

26:2J-47

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2006 **CHAPTER:** 43

NJSA: 26:2J-47 (Search Increases annual assessment on net written premiums of HMOs to support charity care from 1% to 2%)

BILL NO: A4716 (Substituted for S2000)

SPONSOR: Pou and others

DATE INTRODUCED: July 5, 2006

COMMITTEE: **ASSEMBLY:** Budget

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** July 8, 2006

SENATE: July 8, 2006

DATE OF APPROVAL: July 8, 2006

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)

A4716

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: No

S2000

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Trenton hammers out a deal," 7-8-2006 The Star Ledger, p1.

"Slowly, Trenton seals deal on budget," 7-8-2006 The Philadelphia Inquirer, p1.

RWH 3/5/08

P.L. 2006, CHAPTER 43, *approved July 8, 2006*
Assembly, No. 4716 (*First Reprint*)

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 **[year]** 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 an annual assessment, in the amount of **[one percent]** ¹**[one and**
14 **one-half]** two¹ percent, on the net written premiums received by
15 each health maintenance organization granted a certificate of
16 authority to operate in this State pursuant to P.L.1973, c.337
17 (C.26:2J-1 et seq.), to be allocated to the Health Care Subsidy Fund
18 established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-
19 18.58) for the purpose of providing charity care payments to
20 hospitals in accordance with the formula used for the distribution of
21 charity care subsidies that are provided pursuant to P.L.1992, c.160
22 (C.26:2H-18.51 et al.).

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

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

38 c. Amounts collected by the commissioner shall be allocated to
39 the Health Care Subsidy Fund established pursuant to section 8 of
40 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of
41 providing charity care payments to hospitals in accordance with the
42 formula used for the distribution of charity care subsidies that are
43 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 thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted July 7, 2006.

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.

4 (2) The provisions of paragraph (1) of this subsection shall not
5 apply to a health maintenance organization with respect to any
6 federally funded program underwritten by that health maintenance
7 organization.

8 (cf: P.L.2005, c.129, s.2)

9

10 2. This act shall take effect immediately, and shall apply to
11 assessments made for fiscal year 2007 and thereafter.

12

13

14

15

16 _____
17 Increases annual assessment on net written premiums of HMOs
to support charity care from 1% to 2%.

ASSEMBLY, No. 4716

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JULY 5, 2006

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

SYNOPSIS

Increases annual assessment on net written premiums of HMOs to support charity care from 1% to 1.5%.

CURRENT VERSION OF TEXT

As introduced.



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 **[year]** 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 an annual assessment, in the amount of **[one percent]** one and one-
14 half percent, on the net written premiums received by each health
15 maintenance organization granted a certificate of authority to
16 operate in this State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.),
17 to be allocated to the Health Care Subsidy Fund established
18 pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58) for the
19 purpose of providing charity care payments to hospitals in
20 accordance with the formula used for the distribution of charity care
21 subsidies that are provided pursuant to P.L.1992, c.160 (C.26:2H-
22 18.51 et al.).

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

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

38 c. Amounts collected by the commissioner shall be allocated to
39 the Health Care Subsidy Fund established pursuant to section 8 of
40 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of
41 providing charity care payments to hospitals in accordance with the
42 formula used for the distribution of charity care subsidies that are
43 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 thus is new matter.

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.

4 (2) The provisions of paragraph (1) of this subsection shall not
5 apply to a health maintenance organization with respect to any
6 federally funded program underwritten by that health maintenance
7 organization.

8 (cf: P.L.2005, c.129, s.2)

9
10 2. This act shall take effect immediately, and shall apply to
11 assessments made for fiscal year 2007 and thereafter.

12

13

14 STATEMENT

15

16 This bill increases the annual assessment on net written
17 premiums received by health maintenance organizations (HMOs),
18 from one percent to one and one-half percent, to support charity
19 care.

20 The annual assessment is based on the State's fiscal year and
21 collected quarterly during the fiscal year. The Commissioner of
22 Banking and Insurance is authorized to adjust the quarterly
23 payments remitted by HMOs from time to time as necessary to meet
24 the current and estimated assessment obligations of the HMOs in
25 each fiscal year.

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

29 HMOs are prohibited from imposing any additional premium,
30 fee, or surcharge on their premiums or enrollee charges to recoup
31 any assessment paid, but are excluded from this prohibition with
32 respect to any federally funded program underwritten by the HMO.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4716

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JULY 7, 2006

The Assembly Budget Committee reports favorably Assembly Bill No. 4716, with committee amendments.

Assembly Bill No. 4716, as amended, increases the annual assessment on net written premiums received by health maintenance organizations (HMOs), from one percent to two percent, to support charity care.

The annual assessment is based on the State's fiscal year and collected quarterly during the fiscal year. The Commissioner of Banking and Insurance is authorized to adjust the quarterly payments remitted by HMOs from time to time as necessary to meet the current and estimated assessment obligations of the HMOs in each fiscal year.

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

HMOs are prohibited from imposing any additional premium, fee, or surcharge on their premiums or enrollee charges to recoup any assessment paid, but are excluded from this prohibition with respect to any federally funded program underwritten by the HMO.

FISCAL IMPACT:

The increase in the assessment proposed by this bill would increase revenue by approximately \$50 million based on current estimates.

COMMITTEE AMENDMENTS:

The amendments increase the assessment from one percent to two percent.

SENATE, No. 2000

STATE OF NEW JERSEY
212th LEGISLATURE

INTRODUCED JULY 7, 2006

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Increases annual assessment on net written premiums of HMOs to support charity care from 1% to 2%.

CURRENT VERSION OF TEXT

As introduced.



S2000 KENNY

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 **[year]** 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 an annual assessment, in the amount of **[one]** two percent, on the
14 net written premiums received by each health maintenance
15 organization granted a certificate of authority to operate in this
16 State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated
17 to the Health Care Subsidy Fund established pursuant to section 8
18 of P.L.1992, c.160 (C.26:2H-18.58) for the purpose of providing
19 charity care payments to hospitals in accordance with the formula
20 used for the distribution of charity care subsidies that are provided
21 pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

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

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

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

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

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.

S2000 KENNY

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

5 (cf: P.L.2005, c.129, s.2)

6

7 2. This act shall take effect immediately, and shall apply to
8 assessments made for fiscal year 2007 and thereafter.

9

10

11

STATEMENT

12

13 This bill increases the annual assessment on net written
14 premiums received by health maintenance organizations (HMOs),
15 from one percent to two percent, to support charity care.

16 The annual assessment is based on the State's fiscal year and
17 collected quarterly during the fiscal year. The Commissioner of
18 Banking and Insurance is authorized to adjust the quarterly
19 payments remitted by HMOs from time to time as necessary to meet
20 the current and estimated assessment obligations of the HMOs in
21 each fiscal year.

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

25 HMOs are prohibited from imposing any additional premium,
26 fee, or surcharge on their premiums or enrollee charges to recoup
27 any assessment paid, but are excluded from this prohibition with
28 respect to any federally funded program underwritten by the HMO.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2000

STATE OF NEW JERSEY

DATED: JULY 7, 2006

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2000.

This bill increases the annual assessment on net written premiums received by health maintenance organizations (HMOs), from one percent to two percent, to support charity care.

The annual assessment is based on the State's fiscal year and collected quarterly during the fiscal year. The Commissioner of Banking and Insurance is authorized to adjust the quarterly payments remitted by HMOs from time to time as necessary to meet the current and estimated assessment obligations of the HMOs in each fiscal year.

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

HMOs are prohibited from imposing any additional premium, fee, or surcharge on their premiums or enrollee charges to recoup any assessment paid, but are excluded from this prohibition with respect to any federally funded program underwritten by the HMO.

As reported, this bill is identical to Assembly Bill No. 4716 (Aca).

FISCAL IMPACT:

The current effective annual yield on the assessment at 1% is approximately \$40 million on commercial HMOs and \$7.5 million on Medicaid HMOs for a total of \$47.5 million. Increasing the assessment rate to from 1 % to 2% would increase this annual revenue source for charity care payments for hospitals by approximately \$50 million.