22 which begins on October 1, 2020. This assessment is statutorily
23 allocated to the Health Care Subsidy Fund for the purpose of
24 providing charity care payments to hospitals in accordance with the
25 formula used for the distribution of charity care subsidies. The
26 Department of the Treasury estimates that this bill would increase
27 revenue by \$102.7 million.