

**SENATE, No. 3856**

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**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

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INTRODUCED JUNE 3, 2021

**Sponsored by:**

**Senator ROBERT W. SINGER**

**District 30 (Monmouth and Ocean)**

**Senator ANTHONY M. BUCCO**

**District 25 (Morris and Somerset)**

**SYNOPSIS**

Requires assessment following reorganization of health service corporation to be used to award grants to certain health care entities.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning reorganization of a health service corporation  
2 and supplementing P.L.2020, c.145 (C.17:48E-46.1 et seq.).  
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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*  
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7 1. a. Following regulatory approval pursuant to section 5 of  
8 P.L.2020, c.145 (C.17:48E-46.5) and the establishment of a mutual  
9 holding company, the Commissioner of Banking and Insurance  
10 shall establish a commission in, but not of, the Department of  
11 Banking and Insurance, to award grants from the funds of the initial  
12 assessment established under subsection a. of section 13 of  
13 P.L.2020, c.145 (C.17:48E-46.13).

14 b. The commission shall consist of 12 members, and shall  
15 include:

16 (1) four members to be appointed by the Governor, with no  
17 more than two members from any one political party;

18 (2) one member appointed by the President of the Senate;

19 (3) one member appointed by the Minority Leader of the Senate;

20 (4) one member appointed by the Speaker of the Assembly;

21 (5) one member appointed by the Minority Leader of the  
22 Assembly;

23 (6) three members appointed by the board of the mutual holding  
24 company established pursuant to section 15 of P.L.2020, c.145  
25 (C.17:48E-46.15); and

26 (7) the Commissioner of Banking and Insurance, or the  
27 commissioner's designee, who shall serve as an ex officio, non-  
28 voting member.

29 c. The initial assessment paid pursuant to subsection a. of  
30 section 13 of P.L.2020, c.145 (C.17:48E-46.13) shall be deposited  
31 in a special account in the General Fund to be administered by the  
32 commissioner, upon the recommendations of the commission. The  
33 revenue in the fund established pursuant to this act shall be used in  
34 accordance with this act and the recommendations of the  
35 commission. No more than 25 percent of the initial assessment  
36 shall be expended within a fiscal year. The commission shall  
37 establish a plan for use of the funds to develop a program that is to  
38 be overseen by the commission to award grants to nonprofit or  
39 State-run health care entities, including dental groups. The plan  
40 shall also provide for no less than \$100 million to be distributed to  
41 the county boards of health for the purposes of expansion and  
42 reorganization.  
43

44 2. This act shall take effect immediately, and shall expire  
45 following the exhaustion of the funds in the special account  
46 established pursuant to this act.

## STATEMENT

This bill requires the initial assessment following the reorganization of a health service corporation that is required pursuant to current law to be used to award grants to nonprofit or State-run health care entities, including dental groups, and the county boards of health.

Current law permits a health service corporation, which is a type of health insurer, to reorganize as a mutual holding company. The mutual holding company would continue to offer health insurance after the reorganization. Pursuant to the law, the mutual holding company, or any affiliate benefiting from the establishment of a mutual holding company, is to pay to the State an initial assessment of \$600 million.

Current law does not specify how the revenue generated by the initial assessment may be used. This bill would require that the initial assessment from the reorganized company be used to develop a program to award grants to nonprofit or State-run health care entities and dental groups. The bill would also provide for no less than \$100 million to be distributed to the county boards of health for the purposes of expansion and reorganization. Horizon Blue Cross Blue Shield of New Jersey is the only health service corporation in the State.

The grant program is to be administered by the Commissioner of Banking and Insurance, upon the recommendations of a commission established pursuant to the bill. The bill provides that the commission is to consist of 12 members, including:

- (1) four members to be appointed by the Governor, with no more than two members from any one political party;
- (2) one member appointed by the President of the Senate;
- (3) one member appointed by the Minority Leader of the Senate;
- (4) one member appointed by the Speaker of the Assembly;
- (5) one member appointed by the Minority Leader of the Assembly;
- (6) three members appointed by the board of the mutual holding company established pursuant to section 15 of P.L.2020, c.145 (C.17:48E-46.15); and
- (7) the Commissioner of Banking and Insurance, or the commissioner's designee, who shall serve as an ex officio, non-voting member.