

26:2J-25

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2005 **CHAPTER:** 129

NJSA: 26:2J-25 (Concerns the special interim assessment on health maintenance organizations)

BILL NO: A4402 (Substituted for S3007)

SPONSOR: Cryan

DATE INTRODUCED: June 30, 2005

COMMITTEE: **ASSEMBLY:**
SENATE:

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** June 30, 2005

SENATE: June 30, 2005

DATE OF APPROVAL: July 2, 2005

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

A4402

[SPONSOR'S STATEMENT](#): (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S3007

[SPONSOR'S STATEMENT](#): (Begins on page 4 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS:

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HEARINGS:

No

NEWSPAPER ARTICLES:

No

IS 7/12/07

P.L. 2005, CHAPTER 129, *approved July 2, 2005*

Assembly, No. 4402

1 **AN ACT** concerning the special interim assessment on health
2 maintenance organizations, amending P.L.1973, c.337 and
3 P.L.2004, c.49 and repealing sections 1 and 2 of P.L.2004, c.49.

4

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

7

8 1. Section 25 of P.L.1973, c.337 (C.26:2J-25) is amended to read
9 as follows:

10 25. Statutory construction and relationship to other laws.

11 a. Except as otherwise provided in this act, provisions of the
12 insurance law and provisions of hospital, medical or health service
13 corporation laws shall not be applicable to any health maintenance
14 organization granted a certificate of authority under this act. This
15 provision shall not apply to an insurer or hospital, medical or health
16 service corporation licensed and regulated pursuant to the insurance
17 laws or the hospital, medical or health service corporation laws of this
18 State except with respect to its health maintenance organization
19 activities authorized and regulated pursuant to this act. Charges paid
20 by or on behalf of enrollees of a health maintenance organization with
21 respect to health care services shall not be subject to taxation by the
22 State or any of its political subdivisions, except as otherwise provided
23 in section 3 of P.L.2004, c.49 (C.26:2J-47) [for the purpose of the
24 special interim assessment issued pursuant thereto].

25 b. Solicitation of enrollees by a health maintenance organization
26 granted a certificate of authority, or its representatives, shall not be
27 construed to violate any provision of law relating to solicitation or
28 advertising by health professionals.

29 c. Any health maintenance organization authorized under this act
30 shall not be deemed to be practicing medicine and shall be exempt
31 from the provisions of chapter 9 of Title 45, Medicine and Surgery, of
32 the Revised Statutes relating to the practice of medicine.

33 d. Except as provided in P.L.2001, c.187 (C.2A:53A-30 et al.), no
34 person participating in the arrangements of a health maintenance
35 organization other than the actual provider of health care services or
36 supplies directly to enrollees and their families shall be liable for
37 negligence, misfeasance, nonfeasance or malpractice in connection
38 with the furnishings of such services and supplies. The provisions of
39 this subsection shall not be construed to eliminate any cause of action
40 against a health maintenance organization otherwise provided by law.

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 e. A health maintenance organization shall be subject to the
2 provisions of P.L.1970, c.22 (C.17:27A-1 et seq.), including those
3 relating to merger or acquisition of control.

4 (cf: P.L.2004, c.49, s.4)

5
6 2. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read as
7 follows:

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

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

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

34 c. Amounts collected by the commissioner shall be allocated to the
35 Health Care Subsidy Fund established pursuant to section 8 of
36 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of
37 providing charity care payments to hospitals in accordance with the
38 formula used for the distribution of charity care subsidies that are
39 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

40 d. (1) A health maintenance organization shall not impose any
41 additional premium, fee or surcharge on its premium or enrollee
42 charge to recoup any assessment paid pursuant to this section.

43 (2) The provisions of paragraph (1) of this subsection shall not
44 apply to a health maintenance organization with respect to any
45 federally funded program underwritten by that health maintenance

1 organization.

2 (cf: P.L.2004, c.49, s.3)

3

4 3. Sections 1 and 2 of P.L.2004, c.49 (C.26:2J-45 and 26:2J-46)
5 are repealed.

6

7 4. This act shall take effect immediately, and shall apply to
8 assessments made for fiscal year 2006 and thereafter.

9

10

11

STATEMENT

12

13 This bill converts the one-time, special interim assessment of one
14 percent on net written premiums received by health maintenance
15 organizations (HMOs), enacted last year as P.L.2004, c.49 (C.26:2J-
16 45 et seq.), to an annual assessment to support charity care.

17 The bill provides that the annual assessment will be based upon the
18 State's fiscal year and collected quarterly during the fiscal year. Also,
19 the provisions authorize the Commissioner of Banking and Insurance
20 to adjust the quarterly payments remitted by HMOs from time to time
21 as necessary to meet the current and estimated assessment obligations
22 of the HMOs in each fiscal year.

23 The annual assessment will continue to be dedicated solely for the
24 purpose of providing charity care payments to hospitals pursuant to
25 the distribution of such subsidies by law.

26 The bill also prohibits HMOs from imposing any additional
27 premium, fee, or surcharge on its premium or enrollee charge to
28 recoup any assessment paid pursuant to the bill. However, an HMO
29 would be excluded from this prohibition with respect to any federally
30 funded program underwritten by the HMO.

31 Finally, the bill repeals those sections of P.L.2004, c.49 concerning
32 legislative findings and requesting a study of tax revenues received
33 from HMOs and other health care delivery systems or providers under
34 different controlling tax schemes. The State Treasurer and
35 Commissioner of Banking and Insurance completed the report as
36 required in 2004, making the continuation of those sections of the law
37 unnecessary.

38

39

40

41

42 _____
43 Converts special interim assessment on net written premiums of HMOs
to annual assessment to support charity care.

ASSEMBLY, No. 4402

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED JUNE 30, 2005

Sponsored by:

Assemblyman JOSEPH CRYAN

District 20 (Union)

Co-Sponsored by:

Senator Buono

SYNOPSIS

Converts special interim assessment on net written premiums of HMOs to annual assessment to support charity care.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 7/1/2005)

1 AN ACT concerning the special interim assessment on health
2 maintenance organizations, amending P.L.1973, c.337 and
3 P.L.2004, c.49 and repealing sections 1 and 2 of P.L.2004, c.49.

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

7
8 1. Section 25 of P.L.1973, c.337 (C.26:2J-25) is amended to read
9 as follows:

10 25. Statutory construction and relationship to other laws.

11 a. Except as otherwise provided in this act, provisions of the
12 insurance law and provisions of hospital, medical or health service
13 corporation laws shall not be applicable to any health maintenance
14 organization granted a certificate of authority under this act. This
15 provision shall not apply to an insurer or hospital, medical or health
16 service corporation licensed and regulated pursuant to the insurance
17 laws or the hospital, medical or health service corporation laws of this
18 State except with respect to its health maintenance organization
19 activities authorized and regulated pursuant to this act. Charges paid
20 by or on behalf of enrollees of a health maintenance organization with
21 respect to health care services shall not be subject to taxation by the
22 State or any of its political subdivisions, except as otherwise provided
23 in section 3 of P.L.2004, c.49 (C.26:2J-47) [for the purpose of the
24 special interim assessment issued pursuant thereto].

25 b. Solicitation of enrollees by a health maintenance organization
26 granted a certificate of authority, or its representatives, shall not be
27 construed to violate any provision of law relating to solicitation or
28 advertising by health professionals.

29 c. Any health maintenance organization authorized under this act
30 shall not be deemed to be practicing medicine and shall be exempt
31 from the provisions of chapter 9 of Title 45, Medicine and Surgery, of
32 the Revised Statutes relating to the practice of medicine.

33 d. Except as provided in P.L.2001, c.187 (C.2A:53A-30 et al.), no
34 person participating in the arrangements of a health maintenance
35 organization other than the actual provider of health care services or
36 supplies directly to enrollees and their families shall be liable for
37 negligence, misfeasance, nonfeasance or malpractice in connection
38 with the furnishings of such services and supplies. The provisions of
39 this subsection shall not be construed to eliminate any cause of action
40 against a health maintenance organization otherwise provided by law.

41 e. A health maintenance organization shall be subject to the
42 provisions of P.L.1970, c.22 (C.17:27A-1 et seq.), including those

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 relating to merger or acquisition of control.

2 (cf: P.L.2004, c.49, s.4)

3

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

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

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

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

32 c. Amounts collected by the commissioner shall be allocated to the
33 Health Care Subsidy Fund established pursuant to section 8 of
34 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of
35 providing charity care payments to hospitals in accordance with the
36 formula used for the distribution of charity care subsidies that are
37 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

38 d. (1) A health maintenance organization shall not impose any
39 additional premium, fee or surcharge on its premium or enrollee
40 charge to recoup any assessment paid pursuant to this section.

41 (2) The provisions of paragraph (1) of this subsection shall not
42 apply to a health maintenance organization with respect to any
43 federally funded program underwritten by that health maintenance
44 organization.

45 (cf: P.L.2004, c.49, s.3)

1 3. Sections 1 and 2 of P.L.2004, c.49 (C.26:2J-45 and 26:2J-46)
2 are repealed.

3

4 4. This act shall take effect immediately, and shall apply to
5 assessments made for fiscal year 2006 and thereafter.

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STATEMENT

9

10 This bill converts the one-time, special interim assessment of one
11 percent on net written premiums received by health maintenance
12 organizations (HMOs), enacted last year as P.L.2004, c.49 (C.26:2J-
13 45 et seq.), to an annual assessment to support charity care.

14 The bill provides that the annual assessment will be based upon the
15 State's fiscal year and collected quarterly during the fiscal year. Also,
16 the provisions authorize the Commissioner of Banking and Insurance
17 to adjust the quarterly payments remitted by HMOs from time to time
18 as necessary to meet the current and estimated assessment obligations
19 of the HMOs in each fiscal year.

20 The annual assessment will continue to be dedicated solely for the
21 purpose of providing charity care payments to hospitals pursuant to
22 the distribution of such subsidies by law.

23 The bill also prohibits HMOs from imposing any additional
24 premium, fee, or surcharge on its premium or enrollee charge to
25 recoup any assessment paid pursuant to the bill. However, an HMO
26 would be excluded from this prohibition with respect to any federally
27 funded program underwritten by the HMO.

28 Finally, the bill repeals those sections of P.L.2004, c.49 concerning
29 legislative findings and requesting a study of tax revenues received
30 from HMOs and other health care delivery systems or providers under
31 different controlling tax schemes. The State Treasurer and
32 Commissioner of Banking and Insurance completed the report as
33 required in 2004, making the continuation of those sections of the law
34 unnecessary.

SENATE, No. 3007

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 30, 2005

Sponsored by:
Senator BARBARA BUONO
District 18 (Middlesex)

SYNOPSIS

Converts special interim assessment on net written premiums of HMOs to annual assessment to support charity care.

CURRENT VERSION OF TEXT

As introduced.



S3007 BUONO

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S3007 BUONO

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