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P.L. 2003, CHAPTER 154, *approved August 15, 2003*  
Assembly Bill No. 3355

1 **AN ACT** concerning experience rating of certain dental service  
2 corporations, amending and supplementing P.L.1968, c.305 and  
3 repealing section 19 of P.L.1968, c.305.

4

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

7

8 1. (New section) a. A group contract covering at least 10  
9 employees or members may provide for the adjustment of the rate of  
10 premium based on past or projected experience, and may include those  
11 claim costs and utilization trend factors which the dental service  
12 corporation deems necessary in its discretion. No dental service  
13 corporation shall use any form of prospective or retrospective  
14 experience rating plan until it shall have filed with the Commissioner  
15 of Banking and Insurance the formulas to be used and the classes or  
16 groups to which they are to apply. The commissioner may disapprove  
17 the formulas or classes at any time if the commissioner finds that the  
18 rates produced thereby are excessive, inadequate or unfairly  
19 discriminatory or that the formulas or classes are such as to prejudice  
20 the interests of persons who are eligible for coverage under contracts  
21 with the dental service corporation which are not subject to experience  
22 rating.

23 b. An experience rating formula used pursuant to this section may  
24 provide for the allowance of an equitable discount if the policyholder  
25 agrees to perform certain administrative and recordkeeping functions  
26 in connection with the routine maintenance of the group contract.

27 c. Nothing in this section shall preclude a dental service  
28 corporation from incorporating in the rating formulas those claim cost  
29 and utilization trend factors which it deems necessary in its discretion,  
30 so long as the rates produced are self-supporting in the aggregate, not  
31 excessive, and the formulas for classes do not prejudice the interests  
32 of persons who are eligible for coverage under contracts with the  
33 dental service corporation which are not subject to experience rating.

34 d. The commissioner may, by regulation, prohibit or limit the  
35 experience rating of contracts covering groups of fewer than 50  
36 employees or members if the commissioner determines that experience  
37 rating of those contracts is not in the public interest.

38

39 2. Section 20 of P.L.1968, c.305 (C.17:48C-20) is amended to  
40 read as follows:

**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       20. A dental service corporation of this State may enter into  
2 agreements to participate with other corporations in the issuance of  
3 group contracts to policyholders whose employees or members are  
4 located in more than one [State] state. Without regard to the [size  
5 limitation and the percentage] limitations specified in [the first and  
6 second paragraphs, respectively, of section 19 of this act] section 1 of  
7 P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (now before the Legislature as this bill), the  
8 agreements may provide for experience rating, for a sharing of the  
9 premium, claims, and expenses by the participating corporations or  
10 for acceptance or ceding of the whole or portions of group risks on a  
11 reinsurance basis. No such agreements shall, however, prejudice the  
12 interests of persons who are eligible for dental services under other  
13 contracts with the dental service corporation. Such agreements shall  
14 be filed with and approved by the commissioner before becoming  
15 effective.

16 (cf: P.L.1968, c.305, s.20)

17

18       3. Section 19 of P.L.1968, c.305 (C.17:48C-19) is repealed.

19

20       4. This act shall take effect immediately.

21

22

23

#### STATEMENT

24

25       This bill is designed to update the provisions of the "Dental Service  
26 Corporation Act of 1968" with respect to experience rating.  
27 Currently, all other service corporations regulated by the Department  
28 of Banking and Insurance are allowed to experience-rate groups with  
29 fewer than 100 employees or members. Similarly, dental indemnity  
30 carriers are permitted to experience-rate groups of fewer than 100  
31 persons. This bill will clarify that such experience rating is permissible  
32 by dental service corporations and assure that there is competition  
33 among the various types of entities which can write dental coverage in  
34 the State of New Jersey.

35       The bill also eliminates certain obsolete provisions from the "Dental  
36 Service Corporation Act of 1968" by repealing section 19 (C.17:48C-  
37 19), which prohibits retrospective rating and requires that rates which  
38 are experience-rated fall within certain percentage parameters or  
39 "bands" of the norm. No other service corporation or indemnity  
40 carrier is subject to any such restrictions.

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45       Concerns experience rating by certain dental service corporations.

# ASSEMBLY, No. 3355

## STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED FEBRUARY 24, 2003

**Sponsored by:**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Assemblyman CHRISTOPHER "KIP" BATEMAN**

**District 16 (Morris and Somerset)**

**Co-Sponsored by:**

**Senators Matheussen and Vitale**

**SYNOPSIS**

Concerns experience rating by certain dental service corporations.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/24/2003)**

1 AN ACT concerning experience rating of certain dental service  
2 corporations, amending and supplementing P.L.1968, c.305 and  
3 repealing section 19 of P.L.1968, c.305.

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

7  
8 1. (New section) a. A group contract covering at least 10  
9 employees or members may provide for the adjustment of the rate of  
10 premium based on past or projected experience, and may include those  
11 claim costs and utilization trend factors which the dental service  
12 corporation deems necessary in its discretion. No dental service  
13 corporation shall use any form of prospective or retrospective  
14 experience rating plan until it shall have filed with the Commissioner  
15 of Banking and Insurance the formulas to be used and the classes or  
16 groups to which they are to apply. The commissioner may disapprove  
17 the formulas or classes at any time if the commissioner finds that the  
18 rates produced thereby are excessive, inadequate or unfairly  
19 discriminatory or that the formulas or classes are such as to prejudice  
20 the interests of persons who are eligible for coverage under contracts  
21 with the dental service corporation which are not subject to experience  
22 rating.

23 b. An experience rating formula used pursuant to this section may  
24 provide for the allowance of an equitable discount if the policyholder  
25 agrees to perform certain administrative and recordkeeping functions  
26 in connection with the routine maintenance of the group contract.

27 c. Nothing in this section shall preclude a dental service  
28 corporation from incorporating in the rating formulas those claim cost  
29 and utilization trend factors which it deems necessary in its discretion,  
30 so long as the rates produced are self-supporting in the aggregate, not  
31 excessive, and the formulas for classes do not prejudice the interests  
32 of persons who are eligible for coverage under contracts with the  
33 dental service corporation which are not subject to experience rating.

34 d. The commissioner may, by regulation, prohibit or limit the  
35 experience rating of contracts covering groups of fewer than 50  
36 employees or members if the commissioner determines that experience  
37 rating of those contracts is not in the public interest.

38  
39 2. Section 20 of P.L.1968, c.305 (C.17:48C-20) is amended to  
40 read as follows:

41 20. A dental service corporation of this State may enter into  
42 agreements to participate with other corporations in the issuance of  
43 group contracts to policyholders whose employees or members are

**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 located in more than one [State] state. Without regard to the [size  
2 limitation and the percentage] limitations specified in [the first and  
3 second paragraphs, respectively, of section 19 of this act] section 1 of  
4 P.L. , c. (C. ) (now before the Legislature as this bill), the  
5 agreements may provide for experience rating, for a sharing of the  
6 premium, claims, and expenses by the participating corporations or  
7 for acceptance or ceding of the whole or portions of group risks on a  
8 reinsurance basis. No such agreements shall, however, prejudice the  
9 interests of persons who are eligible for dental services under other  
10 contracts with the dental service corporation. Such agreements shall  
11 be filed with and approved by the commissioner before becoming  
12 effective.

13 (cf: P.L.1968, c.305, s.20)

14

15 3. Section 19 of P.L.1968, c.305 (C.17:48C-19) is repealed.

16

17 4. This act shall take effect immediately.

18

19

20

#### STATEMENT

21

22 This bill is designed to update the provisions of the "Dental Service  
23 Corporation Act of 1968" with respect to experience rating.  
24 Currently, all other service corporations regulated by the Department  
25 of Banking and Insurance are allowed to experience-rate groups with  
26 fewer than 100 employees or members. Similarly, dental indemnity  
27 carriers are permitted to experience-rate groups of fewer than 100  
28 persons. This bill will clarify that such experience rating is permissible  
29 by dental service corporations and assure that there is competition  
30 among the various types of entities which can write dental coverage in  
31 the State of New Jersey.

32 The bill also eliminates certain obsolete provisions from the "Dental  
33 Service Corporation Act of 1968" by repealing section 19 (C.17:48C-  
34 19), which prohibits retrospective rating and requires that rates which  
35 are experience-rated fall within certain percentage parameters or  
36 "bands" of the norm. No other service corporation or indemnity  
37 carrier is subject to any such restrictions.

# ASSEMBLY BANKING AND INSURANCE COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3355

# STATE OF NEW JERSEY

DATED: FEBRUARY 27, 2003

The Assembly Banking and Insurance Committee reports favorably Assembly Bill No. 3355.

This bill provides that a group dental service corporation contract covering at least 10 employees or members may provide for the adjustment of premium rates based on past or projected experience, and may include those claim costs and utilization trend factors which the dental service corporation deems necessary in its discretion.

The bill provides that a dental service corporation may utilize experience rating provided it has previously filed the formulas to be used and the classes or group to which they will apply with the Commissioner of Banking and Insurance. Under the bill, the commissioner may disapprove the formulas or classes at any time if the rates produced thereby are excessive, inadequate or unfairly discriminatory or if the formulas or classes prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation which are not subject to experience rating.

In addition, the bill provides that a dental service corporation may incorporate claim cost and utilization trend factors in the rating formulas, so long as the rates produced are self-supporting in the aggregate, not excessive, and the formulas for classes do not prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation which are not subject to experience rating. As provided in the bill, an equitable discount in the rate may be allowed if the policyholder agrees to perform certain administrative and recordkeeping functions in connection with the routine maintenance of the group contract.

Finally, the bill directs that the commissioner may, by regulation, prohibit or limit the experience rating of contracts covering groups of fewer than 50 employees or members if it is determined that experience rating of those contracts is not in the public interest.



SENATE HEALTH, HUMAN SERVICES AND SENIOR  
CITIZENS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3355**

**STATE OF NEW JERSEY**

DATED: MAY 8, 2003

The Senate Health, Human Services and Senior Citizens Committee reports favorably Assembly Bill No. 3355.

This bill provides that a group dental service corporation contract covering at least 10 employees or members may provide for the adjustment of premium rates based on past or projected experience, and may include those claim costs and utilization trend factors which the dental service corporation deems necessary in its discretion.

The bill provides that a dental service corporation may utilize experience rating if it has previously filed the formulas to be used and the classes or group to which they will apply with the Commissioner of Banking and Insurance. Under the bill, the commissioner may disapprove the formulas or classes at any time if the rates produced thereby are excessive, inadequate or unfairly discriminatory or if the formulas or classes prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation that are not subject to experience rating.

In addition, the bill provides that a dental service corporation may incorporate claim cost and utilization trend factors in the rating formulas, so long as the rates produced are self-supporting in the aggregate, not excessive, and the formulas for classes do not prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation that are not subject to experience rating. As provided in the bill, an equitable discount in the rate may be allowed if the policyholder agrees to perform certain administrative and record keeping functions in connection with the routine maintenance of the group contract.

The bill directs that the commissioner may, by regulation, prohibit or limit the experience rating of contracts covering groups of fewer than 50 employees or members if it is determined that experience rating of those contracts is not in the public interest.

The bill repeals N.J.S.A.17:48C-19, which concerns rates for group contracts covering at least 100 employees or members, to eliminate provisions in the dental service corporation statute that require that rates that are experience-rated fall within certain percentage parameters or "bands" of the norm. Other provisions of

N.J.S.A.17:48C-19 are incorporated into the new language provided in this bill.

This bill is identical to Senate Bill No.2383 (Matheussen/Vitale), which the committee also reported favorably on this date.

**SENATE, No. 2383**

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**STATE OF NEW JERSEY**  
**210th LEGISLATURE**

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INTRODUCED MARCH 10, 2003

**Sponsored by:**

**Senator JOHN J. MATHEUSSEN**

**District 4 (Camden and Gloucester)**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**SYNOPSIS**

Concerns experience rating by certain dental service corporations.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning experience rating of certain dental service  
2 corporations, amending and supplementing P.L.1968, c.305 and  
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21 with the dental service corporation which are not subject to experience  
22 rating.

23 b. An experience rating formula used pursuant to this section may  
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25 agrees to perform certain administrative and recordkeeping functions  
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27 c. Nothing in this section shall preclude a dental service  
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12 effective.

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35 are experience-rated fall within certain percentage parameters or  
36 "bands" of the norm. No other service corporation or indemnity  
37 carrier is subject to any such restrictions.

SENATE HEALTH, HUMAN SERVICES AND SENIOR  
CITIZENS COMMITTEE

STATEMENT TO

**SENATE, No. 2383**

**STATE OF NEW JERSEY**

DATED: MAY 8, 2003

The Senate Health, Human Services and Senior Citizens Committee reports favorably Senate Bill No. 2383.

This bill provides that a group dental service corporation contract covering at least 10 employees or members may provide for the adjustment of premium rates based on past or projected experience, and may include those claim costs and utilization trend factors which the dental service corporation deems necessary in its discretion.

The bill provides that a dental service corporation may utilize experience rating if it has previously filed the formulas to be used and the classes or group to which they will apply with the Commissioner of Banking and Insurance. Under the bill, the commissioner may disapprove the formulas or classes at any time if the rates produced thereby are excessive, inadequate or unfairly discriminatory or if the formulas or classes prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation that are not subject to experience rating.

In addition, the bill provides that a dental service corporation may incorporate claim cost and utilization trend factors in the rating formulas, so long as the rates produced are self-supporting in the aggregate, not excessive, and the formulas for classes do not prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation that are not subject to experience rating. As provided in the bill, an equitable discount in the rate may be allowed if the policyholder agrees to perform certain administrative and record keeping functions in connection with the routine maintenance of the group contract.

The bill directs that the commissioner may, by regulation, prohibit or limit the experience rating of contracts covering groups of fewer than 50 employees or members if it is determined that experience rating of those contracts is not in the public interest.

The bill repeals N.J.S.A.17:48C-19, which concerns rates for group contracts covering at least 100 employees or members, to eliminate provisions in the dental service corporation statute that require that rates that are experience-rated fall within certain percentage parameters or "bands" of the norm. Other provisions of

N.J.S.A.17:48C-19 are incorporated into the new language provided in this bill.

This bill is identical to Assembly Bill No.3355 (Cohen/Bateman), which the committee also reported favorably on this date.