

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 800**

STATE OF NEW JERSEY

DATED: MARCH 25, 1996

The Assembly Insurance Committee reports favorably the Assembly Committee Substitute for Assembly, No. 800.

The Assembly Committee Substitute for Assembly, No. 800 creates the New Jersey Health Coverage Reform Board to consolidate the functions of the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program under one board.

Under the provisions of the bill, the newly created New Jersey Health Coverage Reform Board assumes all of the powers, functions and duties of the boards of directors of the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program. Additionally, the bill authorizes the New Jersey Health Coverage Reform Board to collect, hold, place in escrow, invest, refund, reimburse, and otherwise spend or dispose of funds raised through assessments of member carriers, in accordance with the purposes of current law with respect to the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program.

The bill provides that initially the current members of both boards will continue to serve as members of the newly created board. Members would be replaced as their terms expire, so that the membership of the new board would eventually be comprised of nineteen members as follows:

- < three representatives of small employers, at least one of whom represents minority small employers;
- < one representative of a hospital;
- < one representative of organized labor;
- < one licensed health insurance producer;
- < one physician licensed to practice medicine and surgery in this State;
- < one member of the public, who is covered by an individual or small employer health benefits plan;
- < nine representatives of carriers, including one representative of a health service corporation; two representatives of HMOs, one offering small employer health benefits plans and one offering

individual health benefits plans; five representatives of insurers offering small employer health benefits plans; and one representative of an insurer offering individual health benefit plans; and

- < the Commissioner of Insurance and the Commissioner of Health, or their designees, who shall serve ex officio.

The bill requires the new board to adopt a plan of operation, subject to the approval of the Commissioner of Insurance, within 90 days of its initial meeting. Until such time as the new plan of operation is adopted, the board would operate under the existing plans of operation of the New Jersey Individual Health Coverage Program and the Small Employer Health Benefits Program, as applicable.

The bill provides that, in addition to the powers, duties and functions assumed by or otherwise granted to the New Jersey Health Coverage Reform Board, the board is authorized to review all bills proposing mandated health benefits.

Under the bill, a "mandated health benefit" is defined as a benefit or coverage which is required by law to be offered or provided by an insurer including: coverage for specific health care services, treatments or practices; direct reimbursement to specific health care providers; or the offering of specific health care services, treatments or practices.

The bill provides that no bill requiring an insurer to offer or provide a mandated health benefit shall be reported by the standing reference committee to which it has been referred unless a written report has been provided to the members of the standing reference committee to which the bill has been referred, except that the committee may report the bill if the committee does not receive a written report from the board within 120 days of the committee's request that the board review the bill if the chairman of the committee has not granted the board an extension in which to complete its review, or in a case where the committee determines that the bill is of such an urgent nature, that to wait for the board's report would seriously impair the public health. Also, in a case where the presiding officer of the House in which the bill was introduced determines that the consideration of the bill is of such an urgent nature that to wait for the board's report would seriously impair the public health, the presiding officer may so notify the board and the chairman of the standing reference committee, and the House may consider and vote upon the bill.

In the course of reviewing the proposed mandated benefit, the board would assess the social and financial impact of the mandate, the medical efficacy of mandating the health benefit, the effects of balancing the social, economic and medical efficacy considerations, and provide an analysis of the information collected from various sources.