SENATE, No. 2676

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JULY 6, 2020

Sponsored by:
Senator JOSEPH F. VITALE
District 19 (Middlesex)

SYNOPSIS
Requires certain entities authorized to issue health benefits plans to pay annual assessment.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning an assessment on entities authorized to issue health benefits plans and supplementing Title 17B of the New Jersey Statutes.

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

1. As used in this act:
   “Commissioner” means the Commissioner of Banking and Insurance.
   “Entity subject to this act” or “entity” means an entity that is subject to an assessment by the State, including an insurance company, health service corporation, hospital service corporation, medical service corporation, health maintenance organization, dental service corporation, or dental plan organization authorized to issue health benefits or dental benefits plans in this State. “Entity” shall include a multiple employer welfare arrangement registered pursuant to the “Self-Funded Multiple Employer Welfare Arrangement Regulation Act,” P.L.2001, c.352 (C.17B:27C-1 et seq.).
   "Health benefits plan” means a benefits plan which pays or provides hospital and medical expense benefits for covered services, and is delivered or issued for delivery in this State by or through an entity subject to this act, including a vision or dental plan as defined pursuant to section 1 of P.L.2014, c.70 (C.26:2S-26). For the purposes of this act, "health benefits plan” shall not include the following plans, policies or contracts: Medicaid, Medicare, Medicare Advantage, accident only, credit, disability, long-term care, TRICARE supplement coverage, coverage arising out of a workers' compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.), and hospital confinement indemnity coverage.
   "Net written premiums” means the premiums earned in this State on health benefits plans, less return premiums thereon and dividends paid or credited to policy or contract holders on the health benefits plan business. Net earned premium shall include the aggregate premiums earned on the entity’s insured group and individual business, excluding premiums from any Medicaid or NJ FamilyCare contracts.

2. a. An entity subject to this act shall annually file with the commissioner its net written premiums for the preceding year, no later than April 1 of each year.
   b. The commissioner shall calculate and issue to the entity a certified assessment, which shall be 2.75% of the entity’s net
written premiums. The commissioner shall calculate the assessment without regard to:

1. the threshold limits established in section 9010(b)(2)(A) of the Affordable Care Act; or
2. the partial exclusion of net premiums provided for in section 9010(b)(2)(B) of the Affordable Care Act.

c. An entity shall annually pay the assessment issued pursuant to subsection b. of this section to the State Treasurer no later than May 1 of each year, as prescribed by the commissioner.

d. If the commissioner determines that the amount of the assessment calculated pursuant to this section shall reduce the State’s total revenue, the commissioner may reduce the assessment.

3. a. There is established in the Department of the Treasury a nonlapsing revolving fund to be known as the “Health Insurance Affordability Fund.” This fund shall be the repository for all monies collected pursuant to this act. As directed by the commissioner, the monies in the fund shall 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, 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.

b. The monies in the fund shall be invested and reinvested by the Director of the Division of Investment in the Department of the Treasury to the same extent that other trust funds that are in the custody of the State Treasurer are invested and reinvested, in the manner provided by law. Interest received on the monies in the fund shall be credited to the fund.

4. This act shall take effect on January 1, 2021, except the commissioner may take any anticipatory administrative action in advance as shall be necessary for the implementation of this act.

STATEMENT

This 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 are subject to the bill if they are subject to section 9010 of the Affordable Care Act and may be subject to an assessment by the State. 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 commissioner is required to calculate the assessment without regard to:

1. the threshold limits established in section 9010(b)(2)(A) of the Affordable Care Act; or

2. the partial exclusion of net premiums provided for in section 9010(b)(2)(B) of the Affordable Care Act.

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, 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, 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.