



LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1998

CHAPTER:132

NJSA: 17:48E-17

"Health Maintenance Organizations -- investments"

BILL NO: S1243 (Substituted for A2276 - 1st Reprint)

SPONSOR(S): Bassano and Codey

DATE INTRODUCED: June 25, 1998

COMMITTEE:

ASSEMBLY: ~~~~~

SENATE: Commerce

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE:

ASSEMBLY: October 29, 1998

SENATE: October 22, 1998

DATE OF APPROVAL: November 16, 1998

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: 1st Reprint

(Amendments during passage denoted by superscript numbers)

S1243

SPONSORS STATEMENT: *Yes* (Begins on page 3 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY:*No*

SENATE:*Yes*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

A2276

SPONSORS STATEMENT: *Yes* (Begins on page 3 of original bill)
(Bill and Sponsors Statement identical to S1243)

COMMITTEE STATEMENT:

ASSEMBLY: *Yes*

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

*To check for circulating copies contact New Jersey State Government Publications at the State Library (609) 278-2640
ext. 102 or refdesk@njstatelib.org*

REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES:

See Model Insurance Company Holding Act, available in:

KF 1165 N5

Billig, Thomas Clifford, 1894-, National Association of Insurance Commissioners.

Official N.A.I.C. model insurance laws, regulations, and guidelines

Minneapolis : Niars Corporation, c1977.

Volume 2, pages 440-1 to 440-4.

[First Reprint]

SENATE, No. 1243

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 25, 1998

Sponsored by:

Senator C. LOUIS BASSANO

District 21 (Essex and Union)

Senator RICHARD J. CODEY

District 27 (Essex)

Co-Sponsored by:

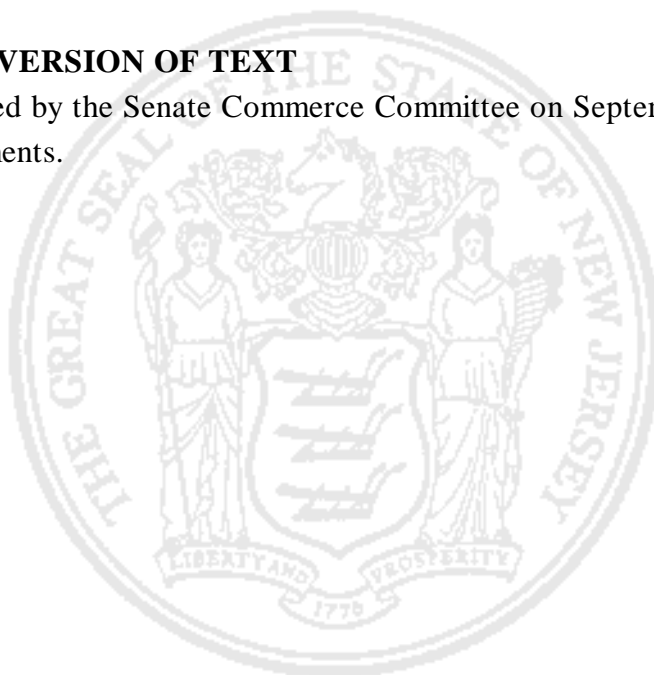
Assemblymen Bateman and Garcia

SYNOPSIS

Concerns investments of health service corporations in subsidiaries.

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee on September 24, 1998,
with amendments.



(Sponsorship Updated As Of: 10/30/1998)

1 AN ACT concerning investments of health service corporations in
2 subsidiaries and amending P.L.1985, c.236.

3

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

6

7 1. Section 17 of P.L.1985, c.236 (C.17:48E-17) is amended to
8 read as follows:

9 17. a. No health service corporation shall during any one year
10 disburse more than 10% of the aggregate amount of the payments
11 received from subscribers during that year as expenditures for the
12 soliciting of subscribers, except that during the first year after the
13 issuance of a certificate of authority a health service corporation may
14 so disburse not more than 20% of that amount and during the second
15 year, not more than 15%.

16 b. No health service corporation shall, during any one year,
17 disburse a sum greater than 20% of the payments received from
18 subscribers during that year as administrative expenses. The term
19 "administrative expenses," as used in this section, shall include all
20 expenditures for nonprofessional services and in general all expenses
21 not directly connected with the furnishing of services or benefits, but
22 not including expenses of soliciting subscribers.

23 c. The funds of any health service corporation may be invested to
24 the same extent now or hereafter permitted by law for the investment
25 of funds of domestic life insurance companies, including investments
26 as provided in subsection e. of section 3 of P.L.1985, c.236
27 (C.17:48E-3) in life, health or accident insurance companies or other
28 for-profit subsidiaries such as insurance agencies, suppliers of
29 administrative services only, or any other subsidiaries permitted
30 pursuant to N.J.S.17B:20-4, and for the purpose of engaging in any
31 aspect of its business directly or through one or more subsidiaries or
32 affiliates, including life, health or accident insurance companies.

33 In calculating the amount of such investments pursuant to N.J.S.
34 17B:20-4, investments in ¹[domestic or foreign insurance subsidiaries
35 and]¹ health maintenance organizations shall be excluded.

36 d. A health service corporation may supply administrative services
37 only, and may supply administrative services either directly or through
38 a subsidiary or affiliate.

39 e. (Deleted by amendment, P.L.1988, c.71.)

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 thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SCM committee amendments adopted September 24, 1998.

S1243 [1R] BASSANO, CODEY

3

- 1 f. (Deleted by amendment, P.L.1988, c.71.)
- 2 (cf: P.L.1992, c.21, s.1)
- 3
- 4 2. This act shall take effect immediately.

SENATE, No. 1243

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 25, 1998

Sponsored by:

Senator C. LOUIS BASSANO
District 21 (Essex and Union)
Senator RICHARD J. CODEY
District 27 (Essex)

SYNOPSIS

Concerns investments of health service corporations in subsidiaries.

CURRENT VERSION OF TEXT

As introduced.



S1243 BASSANO, CODEY

2

1 AN ACT concerning investments of health service corporations in
2 subsidiaries and amending P.L.1985, c.236.

3

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

6

7 1. Section 17 of P.L.1985, c.236 (C.17:48E-17) is amended to
8 read as follows:

9 17. a. No health service corporation shall during any one year
10 disburse more than 10% of the aggregate amount of the payments
11 received from subscribers during that year as expenditures for the
12 soliciting of subscribers, except that during the first year after the
13 issuance of a certificate of authority a health service corporation may
14 so disburse not more than 20% of that amount and during the second
15 year, not more than 15%.

16 b. No health service corporation shall, during any one year,
17 disburse a sum greater than 20% of the payments received from
18 subscribers during that year as administrative expenses. The term
19 "administrative expenses," as used in this section, shall include all
20 expenditures for nonprofessional services and in general all expenses
21 not directly connected with the furnishing of services or benefits, but
22 not including expenses of soliciting subscribers.

23 c. The funds of any health service corporation may be invested to
24 the same extent now or hereafter permitted by law for the investment
25 of funds of domestic life insurance companies, including investments
26 as provided in subsection e. of section 3 of P.L.1985, c.236
27 (C.17:48E-3) in life, health or accident insurance companies or other
28 for-profit subsidiaries such as insurance agencies, suppliers of
29 administrative services only, or any other subsidiaries permitted
30 pursuant to N.J.S.17B:20-4, and for the purpose of engaging in any
31 aspect of its business directly or through one or more subsidiaries or
32 affiliates, including life, health or accident insurance companies.

33 In calculating the amount of such investments pursuant to N.J.S.
34 17B:20-4, investments in domestic or foreign insurance subsidiaries
35 and health maintenance organizations shall be excluded.

36 d. A health service corporation may supply administrative services
37 only, and may supply administrative services either directly or through
38 a subsidiary or affiliate.

39 e. (Deleted by amendment, P.L.1988, c.71.)

40 f. (Deleted by amendment, P.L.1988, c.71.)

41 (cf: P.L.1992, c.21, s.1)

42

43 2. This act shall take effect immediately.

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 thus is new matter.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 1243

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 24, 1998

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1243.

This bill, as amended by the committee, permits health service corporations to invest in health maintenance organization subsidiaries licensed by any state, without regard to the current 8% of admitted assets limitation on subsidiary investments. This bill would adopt the Model Law language approved by the National Association of Insurance Commissioners as it pertains to such investments. As amended, this bill is identical to Assembly, No. 2276 (1R).

ASSEMBLY, No. 2276

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 29, 1998

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman RAUL "RUDY" GARCIA

District 33 (Hudson)

SYNOPSIS

Concerns investments of health service corporations in subsidiaries.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning investments of health service corporations in
2 subsidiaries and amending P.L.1985, c.236.

3

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

6

7 1. Section 17 of P.L.1985, c.236 (C.17:48E-17) is amended to
8 read as follows:

9 17. a. No health service corporation shall during any one year
10 disburse more than 10% of the aggregate amount of the payments
11 received from subscribers during that year as expenditures for the
12 soliciting of subscribers, except that during the first year after the
13 issuance of a certificate of authority a health service corporation may
14 so disburse not more than 20% of that amount and during the second
15 year, not more than 15%.

16 b. No health service corporation shall, during any one year,
17 disburse a sum greater than 20% of the payments received from
18 subscribers during that year as administrative expenses. The term
19 "administrative expenses," as used in this section, shall include all
20 expenditures for nonprofessional services and in general all expenses
21 not directly connected with the furnishing of services or benefits, but
22 not including expenses of soliciting subscribers.

23 c. The funds of any health service corporation may be invested to
24 the same extent now or hereafter permitted by law for the investment
25 of funds of domestic life insurance companies, including investments
26 as provided in subsection e. of section 3 of P.L.1985, c.236
27 (C.17:48E-3) in life, health or accident insurance companies or other
28 for-profit subsidiaries such as insurance agencies, suppliers of
29 administrative services only, or any other subsidiaries permitted
30 pursuant to N.J.S.17B:20-4, and for the purpose of engaging in any
31 aspect of its business directly or through one or more subsidiaries or
32 affiliates, including life, health or accident insurance companies.

33 In calculating the amount of such investments pursuant to N.J.S.
34 17B:20-4, investments in domestic or foreign insurance subsidiaries
35 and health maintenance organizations shall be excluded.

36 d. A health service corporation may supply administrative services
37 only, and may supply administrative services either directly or through
38 a subsidiary or affiliate.

39 e. (Deleted by amendment, P.L.1988, c.71.)

40 f. (Deleted by amendment, P.L.1988, c.71.)

41 (cf: P.L. 1992, c.21, s.1)

42

43 2. This act shall take effect immediately.

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 thus is new matter.

1 STATEMENT

2

3 This bill permits health service corporations to invest in insurance
4 and health maintenance organization subsidiaries, without regard to
5 the current 8% of admitted assets limitation on subsidiary investments.

6 This bill would adopt the Model Law language approved by the
7 National Association of Insurance Commissioners as pertains to such
8 investments.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2276

STATE OF NEW JERSEY

DATED: SEPTEMBER 14, 1998

The Assembly Banking and Insurance Committee reports favorably and with committee amendments, Assembly Bill No. 2276.

This bill, as amended by the committee, permits health service corporations to invest in health maintenance organization subsidiaries licensed by any state, without regard to the current 8% of admitted assets limitation on subsidiary investments. The committee amended the bill to have the exclusion to this 8 percent cap only apply to investments in health maintenance organization subsidiaries. The exclusion to the cap, with regard to domestic or foreign insurance subsidiaries was deleted from the bill by the committee. This bill would adopt the Model Law language approved by the National Association of Insurance Commissioners as it pertains to such investments.

Office of the Governor

PO BOX 004
TRENTON, NJ 08625

NEWS RELEASE

CONTACT: Jayne O'Connor
Gene Herman 609-777-2600

RELEASE: November 16, 1998

Gov. Christie Whitman today signed legislation that will permit health service corporations to invest in insurance and health maintenance organization subsidiaries without being subject to the current eight percent limitation on admitted assets on subsidiary investments.

The legislation, S-1243, adopts the model law language approved by the National Association of Insurance Commissioners. The bill will allow New Jersey Blue Cross and Blue Shield to meet national Blue Cross requirements and New Jersey state law.

The legislation was sponsored by Senator C. Louis Bassano (R-Essex/Union) and Richard J. Codey (D-Essex) and Assembly Members Christopher "Kip" Bateman (R-Morris/Somerset) and Raul "Rudy" Garcia (D-Hudson).