26:2J-47 LEGISLATIVE HISTORY CHECKLIST

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LAWS OF:	2019	CHAP	FER:	148		
NJSA:	•	26:2J-47 (Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.)				
BILL NO:	A5603	(Substi	tuted for	S3957)		
SPONSOR(S)	John F. Mo	cKeaon and o	others			
DATE INTROD	UCED: 6/	17/2019				
COMMITTEE:	AS	SSEMBLY:	Budget	t		
	SE	ENATE:	Budget	t & Appropriations	3	
AMENDED DU	RING PASS	SAGE:	Yes			
DATE OF PASSAGE: ASSEM		//BLY :	6/20/2019			
		SENAT	ſE:	6/202/109		
DATE OF APPROVAL: 6/30/2019						
	ARE ATTAC	HED IF AVA	ILABLE	:		
FINAL TEXT OF BILL (Introduced v			ed versio	on of bill enacted)	1	Yes
A5603 SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill) Yes						
COMMITTEE STATEMENT: ASSEMBLY: Yes			Yes			
					SENATE:	No
(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, <i>may possibly</i> be found at www.njleg.state.nj.us)						

	FLOOR AMENDMENT STATEMENT:		No
	LEGISLATIVE FISCAL ESTIMATE:		Yes
S3957			
	SPONSOR'S STATEMENT: (Begins on page 3	of introduced bill)	Yes
	COMMITTEE STATEMENT:	ASSEMBLY:	No
		SENATE:	Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:		No
LEGISLATIVE FISCAL ESTIMATE:	(apptinued)	Yes

(continued)

GOVERNOR'S PRESS RELEASE ON SIGNING:

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <u>mailto:refdesk@njstatelib.org</u>

REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

RWH/CL

P.L. 2019, CHAPTER 148, *approved June 30, 2019* Assembly, No. 5603

AN ACT concerning the annual assessment on health maintenance
 organizations and amending P.L.2004, c.49.

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

7 1. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read8 as follows:

9 3. a. (1)For the fiscal years 2005 and 2006, the 10 Commissioner of Banking and Insurance shall issue, in accordance 11 with the provisions of this section, a special interim assessment of 12 one percent, and in fiscal year 2007 and each fiscal year thereafter 13 through fiscal year 2019, an annual assessment **[**,**]** in the amount of 14 two percent, and in fiscal year 2020 and each fiscal year thereafter, 15 an annual assessment in the amount of three percent on the net 16 written premiums received by each health maintenance organization 17 granted a certificate of authority to operate in this State pursuant to 18 P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated to the Health 19 Care Subsidy Fund established pursuant to section 8 of P.L.1992, 20 c.160 (C.26:2H-18.58) for the purpose of providing charity care 21 payments to hospitals in accordance with the formula used for the 22 distribution of charity care subsidies that are provided pursuant to 23 P.L.1992, c.160 (C.26:2H-18.51 et al.).

(2) "Net written premiums received" means direct premiums as
reported on the annual financial statement submitted pursuant to
section 9 of P.L.1973, c.337 (C.26:2J-9), and to the commissioner
on a quarterly basis.

28 b. The commissioner shall certify the amount of the annual 29 assessment issued to each health maintenance organization as 30 calculated pursuant to subsection a. of this section. Each health 31 maintenance organization shall remit the amount so certified on a 32 quarterly basis in each fiscal year to the Department of Banking and 33 Insurance in accordance with the procedures established in 34 P.L.1995, c.156 (C.17:1C-19 et seq.), and as prescribed by the 35 commissioner, who may adjust the quarterly payments from time to 36 time as necessary to meet the current and estimated assessment 37 obligation of each health maintenance organization in each fiscal 38 year.

c. Amounts collected by the commissioner shall be allocated to
the Health Care Subsidy Fund established pursuant to section 8 of
P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of

EXPLANATION – Matter enclosed in **bold-faced brackets** [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

	A5603
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1	providing charity care payments to hospitals in accordance with the
2	formula used for the distribution of charity care subsidies that are
3	provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).
4	d. (1) A health maintenance organization shall not impose any
5	additional premium, fee or surcharge on its premium or enrollee
6	charge to recoup any assessment paid pursuant to this section.
7	(2) The provisions of paragraph (1) of this subsection shall not
8 9	apply to a health maintenance organization with respect to any federally funded program underwritten by that health maintenance
10	organization.
11	(cf: P.L.2006, c.43, s.1)
12	
13	2. This act shall take effect immediately and shall apply to
14	assessments made for Fiscal Year 2020 and thereafter.
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16	
17	STATEMENT
18	
19	The Governor's Fiscal Year 2020 budget recommendations
20	include enactment of legislation to increase the HMO assessment
21	from two percent to three percent on net written premiums of health
22 23	maintenance organizations, beginning in Fiscal Year 2020. This assessment is statutorily allocated to the Health Care Subsidy Fund
23 24	for the purpose of providing charity care payments to hospitals in
2 4 25	accordance with the formula used for the distribution of charity care
26	subsidies. The Department of the Treasury estimates that this bill
27	would increase revenue by \$66 million.
28	-
29	
30	
31	
32	Increases annual assessment on net written premiums of HMOs
33	to support charity care from two percent to three percent in FY

34 2020.

ASSEMBLY, No. 5603 STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 17, 2019

Sponsored by: Assemblyman JOHN F. MCKEON District 27 (Essex and Morris) Assemblywoman PATRICIA EGAN JONES District 5 (Camden and Gloucester) Senator NELLIE POU District 35 (Bergen and Passaic)

SYNOPSIS

Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/21/2019)

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1 AN ACT concerning the annual assessment on health maintenance 2 organizations and amending P.L.2004, c.49. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read 8 as follows: 9 3. a. For the fiscal years 2005 and 2006, the (1) 10 Commissioner of Banking and Insurance shall issue, in accordance with the provisions of this section, a special interim assessment of 11 12 one percent, and in fiscal year 2007 and each fiscal year thereafter 13 through fiscal year 2019, an annual assessment **[**,**]** in the amount of 14 two percent, and in fiscal year 2020 and each fiscal year thereafter, 15 an annual assessment in the amount of three percent on the net 16 written premiums received by each health maintenance organization 17 granted a certificate of authority to operate in this State pursuant to 18 P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated to the Health 19 Care Subsidy Fund established pursuant to section 8 of P.L.1992, 20 c.160 (C.26:2H-18.58) for the purpose of providing charity care 21 payments to hospitals in accordance with the formula used for the 22 distribution of charity care subsidies that are provided pursuant to 23 P.L.1992, c.160 (C.26:2H-18.51 et al.). 24 (2) "Net written premiums received" means direct premiums as 25 reported on the annual financial statement submitted pursuant to 26 section 9 of P.L.1973, c.337 (C.26:2J-9), and to the commissioner 27 on a quarterly basis. 28 b. The commissioner shall certify the amount of the annual 29 assessment issued to each health maintenance organization as 30 calculated pursuant to subsection a. of this section. Each health 31 maintenance organization shall remit the amount so certified on a 32 quarterly basis in each fiscal year to the Department of Banking and 33 Insurance in accordance with the procedures established in 34 P.L.1995, c.156 (C.17:1C-19 et seq.), and as prescribed by the 35 commissioner, who may adjust the quarterly payments from time to 36 time as necessary to meet the current and estimated assessment 37 obligation of each health maintenance organization in each fiscal 38 year. 39 Amounts collected by the commissioner shall be allocated to c. 40 the Health Care Subsidy Fund established pursuant to section 8 of 41 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of 42 providing charity care payments to hospitals in accordance with the 43 formula used for the distribution of charity care subsidies that are 44 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

EXPLANATION – Matter enclosed in **bold-faced brackets** [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

A5603 MCKEON, JONES

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1 d. (1) A health maintenance organization shall not impose any 2 additional premium, fee or surcharge on its premium or enrollee 3 charge to recoup any assessment paid pursuant to this section. (2) The provisions of paragraph (1) of this subsection shall not 4 5 apply to a health maintenance organization with respect to any federally funded program underwritten by that health maintenance 6 7 organization. 8 (cf: P.L.2006, c.43, s.1) 9 10 2. This act shall take effect immediately and shall apply to assessments made for Fiscal Year 2020 and thereafter. 11 12 13 14 **STATEMENT** 15 The Governor's Fiscal Year 2020 budget recommendations 16 include enactment of legislation to increase the HMO assessment 17 18 from two percent to three percent on net written premiums of health 19 maintenance organizations, beginning in Fiscal Year 2020. This 20 assessment is statutorily allocated to the Health Care Subsidy Fund for the purpose of providing charity care payments to hospitals in 21 accordance with the formula used for the distribution of charity care 22 23 subsidies. The Department of the Treasury estimates that this bill

24 would increase revenue by \$66 million.

STATEMENT TO

ASSEMBLY, No. 5603

STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Assembly Budget Committee reports favorably Assembly Bill No. 5603.

Assembly Bill No. 5603 increases the HMO assessment from two percent to three percent on net written premiums of health maintenance organizations, beginning in Fiscal Year 2020. This assessment is statutorily allocated to the Health Care Subsidy Fund for the purpose of providing charity care payments to hospitals in accordance with the formula used for the distribution of charity care subsidies.

FISCAL NOTE:

The Office of Legislative Services estimates that the bill will grow annual HMO premiums assessment revenue by about \$100 million starting in FY 2020. However, because of the mechanics of the Executive's federal revenue maximization initiative, the estimated net effect of the bill on the State budget will be an annual increase of approximately \$66 million in federal Medicaid matching fund revenue. This is so because the State's Medicaid managed care organizations are the primary payers of the HMO assessment. After the assessment increases, the reimbursement rates the State pays the Medicaid managed care organizations will also increase, resulting in the State ultimately paying the higher assessment to itself with the Medicaid managed care organizations serving as conduits. The higher State Medicaid expenditures, in turn, will qualify for federal Medicaid matching funds at a rate of 66 percent. The additional \$66 million in federal matching funds reflects the anticipated net impact of the bill on State finances.

Disaggregating the components of the projected \$66 million annual net State revenue increase thus yields an annual State expenditure increase of \$100 million and an annual State revenue gain of \$166 million, of which \$100 million reflects the amount the State pays to itself with the Medicaid managed care organizations serving as conduits and federal matching fund revenue accounting for the remaining \$66 million.

LEGISLATIVE FISCAL ESTIMATE ASSEMBLY, No. 5603 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 21, 2019

SUMMARY

Synopsis:	Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.
Type of Impact:	Annual State revenue and expenditure increases.
Agencies Affected:	Department of Banking and Insurance, Department of Human Services, Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State Revenue Increase	\$166,000,000
Annual State Expenditure Increase	\$100,000,000

• The Office of Legislative Services (OLS) estimates that the bill will grow annual health maintenance organization (HMO) premiums assessment revenue by about \$100 million starting in FY 2020. However, because of the mechanics of the Executive's federal revenue maximization initiative, the estimated net effect of the bill on the State budget will be an annual increase of approximately \$66 million in federal Medicaid matching fund revenue. This is so because the State's Medicaid managed care organizations are the primary payers of the HMO assessment. After the assessment increases, the reimbursement rates the State pays the Medicaid managed care organizations will increase accordingly, resulting in the State ultimately paying the higher assessment to itself with the Medicaid managed care organizations serving as conduits. The higher State Medicaid expenditures, in turn, will qualify for federal Medicaid matching funds at a rate of 66 percent. The additional \$66 million in federal funds reflects the anticipated net impact of the bill on State finances.

BILL DESCRIPTION

This bill raises, beginning in FY 2020, the HMO premiums assessment from two percent to three percent of net written premiums received by each HMO. Assessment collections are deposited into the dedicated, off-budget Health Care Subsidy Fund, which receives its revenues from several State taxes with the State General Fund frequently providing additional



support. Fund expenditures support several Statewide health care initiatives with the NJ FamilyCare/Medicaid program currently receiving the largest allocation of fund resources.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal, written fiscal note on this bill. But the Governor's FY 2020 Budget projects that HMO premiums assessment collections will increase from \$200 million in FY 2019 to \$300 million in FY 2020. The Executive has indicated to the OLS that the mechanics of its federal revenue maximization initiative will play out so that the net effect of the initiative on the FY 2020 State budget will not be a revenue gain of \$100 million. Instead, the Executive anticipates a net increase of \$66 million in federal Medicaid matching funds that is intended to be used to reduce FY 2020 State General Fund appropriation to the NJ FamilyCare/Medicaid program.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will grow annual HMO premiums assessment revenue by about \$100 million starting in FY 2020. However, because of the mechanics of the Executive's federal revenue maximization initiative, the estimated net effect of the bill on the State budget will be an annual increase of approximately \$66 million in federal Medicaid matching fund revenue. This is so because the State's Medicaid managed care organizations are the primary payers of the HMO premiums assessment. After the assessment increases, the reimbursement rates the State pays the Medicaid managed care organizations will increase accordingly, resulting in the State ultimately paying the higher assessment to itself with the Medicaid managed care organizations serving as conduits. The higher State Medicaid expenditures, in turn, will qualify for federal Medicaid matching funds at a rate of 66 percent. The additional \$66 million in federal matching funds reflects the anticipated net impact of the bill on State finances.

Disaggregating the components of the projected \$66 million annual net State revenue increase thus yields an annual State expenditure increase of \$100 million and an annual State revenue gain of \$166 million, of which \$100 million reflects the amount the State pays to itself with the Medicaid managed care organizations serving as conduits and federal matching fund revenue accounting for the remaining \$66 million.

HMO premiums assessment collections totaled \$196.1 million in FY 2017 and \$196.0 million in FY 2018. The Executive anticipates the assessment to yield \$200.0 million in FY 2019 and \$300.0 million in FY 2020.

Office:	Legislative Budget and Finance Office
Analyst:	Thomas Koenig Assistant Legislative Budget and Finance Officer
Approved:	Frank W. Haines III Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 3957 **STATE OF NEW JERSEY** 218th LEGISLATURE

INTRODUCED JUNE 17, 2019

Sponsored by: Senator NELLIE POU District 35 (Bergen and Passaic)

SYNOPSIS

Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

CURRENT VERSION OF TEXT

As introduced.



2

1 AN ACT concerning the annual assessment on health maintenance 2 organizations and amending P.L.2004, c.49. 3 4 **BE IT ENACTED** by the Senate and General Assembly of the State 5 of New Jersey: 6 7 1. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read 8 as follows: 9 3. a. (1) For the fiscal years 2005 and 2006, the Commissioner 10 of Banking and Insurance shall issue, in accordance with the provisions of this section, a special interim assessment of one 11 12 percent, and in fiscal year 2007 and each fiscal year thereafter 13 through fiscal year 2019, an annual assessment **[**,**]** in the amount of 14 two percent, and in fiscal year 2020 and each fiscal year thereafter, 15 an annual assessment in the amount of three percent on the net 16 written premiums received by each health maintenance organization 17 granted a certificate of authority to operate in this State pursuant to 18 P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated to the Health 19 Care Subsidy Fund established pursuant to section 8 of P.L.1992, 20 c.160 (C.26:2H-18.58) for the purpose of providing charity care 21 payments to hospitals in accordance with the formula used for the 22 distribution of charity care subsidies that are provided pursuant to 23 P.L.1992, c.160 (C.26:2H-18.51 et al.). 24 (2) "Net written premiums received" means direct premiums as 25 reported on the annual financial statement submitted pursuant to 26 section 9 of P.L.1973, c.337 (C.26:2J-9), and to the commissioner 27 on a quarterly basis. 28 b. The commissioner shall certify the amount of the annual 29 assessment issued to each health maintenance organization as 30 calculated pursuant to subsection a. of this section. Each health 31 maintenance organization shall remit the amount so certified on a 32 quarterly basis in each fiscal year to the Department of Banking and 33 Insurance in accordance with the procedures established in 34 P.L.1995, c.156 (C.17:1C-19 et seq.), and as prescribed by the 35 commissioner, who may adjust the quarterly payments from time to 36 time as necessary to meet the current and estimated assessment 37 obligation of each health maintenance organization in each fiscal 38 year. 39 Amounts collected by the commissioner shall be allocated to c. 40 the Health Care Subsidy Fund established pursuant to section 8 of 41 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of 42 providing charity care payments to hospitals in accordance with the 43 formula used for the distribution of charity care subsidies that are 44 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

EXPLANATION – Matter enclosed in **bold-faced brackets** [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

S3957 POU

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1 d. (1) A health maintenance organization shall not impose any 2 additional premium, fee or surcharge on its premium or enrollee 3 charge to recoup any assessment paid pursuant to this section. (2) The provisions of paragraph (1) of this subsection shall not 4 5 apply to a health maintenance organization with respect to any federally funded program underwritten by that health maintenance 6 7 organization. 8 (cf: P.L.2006, c.43, s.1) 9 10 2. This act shall take effect immediately and shall apply to assessments made for Fiscal Year 2020 and thereafter. 11 12 13 14 **STATEMENT** 15 The Governor's Fiscal Year 2020 budget recommendations 16 include enactment of legislation to increase the HMO assessment 17 18 from two percent to three percent on net written premiums of health 19 maintenance organizations, beginning in Fiscal Year 2020. This 20 assessment is statutorily allocated to the Health Care Subsidy Fund for the purpose of providing charity care payments to hospitals in 21 22 accordance with the formula used for the distribution of charity care 23 subsidies. The Department of the Treasury estimates that this bill

24 would increase revenue by \$66 million.

STATEMENT TO

SENATE, No. 3957

STATE OF NEW JERSEY

DATED: JUNE 17, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3957.

Senate Bill No. 3957 provides for the Governor's Fiscal Year 2020 budget recommendations by increasing the HMO assessment from two percent to three percent on net written premiums of health maintenance organizations, beginning in Fiscal Year 2020. This assessment is statutorily allocated to the Health Care Subsidy Fund for the purpose of providing charity care payments to hospitals in accordance with the formula used for the distribution of charity care subsidies. The Department of the Treasury estimates that this bill would increase revenue by \$66 million.

FISCAL IMPACT:

The Office of Legislative Services estimates that the bill will grow annual HMO premiums assessment revenue by about \$100 million starting in FY 2020. However, because of the mechanics of the Executive's federal revenue maximization initiative, the estimated net effect of the bill on the State budget will be an annual increase of approximately \$66 million in federal Medicaid matching fund revenue. This is so because the State's Medicaid managed care organizations are the primary payers of the HMO assessment. After the assessment increases, the reimbursement rates the State pays the Medicaid managed care organizations will also increase, resulting in the State ultimately paying the higher assessment to itself with the Medicaid managed care organizations serving as conduits. The higher State Medicaid expenditures, in turn, will qualify for federal Medicaid matching funds at a rate of 66 percent. The additional \$66 million in federal matching funds reflects the anticipated net impact of the bill on State finances.

Disaggregating the components of the projected \$66 million annual net State revenue increase thus yields an annual State expenditure increase of \$100 million and an annual State revenue gain of \$166 million, of which \$100 million reflects the amount the State pays to itself with the Medicaid managed care organizations serving as conduits and federal matching fund revenue accounting for the remaining \$66 million.

LEGISLATIVE FISCAL ESTIMATE SENATE, No. 3957 STATE OF NEW JERSEY 218th LEGISLATURE

DATED: JUNE 21, 2019

SUMMARY

Synopsis:	Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.
Type of Impact:	Annual State revenue and expenditure increases.
Agencies Affected:	Department of Banking and Insurance, Department of Human Services, Department of Health.

Office of Legislative Services Estimate

Fiscal Impact	
Annual State Revenue Increase	\$166,000,000
Annual State Expenditure Increase	\$100,000,000

• The Office of Legislative Services (OLS) estimates that the bill will grow annual health maintenance organization (HMO) premiums assessment revenue by about \$100 million starting in FY 2020. However, because of the mechanics of the Executive's federal revenue maximization initiative, the estimated net effect of the bill on the State budget will be an annual increase of approximately \$66 million in federal Medicaid matching fund revenue. This is so because the State's Medicaid managed care organizations are the primary payers of the HMO assessment. After the assessment increases, the reimbursement rates the State pays the Medicaid managed care organizations will increase accordingly, resulting in the State ultimately paying the higher assessment to itself with the Medicaid managed care organizations serving as conduits. The higher State Medicaid expenditures, in turn, will qualify for federal Medicaid matching funds at a rate of 66 percent. The additional \$66 million in federal funds reflects the anticipated net impact of the bill on State finances.

BILL DESCRIPTION

This bill raises, beginning in FY 2020, the HMO premiums assessment from two percent to three percent of net written premiums received by each HMO. Assessment collections are deposited into the dedicated, off-budget Health Care Subsidy Fund, which receives its revenues from several State taxes with the State General Fund frequently providing additional



support. Fund expenditures support several Statewide health care initiatives with the NJ FamilyCare/Medicaid program currently receiving the largest allocation of fund resources.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal, written fiscal note on this bill. But the Governor's FY 2020 Budget projects that HMO premiums assessment collections will increase from \$200 million in FY 2019 to \$300 million in FY 2020. The Executive has indicated to the OLS that the mechanics of its federal revenue maximization initiative will play out so that the net effect of the initiative on the FY 2020 State budget will not be a revenue gain of \$100 million. Instead, the Executive anticipates a net increase of \$66 million in federal Medicaid matching funds that is intended to be used to reduce FY 2020 State General Fund appropriation to the NJ FamilyCare/Medicaid program.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill will grow annual HMO premiums assessment revenue by about \$100 million starting in FY 2020. However, because of the mechanics of the Executive's federal revenue maximization initiative, the estimated net effect of the bill on the State budget will be an annual increase of approximately \$66 million in federal Medicaid matching fund revenue. This is so because the State's Medicaid managed care organizations are the primary payers of the HMO premiums assessment. After the assessment increases, the reimbursement rates the State pays the Medicaid managed care organizations will increase accordingly, resulting in the State ultimately paying the higher assessment to itself with the Medicaid managed care organizations serving as conduits. The higher State Medicaid expenditures, in turn, will qualify for federal Medicaid matching funds at a rate of 66 percent. The additional \$66 million in federal matching funds reflects the anticipated net impact of the bill on State finances.

Disaggregating the components of the projected \$66 million annual net State revenue increase thus yields an annual State expenditure increase of \$100 million and an annual State revenue gain of \$166 million, of which \$100 million reflects the amount the State pays to itself with the Medicaid managed care organizations serving as conduits and federal matching fund revenue accounting for the remaining \$66 million.

HMO premiums assessment collections totaled \$196.1 million in FY 2017 and \$196.0 million in FY 2018. The Executive anticipates the assessment to yield \$200.0 million in FY 2019 and \$300.0 million in FY 2020.

Office:	Legislative Budget and Finance Office
Analyst:	Thomas Koenig Assistant Legislative Budget and Finance Officer
Approved:	Frank W. Haines III Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Murphy Signs Fiscal Year 2020 Budget into Law and Acts on Other Legislation

06/30/2019

TRENTON - Today, Governor Phil Murphy took action on the following bills:

BILLS SIGNED:

A-5601/S-3956 (Pintor Marin, Jones, Johnson/Sarlo) – with Line Item Veto – Makes Fiscal Year 2019 State supplemental appropriations totaling \$34,208,000.

Line Item Veto of A-5601

Line Item Veto Message on A-5601

S-3042/A-4619 (Sarlo, Oroho/Pintor Marin, Wirths) – Creates subaccounts for SHBP and SEHBP health care services and prescription drug claims; requires procurement by State of third-party medical claims reviewer.

S-3599/A-5185 (Singleton/Wimberly, Jasey, Speight) – Revises neighborhood revitalization tax credit program to increase permitted annual tax credit allocation to \$15 million.

A-5604/S-2298 (Freiman, Pinkin, Milam, DePhillips, Zwicker, Land/Corrado, Singleton) – Increases tax credit provided for qualified investments under "New Jersey Angel Investor Tax Credit Act."

A-5609/S-3960 (Land, Freiman, Armato, Johnson, Mukherji, Milam, Mazzeo/Sarlo, Addiego) – Increases gross income tax deduction available to veterans from \$3,000 to \$6,000.

A-5385/S-3877 (Burzichelli, Pintor Marin, Reynolds-Jackson/Sarlo, Singleton) – Concerns sale, taxation, and forfeiture of container e-liquid.

A-5603/S-3957 (McKeon, Jones/Pou) – Increases annual assessment on net written premiums of HMOs to support charity care from two percent to three percent in FY 2020.

A-5607/S-3958 (Murphy, Johnson/Sweeney) – Provides limited period for dissolution or reinstatement of revoked or inactive business charters using expedited process, allows for payment of reduced administrative fee, and revises certain business filing fees.

S-2020/A-5600 (Sarlo/Pintor Marin, Burzichelli) – with Line Item Veto – Appropriates \$38,748,610,000 in State funds and \$16,748,645,972 in federal funds for the State budget for fiscal year 2019-2020.

Line Item Veto of S-2020

Line Item Veto Message on S-2020

A-5610/S-3984 (McKnight, Quijano, Mosquera, Mukherji/Weinberg) – Makes FY 2020 supplemental appropriation of \$12.453 million; amends appropriations for Camp Irvington and Turtle Back Zoo; adds language provision appropriating \$3.1 million for immigration status-related legal assistance.

A-5611/S-3987 (Timberlake, Giblin, McKeon/Codey, Gill) – Makes Fiscal Year 2020 State supplemental appropriation of \$7,500,000 for East Orange General Hospital.

BILLS VETOED:

A-5098/S-3491 (Pintor Marin, Chaparro, Jimenez/Ruiz, Codey) – CONDITIONAL – Raises, over time, hourly Medicaid reimbursement rate for personal care services to \$25.

Copy of Message on A-5098