

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2676

with committee amendments

STATE OF NEW JERSEY

DATED: JULY 28, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2676 (1R), with committee amendments.

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

The bill requires entities to pay an annual assessment that is 2.5% of the entity's net written premiums as defined by the bill. Entities subject to the assessment 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 that is 2.5% 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 market 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 the individual market, 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 individual policyholders 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 by the committee, this bill is identical to Assembly Bill No. 4389 (2R).

COMMITTEE AMENDMENTS:

The committee amendments:

(1) remove small employer health benefits plans, dental service corporations, and multiple employer welfare arrangements that are registered as of the date of enactment of the bill from the provisions of the bill;

(2) provide that multiple employer welfare arrangements that are initially registered after the date of enactment of the bill are entities subject to the provisions of the bill;

(3) provide that the assessment on any entity shall be 2.5% of the entity's net written premiums; and

(4) provide that only the individual market, rather than both the individual and small group markets, shall benefit from the purposes of the Health Insurance Affordability Fund to increase affordability and access to health insurance.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill will result in annual State revenue increases of about \$390 million starting in calendar year 2021. The revenue increase will be tied to the requirement under the bill that certain entities authorized to issue health benefits plans pay a 2.5% annual assessment based on the entity's net written premiums. The OLS notes that any revenue increase will be fully offset by an equal increase in State expenditure for purposes of increasing affordability in the individual market 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 the individual market,

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 individual policyholders or that can reduce racial disparities in coverage for the uninsured.