

17:48D-1 to 17:48D-24

LEGISLATIVE HISTORY CHECKLIST

LWSA 17:48D-1 to 17:48D-24 ("Dental Plan Organizational Act")

LAWS OF 1979 CHAPTER 478

Bill No. A1265

Sponsor(s) Newman and Doyle

Date Introduced April 24, 1978

Committee: Assembly Institutions, Health and Welfare

Senate Institutions, Health and Welfare

Amended during passage Yes No Senate Committee substitute enacted

Date of Passage: Assembly Dec. 4, 1978

Senate Dec. 10, 1979

Date of approval Feb. 27, 1980

Following statements are attached if available:

Sponsor statement	Yes	Yes
Committee Statement:	Assembly	Yes
	Senate	Yes <u>No</u>
Fiscal Note	Yes	Yes
Veto message	Yes	No
Message on signing	Yes	<u>Yes</u>

Following were printed.

Reports	Yes	No
Hearings	Yes	No

For background see:

"Dentistry Fights for Capitation Regulation," 49 Journal of the New Jersey Dental Association 6 (Spring, 1978)

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SENATE COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1265

STATE OF NEW JERSEY

ADOPTED DECEMBER 10, 1979

By Assemblymen NEWMAN and DOYLE

AN ACT providing for the regulation of dental service benefits
by dental plan organizations.

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

1 1. This act shall be known and may be cited as the "Dental Plan
2 Organization Act."

1 2. In this act, unless the context otherwise requires:

2 a. "Commissioner" means the Commissioner of Insurance;

3 b. "Dental plan" means any contractual arrangement for
4 dental services provided directly or arranged for or administered
5 directly on a prepaid or postpaid individual or group capitation
6 basis;

7 c. "Dental plan organization" means any person who under-
8 takes to provide directly or to arrange for or administer one or
9 more dental plans providing dental services;

10 d. "Dental services" means services included in the practice of
11 dentistry as defined in R. S. 45:6-19.

12 e. "Enrollee" means an individual and his dependents who are
13 enrolled in a dental plan organization;

14 f. "Evidence of coverage" means any certificate, agreement or
15 contract issued to an enrollee setting out the dental services to
16 which the enrollee is entitled.

1 3. a. No person may establish, operate or administer a dental
2 plan organization, or sell or offer to sell, or solicit offers to
3 purchase, or receive advance or periodic consideration in con-
4 junction with any dental plan organization, utilizing in the aggre-
5 gate the services of more than one full-time equivalent dentist
6 without obtaining and maintaining a certificate of authority pur-
7 suant to this act.

8 b. Within 90 days after the effective date of this act, every
9 dental plan organization utilizing in the aggregate the services
10 of more than one full-time equivalent dentist shall submit an
11 application for a certificate of authority to the commissioner. A
12 dental plan organization may continue to operate until the com-
13 missioner acts upon the application. If the application is denied,

14 the dental plan organization shall be treated as if its certificate of
15 authority has been revoked.

16 c. An application for a certificate of authority shall be in a form
17 prescribed by the commissioner, shall be verified by an officer or
18 authorized representative of the dental plan organization and shall
19 include the following:

20 (1) All basic organizational documents of the dental plan
21 organization such as the articles of incorporation, articles of
22 association, partnership agreement, trade name certificate, trust
23 agreement, shareholder agreement or other applicable documents
24 and all amendments to those documents;

25 (2) The bylaws, rules and regulations or similar documents
26 regulating the conduct or the internal affairs of the dental plan
27 organization;

28 (3) The names, addresses and official positions of the persons
29 who are responsible for the conduct of the affairs of the dental plan
30 organization, including all members of the board of directors, board
31 of trustees, executive committee or other governing board or com-
32 mittee, the principal officers in the case of a corporation and the
33 partners or members in the case of a partnership or association;

34 (4) All contracts made between any dentist and the dental plan
35 organization;

36 (5) All contracts made between any dentist and any person
37 listed in paragraph (3) of this subsection, any consultant, or any
38 business manager;

39 (6) A description of the dental plan organization, its dental plan
40 or plans, facilities and personnel;

41 (7) The form of the evidence of coverage to be issued to the
42 enrollees;

43 (8) The form of any group contract which is issued to employers,
44 unions, trustees or others;

45 (9) Financial statements showing the dental plan organization's
46 assets, liabilities and sources of financial support. If the dental
47 plan organization's financial affairs are audited by independent
48 certified public accountants, a copy of the most recent regular
49 certified financial statement shall satisfy this requirement unless
50 the commissioner determines that additional or more recent
51 financial information is required for the proper administration of
52-53 this act;

54 (10) The proposed method of marketing the plan, a financial
55 plan with a 3 year projection of the initial operating results and
56 a statement of the sources of working capital and any other sources
57 of funding;

58 (11) A power of attorney duly executed by the dental plan
59 organization if not domiciled in this State, appointing the commis-
60 sioner, the commissioner's successors in office and duly authorized
61 deputies as the true and lawful attorney of the dental plan organiza-
62 tion in and for this State, upon whom lawful process in any legal
63 action or proceeding against the dental plan organization on a cause
64 of action arising in this State may be served;

65 (12) A description of the geographic area or areas to be served;

66 (13) A description of the procedures and programs to be imple-
67 mented to achieve an effective dental plan as required in section
68 5. a. (2) of this act; and

69 (14) Such other information as the commissioner may require.

70 d. The dental plan organization shall pay a fee of \$100.00 to the
71 commissioner upon filing an application for a certificate of
72 authority.

1 4. Within 10 days following any significant modification of in-
2 formation submitted with the application for a certificate of
3 authority, a dental plan organization shall file notice of the
4 modification with the commissioner.

1 5. a. The commissioner shall issue a certificate of authority if
2 he is satisfied that the following conditions are met:

3 (1) The persons responsible for conducting the affairs of the
4 dental plan organization are competent and trustworthy and are
5 professionally capable of providing, arranging for or administering
6 the services offered by the plan;

7 (2) The dental plan organization constitutes an appropriate
8 mechanism to achieve an effective dental plan, as determined by
9 the commissioner;

10 (3) The dental plan organization has demonstrated the potential
11 to provide dental services in a manner that will assure both avail-
12 ability and accessibility of adequate personnel and facilities;

13 (4) The dental plan organization has arrangements for an on-
14 going quality of dental care assurance program;

15 (5) The dental plan organization has a procedure to establish
16 and maintain uniform systems of cost accounting and reports and
17 audits that meet the requirements of the commissioner;

18 (6) The dental plan organization is financially responsible and
19 may reasonably be expected to meet its obligations to enrollees.
20 In making this determination the commisioner shall consider:

21 (a) The financial soundness of the dental plan's arrange-
22 ments for services and the schedule of charges used;

23 (b) Any arrangement with an insurer or medical or dental
24 service corporation for continuation of coverage in the event

25 of discontinuance of the plan on an indemnity basis through a
26 group vehicle to the end of the period for which premiums were
27 paid to the discontinued dental plan organization; and

28 (c) The sufficiency of an agreement with dentists for the
29 provision of dental services.

30 (7) A general surplus is maintained as required in section 6 of
31 this act;

32 (8) A contingent surplus is accumulated and maintained as re-
33 quired in section 7 of this act; and

34 (9) The condition or methods of operation of the dental plan
35 organization are not such as would render its operations hazardous
36 to its enrollees or the public.

37 b. When the commissioner disapproves an application for a
38 certificate of authority he shall notify the dental plan organization
39 in writing of the reasons for the disapproval.

40 c. A certificate of authority shall expire 1 year following the date
41 of issuance or previous renewal. If the dental plan organization
42 remains in compliance with this act and has paid a renewal fee of
43 \$100.00, its certificate shall be renewed.

1 6. The commissioner may determine, at his discretion, the amount
2 of a general surplus, if any, that the dental plan organization shall
3 be required to maintain.

1 7. A dental plan organization utilizing in the aggregate the
2 services of more than 20 full-time equivalent dentists shall
3 accumulate and maintain a special contingent surplus in excess of
4 its assets over liabilities at the rate of 2% annually of its net
5 contract and certificate income until the surplus totals \$100,000.00.

1 8. a. Any director, officer, employee or partner of a dental plan
2 organization who receives, collects, reimburses or invests moneys
3 in connection with the activities of the organization shall be
4 bonded for his fidelity in an amount which shall be determined by
5 the commissioner.

6 b. Each dentist employed by a dental plan organization shall be
7 insured against professional liability or malpractice by an in-
8 surer licensed to conduct business in this State for such minimum
9 amounts as shall be determined by the commissioner.

1 9. a. An enrollee shall be entitled to receive evidence of coverage
2 or a certificate indicating specifically the nature and extent of
3 coverage, and evidence of the total amount or percentage of pay-
4 ment, if any, which the enrollee is obligated to pay for dental
5 services. If an individual enrollee obtains coverage through an
6 insurance policy or through a contract issued by a medical or
7 dental service corporation, whether by option or otherwise, the

8 insurer or medical or dental service corporation shall issue the
9 evidence of coverage. Otherwise, the dental plan organization shall
10 issue the evidence of coverage.

11 b. No evidence of coverage or amendment thereto shall be issued
12 or delivered to any person until a copy of the form of evidence of
13 coverage or amendment thereto has been filed with the com-
14 missioner.

15 c. Evidence of coverage shall contain a clear and complete
16 statement if a contract, or a reasonably complete summary if a
17 certificate, of:

18 (1) The dental services and the insurance or other benefits, if
19 any, to which enrollees are entitled;

20 (2) Any limitations on the services, kind of services, benefits, or
21 kind of benefits to be provided, including any charge, deductible
22 or co-payment feature;

23 (3) Where and in what manner information is available as to
24 how services may be obtained; and

25 (4) A clear and understandable description of the dental plan
26 organization's method for resolving enrollee's complaints.

27 d. Any subsequent change in the evidence of coverage or the
28 amount or percentage of payment which the enrollee is obligated
29 to pay, shall be evidenced in a separate document issued to the
30 enrollee.

1 10. a. No schedule of charges for enrollee coverage for dental
2 services, or amendment thereto, may be used by a dental plan
3 organization until a copy of such schedule, or amendment thereto,
4 has been filed with the commissioner. The commissioner may dis-
5 approve the schedule of charges at any time if he finds that the
6 charges are excessive, inadequate or unfairly discriminatory. If
7 the commissioner disapproves the schedule of charges he shall
8 notify the dental plan organization within 5 days of the date of
9 disapproval and specify in the notice, the reason for his dis-
10 approval. A hearing shall be granted within 20 days after a request
11 in writing by the filer. It shall be unlawful for any dental plan
12 organization whose schedule of charges has been disapproved to
13 effect any contract or issue any subscription certificate which uses
14 the disapproved schedule of charges until a revised schedule of
15 charges has been filed.

16 b. Charges shall be established in accordance with actuarial
17 principles, but charges applicable to an enrollee shall not be in-
18 dividually determined based on the status of his health.

1 11. a. The commissioner or his designee may, as often as he may
2 reasonably determine, investigate the business and examine the

3 books, accounts, records and files of every dental plan organization.
4 For that purpose the commissioner or his designee shall have
5 reasonably free access to the offices and places of business, books,
6 accounts, papers, records and files of all dental plan organizations.
7 A dental plan organization shall keep and use in its business such
8 books, accounts and records as will enable the commissioner to
9 determine whether the dental plan organization is complying with
10 the provisions of this act and with the rules and regulations
11 promulgated pursuant to it. A dental plan organization shall pre-
12 serve its books, accounts and records for at least 3 years; except
13 that preservation by photographic reproduction or records in
14 photographic form shall constitute compliance with this act.

15 b. For the purpose of the examination, the commissioner may,
16 within the limits of funds appropriated for such purpose, contract
17 with such persons as he may deem advisable to conduct the same
18 or assist therein.

19 c. At the discretion of the commissioner, the Commissioner of
20 Health and the New Jersey State Board of Dentistry may partici-
21 pate in the investigations and examinations described in this
22 section to verify the existence of an effective dental plan.

23 d. The expenses incurred in making any examination pursuant
24 to this section up to \$1,000.00 annually, shall be assessed against
25 and paid by the dental plan organization so examined. Upon
26 written notice by the commissioner of the total amount of an
27 assessment, a dental plan organization shall become liable for and
28 shall pay the assessment to the commissioner.

1 12. a. A dental plan organization shall establish and maintain
2 a complaint system to provide reasonable procedures for the resolu-
3 tion of written complaints initiated by enrollees concerning dental
4 plan services. The dental plan organization shall maintain records
5 of all written complaints initiated by enrollees.

6 b. The commissioner may examine the complaint system and if
7 he determines that the system is not adequate he may require a
8 revision of the complaint system.

1 13. a. Every dental plan organization annually on or before
2 March 1 shall file with the commissioner a report covering its
3 activities for the preceding calendar year.

4 b. The reports shall be on forms prescribed by the commissioner
5 and shall include:

6 (1) A financial statement of the dental plan organization, in-
7 cluding its balance sheet, receipts and disbursements for the pre-
8 ceding year certified by a certified public accountant;

9 (2) Any significant modification of information submitted with
10 the application for a certificate of authority;

11 (3) The number of persons who became enrollees during the
12 year, the number of enrollees as of the end of the year and the
13 number of enrollments terminated during the year;

14 (4) A description of the enrollee complaint system including the
15 procedures of the complaint system, the total number of written
16 complaints handled through the system, a summary of causes
17 underlying the complaints filed, and the number, amount and dis-
18 position of malpractice claims settled during the year by the dental
19 plan organization and any of the dentists used by it; and

20 (5) Any other information relating to the performance of the
21 dental plan organization as required by the commissioner.

1 14. A dental plan organization shall not use more than 30% of
2 its gross contract and certificate income in the first year of opera-
3 tion, 25% in the second year of operation and 20% in any subse-
4 quent year for general expenses, acquisition expenses and mis-
5 cellaneous taxes, licenses and fees.

1 15. a. No dental plan organization, or representative thereof,
2 may cause or knowingly permit the use of advertising which is
3 untrue or misleading, solicitation which is untrue or misleading,
4 or any form of evidence of coverage which is deceptive. For
5 purposes of this act:

6 (1) A statement or item of information shall be deemed to be
7 untrue if it does not conform to fact in any respect which is or may
8 be significant to an enrollee of, or person considering enrollment in,
9 a dental plan;

10 (2) A statement or item of information shall be deemed to be
11 misleading, whether or not it may be literally untrue, if, in the
12 total context in which the statement is made or the item of in-
13 formation is communicated, the statement or item of information
14 may be reasonably understood by a person who does not possess
15 special knowledge regarding dental plan coverage, as indicating
16 any benefit or advantage or the absence of any exclusion, limitation,
17 or disadvantage of possible significance to an enrollee of, or person
18 considering enrollment in a dental plan, if the benefit or advantage
19 or absence of exclusion, limitation, or disadvantage does not in
20 fact exist;

21 (3) Evidence of coverage shall be deemed to be deceptive if the
22 evidence of coverage taken as a whole, and with consideration
23 given to typography, format and language, may cause a person
24 who does not possess special knowledge regarding dental plans and
25 evidences of coverage therefor, to expect benefits, services, charges,

26 or other advantages which the evidence of coverage does not pro-
 27 vide or which the dental plan organization issuing the evidence of
 28 coverage does not regularly make available for enrollees covered
 29 under such evidence of coverage.

30 b. The unfair trade practice provisions contained in chapter 30
 31 of Title 17B of the New Jersey Statutes shall apply to dental plan
 32 organizations, dental plans and evidences of coverage, except to
 33 the extent that the commissioner determines that the nature of
 34 dental plan organizations, dental plans and evidences of coverage
 35 render these sections clearly inappropriate.

36 c. No dental plan organization, unless licensed as an insurer,
 37 may use in its name, evidence of coverage or literature any of the
 38 words "insurance," "assurance," "casualty," "surety,"
 39 "mutual" or any other words descriptive of the insurance, casualty,
 40 or surety business or deceptively similar to the name or description
 41 of any insurer licensed to do business in this State.

42 The provisions of this subsection shall be enforced by the Divi-
 43 sion of Consumer Affairs in the Department of Law and Public
 44 Safety and, where applicable, the commissioner. Nothing in this
 45 act shall limit the powers of the Attorney General and the pro-
 46 cedures with respect to consumer fraud in P. L. 1960, c. 39 (C.
 47 56:8-1 et seq.).

1 16. a. The commissioner may suspend or revoke any certificate
 2 of authority issued to a dental plan organization pursuant to this
 3 act if he finds that any of the following conditions exist:

4 (1) The dental plan organization is operating in a manner
 5 significantly contrary to that described in sections 3 and 4 of this
 6 act;

7 (2) The dental plan organization issues an evidence of coverage
 8 which does not comply with the requirements of section 9 of this
 9 act;

10 (3) The dental plan organization does not provide or arrange
 11 for an effective dental plan as determined by the commissioner;

12 (4) The dental plan organization can no longer be expected to
 13 meet its obligations to enrollees;

14 (5) The dental plan organization, or any authorized person on
 15 its behalf, has advertised or merchandised its services in an untrue
 16 or misleading manner;

17 (6) The dental plan organization has failed to comply with this
 18 act or any rules and regulations promulgated thereunder.

19 b. When the commissioner has cause to believe that grounds for
 20 the suspension or revocation of a certificate of authority exist, he
 21 shall notify the dental plan organization in writing, specifically

22 stating the grounds for suspension or revocation. A hearing on the
23 matter shall be granted by the commissioner within 20 days after
24 a request in writing by the dental plan organization. After the
25 hearing, or upon failure of the dental plan organization to appear
26 at the hearing, the commissioner shall take action on his findings.

27 c. If the commissioner suspends the certificate of authority, the
28 dental plan organization shall not accept any additional enrollees
29 or engage in any advertising or solicitation during the period of
30 the suspension.

31 d. If the commissioner revokes the certificate of authority, the
32 dental plan organization shall proceed to dissolve its structure
33 immediately following the effective date of the order of revocation,
34 and shall conduct no further business except as may be essential
35 to the orderly conclusion of the affairs of the dental plan organiza-
36 tion. The commissioner by written order, however, may permit
37 such further operation of the dental plan organization as he finds
38 to be in the best interest of enrollees to the end that enrollees shall
39 be afforded the greatest practical opportunity to obtain continuing
40 dental plan coverage.

41 e. Notwithstanding the provisions of subsections c. and d. of
42 this section, a dental plan organization which has had its certificate
43 of authority suspended or revoked, or has suffered an adverse
44 decision by the commissioner, shall be entitled to a hearing pursuant
45 to the "Administrative Procedure Act," P. L. 1968, c. 410 (C.
46 52:14B-1 et seq.).

1 17. a. The commissioner may issue an order directing a dental
2 plan organization or a representative of a dental plan organization
3 to cease and desist from engaging in any act or practice in violation
4 of the provisions of this act.

5 b. Within 20 days after service of the order of cease and desist,
6 the respondent may request a hearing on the question of whether
7 acts or practices in violation of this act have occurred. The hearings
8 shall be conducted pursuant to the "Administrative Procedure
9 Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.) and judicial review
10 shall be available as provided therein.

1 18. Any dental plan organization which violates any provisions
2 of this act, or neglects, fails or refuses to comply with any of the
3 requirements of this act, except the failure to file an annual report
4 and the failure to reply in writing to inquiries of the commissioner,
5 shall be liable for a civil penalty of no more than \$1,000.00 for each
6 violation. The penalty may be sued for and recovered by the com-
7 missioner in a summary proceeding pursuant to the "Penalty En-
8 forcement Law" (N. J. S. 2A:58-1 et seq.).

1 19. Whenever any dental plan organization shall become in-
2 solvent or shall suspend its ordinary business for want of funds
3 to carry on the same, or whenever the commissioner shall ascertain,
4 as a result of examination as authorized by this act, or in any
5 other manner, that the dental plan organization is exceeding its
6 powers or violating the law or that its condition or methods of
7 business may render the continuance of its operations hazardous to
8 its enrollees or the public, or that its assets are less than its
9 liabilities, the commissioner may institute an action in the Superior
10 Court to enjoin it from the transaction of any further business, or
11 from the transfer or disposal of its property in any manner
12 whatsoever. The court may proceed in the action in a summary
13 manner or otherwise. It may grant injunctive relief and appoint
14 a receiver, with power to sue for, collect, receive and take into his
15 possession all the goods and chattels, rights and credits, moneys
16 and effects, lands and tenement, books, papers, choses in action,
17 bills, notes and property of every description belonging to the
18 dental plan organization and sell and convey and assign the same,
19 and authorize the purchase of continuing coverage for enrollees
20 utilizing the remaining assets, and hold and dispose of the pro-
21 ceeds thereof under the directions of the Superior Court. The
22 court may cause the receiver to continue the existing operations
23 of the organization, under court supervision, until the next anni-
24 versary of the subscription certificates and contracts then in force.
25 The dental plan organization may be deemed insolvent whenever
26 it is presently or prospectively unable to fulfill its outstanding
27 contracts and to maintain the surpluses required pursuant to this
28 act.

1 20. Applications, filings and reports required under this act
2 except contracts referred to in section 3. c. (4) and 3. c. (5) of this
3 act, shall be treated as public documents and shall not be considered
4 confidential.

1 21. Data or information pertaining to the diagnosis, treatment
2 or health of any enrollee obtained by the dental plan organization
3 from the enrollee or any dentist shall be confidential and shall not
4 be disclosed to any person except to the extent that it may be
5 necessary to carry out the purposes of this act, or upon the express
6 consent of the enrollee, or pursuant to statute or court order for the
7 production of evidence or the discovery thereof, or in the event of
8 claim or litigation between the enrollee and the dental plan orga-
9 nization wherein the data or information is pertinent. A dental
10 plan organization shall be entitled to claim any statutory privileges
11 against such disclosure which the dentist who furnished the in-
12 formation to the dental organization is entitled to claim.

1 22. Except with respect to the dental plan organization activities
2 of a duly organized and authorized insurer or medical or dental
3 service corporation, which activities are authorized and regulated
4 pursuant to this act, this act shall not apply to a person engaged as
5 indemnitor or contractor in the business of life insurance, health
6 insurance or of annuity, nor shall it apply to a medical service
7 corporation or dental service corporation.

1 23. The commissioner may promulgate such rules and regula-
2 tions as he may deem necessary to effectuate the purposes of this
3 act.

1 24. If any section, term or provision of this act shall be adjudged
2 invalid for any reason, such judgment shall not affect, impair or
3 invalidate any other section, term or provision of this act, and the
4 remaining sections, terms and provisions shall be and remain in
5 full force and effect.

1 25. This act shall take effect on the first day of the first month
2 next following 90 days after the date of enactment.

10 b. Does not identify the providers nor describe their professional
11 qualifications, except upon the request of the person being solicited.

12 c. Does not describe the professional experience or attainments
13 of such providers individually or as a group or contain language
14 that directly or indirectly states, evaluates or lauds the pro-
15 fessional competence, skills or reputations of such providers.

16 d. Shall not otherwise cause any of such providers to violate
17 any professional ethics or laws prohibiting the solicitation of
18 patients, except as permitted in this act.

1 21. Approval of advertising matter and sales material. The
2 commissioner shall require that any advertising matter or sales
3 material used in the sale or the presentation for sale of any
4 membership coverage be filed with and approved by him. Within
5 30 days after submission of such advertising matter or sales
6 material the commissioner shall either approve such advertising
7 matter or sales material, or shall disapprove it should he determine
8 that in whole or in part it is false, deceptive or misleading; there-
9 upon he shall in writing so notify the person who submitted the
10 material. Thereafter such advertising matter or sales material
11 may not be made, issued, circulated, displayed or given other use
12 by any person. In addition to the other penalties prescribed by this
13 act, violation hereof shall entitle the commissioner in his discre-
14 tion and without additional cause to withdraw approval of any
15 membership coverage or other form with respect to which such
16 advertising matter or sales material is used.

1 22. Severability. If any section, term, or provision of this act
2 shall be adjudged invalid for any reason, such judgment shall not
3 affect, impair, or invalidate any other section, term, or provision
4 of this act, but the remaining sections, terms, and provisions shall
5 be and remain in full force and effect.

1 23. This act shall take effect immediately.

STATEMENT

One of the newest and most popular employee benefits is pre-paid dental care. In recent years, the courts have found that New Jersey's laws make no direct provision for many such plans. As a result, certain private dental plans, including so-called dental HMO's (Health Maintenance Organizations), have found that they must operate either under the laws affecting single practitioners or seek to function entirely outside of the dental practice and insurance laws—without any regulation protecting the subscribing public.

A 1265 (1979)

This bill is designed to fill this legislative vacuum. It provides for regulation of any dental program serving 100 or more persons. It does so by utilizing expertise of the Departments of Insurance and Health and the State Board of Dentistry.

The major objective of the bill is to assure that patients—or their unions or employees, if they are paying the premiums—are protected in the operation of such plans. It accomplishes this by establishing deposit and reserve requirements, a clear statement of the plans' coverage, annual reporting requirements and regular examination procedures by State authorities.

Nonprofit dental, medical and hospital service corporations and medical HMO's already are covered by law. This bill is particularly designed to permit operation by private dental plans with full safeguards for the public.

ASSEMBLY INSTITUTIONS, HEALTH AND
WELFARE COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1265

STATE OF NEW JERSEY

DATED: NOVEMBER 13, 1978

This bill, entitled the "Dental Plan Organization Act," provides a system for State regulation of private, prepaid employee dental plans. The State Commissioner of Insurance would provide for the regulation of such plans which serve groups of 100 or more persons.

Under existing law, the State supervises commercial indemnity plans and the plans of dental service corporations. But the law does not provide for any supervision of prepaid dental coverage by private groups such as Health Maintenance Organizations. As the sponsor's statement notes, this "legislative vacuum" would be filled by the bill.

SENATE INSTITUTIONS, HEALTH AND WELFARE
COMMITTEE

STATEMENT TO
SENATE COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1265

STATE OF NEW JERSEY

DATED: DECEMBER 10, 1979

This bill provides the Department of Insurance with a means to identify and monitor the financial status of all prepaid and postpaid dental plans for the purpose of ensuring that these plans are operated on a sound financial basis and are capable of providing the services that have been promised to the enrollees. The Senate Committee Substitute incorporates recommendations from the sponsor, the Department of Insurance and the New Jersey Dental Association.

The bill defines "dental plan" as any contractual arrangement for dental services provided directly or arranged for or administered directly on a prepaid or postpaid individual or group capitation basis, and "dental plan organization" as any person who undertakes to provide directly or to arrange for or administer one or more dental plans providing dental services.

Under the provisions of this bill, all dental plan organizations which employ more than one full-time equivalent dentist will be regulated by the Department of Insurance. A dental plan organization is required to: obtain a certificate of authority in order to operate in the State; file all schedules of charges with the commissioner; make available all books, accounts and records of the organization for examination by the commissioner; and report annually on the financial status and activities of the organization. In order to ensure access to the plan by enrollees, the dental plan organization must describe in the application for a certificate of authority, the geographic areas to be served by the plan; this requirement, however, is not intended to limit the number or size of dental plan organizations. In order to ensure the solvency of the organization, the Commissioner may require that an organization maintain a general surplus in an amount determined by him: and, any organization which employs more than 20 full-time equivalent dentists, is required to accumulate and maintain, in addition, a special contingent surplus of \$100,000.00. The commissioner is authorized to suspend or

FISCAL NOTE TO
ASSEMBLY, No. 1265

STATE OF NEW JERSEY

DATED: MAY 4, 1979

Assembly Bill No. 1265 provides a system for State regulation of private, prepaid employee dental plans. The State Commissioner of Insurance would provide for the regulation of such plans which serve groups of 100 or more persons.

Under existing law, the State supervises commercial indemnity plans and the plans of dental service corporations. However, the law does not provide for any supervision of prepaid dental coverage by private groups such as Health Maintenance Organizations. This bill would cover such groups.

The Department of Insurance estimates that enactment of this legislation would increase State revenues by \$31,500.00 for fiscal 1978-79, \$52,500.00 for fiscal 1979-80 and by \$79,000.00 for fiscal 1980-81.

The Department of Insurance further indicated that they know of one dental plan organization that is interested.

The Office of Legislative Services has been advised by the State Dental Association that their estimates are considerably higher than the Department of Insurance. Thus the department's estimates of revenue and cost implementation would appear to be low.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

FEBRUARY 27, 1980

PATRICK J. SWEENEY

Governor Brendan Byrne today signed the following bills in a public ceremony in the Chambers of the New Jersey State Assembly:

A-688, sponsored by Assemblyman Joseph D. Patero (D-Somerset), which is known as the "agency shop" bill. The bill requires payment of a "representation fee in lieu of dues" to the majority representative union by non-members.

The representation fee is to be the equivalent of regular membership dues, initiation fees and assessments, less the cost of benefits so financed which are available only to members. In no event, however, can the representation fee exceed 85 percent of the regular charges.

In addition, a non-member who pays the representation fee may receive refund on a pro rate basis of the cost of: (1) political or ideological activities which are only inadvertently related to the employment; or (2) other benefits available only to members. This does not include lobbying connected with the terms or benefits of the employment.

The bill will take effect on July 1, 1980.

AJR-9, sponsored by Assemblyman Robert D. Franks (R-Union), which provides for the Governor to designate "New Jersey Unity Day", during which time citizens will be encouraged to demonstrate their support for Americans held hostage in Iran by publicly displaying flags.

The Governor signed a proclamation, designating Sunday, March 9, 1980 as "New Jersey Unity Day."

A-1265, sponsored by former Assemblyman Daniel F. Newman (D-Ocean), which is intended to regulate dental plan organizations. The bill will fill a gap in the insurance laws which regulate dental plans run by insurance companies and medical or dental service corporations.

The bill is intended to ensure that dental plan organizations are operated in a sound financial manner, and are able to provide adequate services to their enrollees.