

COMMITTEE STATEMENT:

ASSEMBLY: No

SENATE: Yes Commerce
Budget &

Appropriations

(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:

No

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

Yes

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

"Gov. signs bills protecting Obamacare benefits," The Times, January 21, 2020

"Murphy signs legislation protecting ACA in NJ." NJBIZ (New Brunswick, NJ), January 16, 2020.

RWH/JA

§1 - C.17:48-10.1
§2 –
C.17:48A-13.1
§3 –
C.17:48E-17.4
§4 –
C.17B:27-51.14
§5 - C.26:2J-48

P.L. 2019, CHAPTER 358, *approved January 16, 2020*
Assembly Committee Substitute (*First Reprint*) for
Assembly, No. 5504

1 AN ACT concerning large group health benefits plans and
2 supplementing various parts of the statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. a. Beginning with the calendar year starting on January 1,
8 2020, and in each calendar year thereafter, a hospital service
9 corporation providing health benefits plan to a large employer shall
10 return, in the form of aggregate benefits for all large group health
11 benefits plans offered by the hospital service corporation, at least 85
12 percent of the aggregate premiums collected for all of those plans
13 ¹**【during that calendar year】**¹.

14 b. A hospital service corporation shall annually report to the
15 Commissioner of Banking and Insurance, no later than August 1 of
16 each year, the loss ratio calculated for all of the health benefits
17 plans for the previous calendar year. In each case in which the loss
18 ratio fails to substantially comply with the 85 percent loss ratio
19 requirement, the hospital service corporation shall issue a dividend
20 or credit against future premiums for all contract holders in an
21 amount sufficient to assure that the aggregate benefits paid in the
22 previous calendar year plus the amount of the dividends and credits
23 shall equal 85 percent of the premiums collected ¹**【in the previous**
24 **calendar year】**¹. The hospital service corporation shall distribute
25 all dividends and credits by December 31 of the year following the
26 calendar year in which the loss ratio requirements were not
27 satisfied. The hospital service corporation's annual report shall
28 include the hospital service corporation's calculation of the
29 dividends and credits applicable to all health benefits plans, as well
30 as an explanation of the hospital service corporation's plan to issue
31 dividends or credits.

32 c. The commissioner shall specify by regulation:

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 AAP committee amendments adopted June 13, 2019.

- 1 (1) any informational filings required to be submitted by a
2 hospital service corporation to the commissioner in order to
3 determine whether the hospital service corporation is in compliance
4 with the loss ratio requirements;
- 5 (2) the instructions and format for calculating and reporting loss
6 ratios and issuing dividends or credits;
- 7 (3) procedures for the distribution of a dividend or credit in the
8 event of cancellation or termination by a contract holder; and
- 9 (4) the instructions and format for submitting annual reports.
- 10 d. As used in this section, "large employer" means an employer
11 with more than 50 employees, who is not a small employer as
12 defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).
13
- 14 2. a. Beginning with the calendar year starting on January 1,
15 2020, and in each calendar year thereafter, a medical service
16 corporation providing health benefits plans to a large employer
17 shall return, in the form of aggregate benefits for all large group
18 health benefits plans offered by the medical service corporation, at
19 least 85 percent of the aggregate premiums collected for all of those
20 plans ¹【during that calendar year】¹.
- 21 b. A medical service corporation shall annually report to the
22 Commissioner of Banking and Insurance, no later than August 1 of
23 each year, the loss ratio calculated for all of the health benefits
24 plans for the previous calendar year. In each case in which the loss
25 ratio fails to substantially comply with the 85 percent loss ratio
26 requirement, the medical service corporation shall issue a dividend
27 or credit against future premiums for all contract holders in an
28 amount sufficient to assure that the aggregate benefits paid in the
29 previous calendar year plus the amount of the dividends and credits
30 shall equal 85 percent of the premiums collected ¹【in the previous
31 calendar year】¹. The medical service corporation shall distribute all
32 dividends and credits by December 31 of the year following the
33 calendar year in which the loss ratio requirements were not
34 satisfied. The medical service corporation's annual report shall
35 include the medical service corporation's calculation of the
36 dividends and credits applicable to all health benefits plans, as well
37 as an explanation of the medical service corporation's plan to issue
38 dividends or credits.
- 39 c. The commissioner shall specify by regulation:
- 40 (1) any informational filings required to be submitted by a
41 medical service corporation to the commissioner in order to
42 determine whether the medical service corporation is in compliance
43 with the loss ratio requirements;
- 44 (2) the instructions and format for calculating and reporting loss
45 ratios and issuing dividends or credits;
- 46 (3) procedures for the distribution of a dividend or credit in the
47 event of cancellation or termination by a contract holder; and

1 (4) the instructions and format for submitting annual reports.

2 d. As used in this section, “large employer” means an employer
3 with more than 50 employees, who is not a small employer as
4 defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).

5
6 3. a. Beginning with the calendar year starting on January 1,
7 2020, and in each calendar year thereafter, a health service
8 corporation providing health benefits plans to a large employer
9 shall return, in the form of aggregate benefits for all large group
10 health benefits plans offered by the health service corporation, at
11 least 85 percent of the aggregate premiums collected for all of those
12 plans ¹【during that calendar year】¹.

13 b. A health service corporation shall annually report to the
14 Commissioner of Banking and Insurance no later than August 1 of
15 each year, the loss ratio calculated for all of the health benefits
16 plans for the previous calendar year. In each case in which the loss
17 ratio fails to substantially comply with the 85 percent loss ratio
18 requirement, the health service corporation shall issue a dividend or
19 credit against future premiums for all contract holders in an amount
20 sufficient to assure that the aggregate benefits paid in the previous
21 calendar year plus the amount of the dividends and credits shall
22 equal 85 percent of the premiums collected ¹【in the previous
23 calendar year】¹. The health service corporation shall distribute all
24 dividends and credits by December 31 of the year following the
25 calendar year in which the loss ratio requirements were not
26 satisfied. The health service corporation’s annual report shall
27 include the health service corporation’s calculation of the dividends
28 and credits applicable to all health benefits plans, as well as an
29 explanation of the health service corporation’s plan to issue
30 dividends or credits.

31 c. The commissioner shall specify by regulation:

32 (1) any informational filings required to be submitted by a
33 health service corporation to the commissioner in order to
34 determine whether the health service corporation is in compliance
35 with the loss ratio requirements;

36 (2) the instructions and format for calculating and reporting loss
37 ratios and issuing dividends or credits;

38 (3) procedures for the distribution of a dividend or credit in the
39 event of cancellation or termination by a contract holder; and

40 (4) the instructions and format for submitting annual reports.

41 d. As used in this section, “large employer” means an employer
42 with more than 50 employees, who is not a small employer as
43 defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).

44
45 4. a. Beginning with the calendar year starting on January 1,
46 2020, and in each calendar year thereafter, an insurer providing a
47 health benefits plan shall return, in the form of aggregate benefits

- 1 for all large group health insurance policy forms offered by the
2 insurer pursuant to N.J.S.17B:27-26 et seq., at least 85 percent of
3 the aggregate premiums collected for all of the policy forms
4 ¹【during that calendar year】¹.
- 5 b. An insurer shall annually report to the Commissioner of
6 Banking and Insurance, no later than August 1 of each year, the loss
7 ratio calculated for all of the policy forms for the previous calendar
8 year. In each case in which the loss ratio fails to substantially
9 comply with the 85 percent loss ratio requirement, the insurer shall
10 issue a dividend or credit against future premiums for all
11 policyholders in an amount sufficient to assure that the aggregate
12 benefits paid in the previous calendar year plus the amount of the
13 dividends and credits shall equal 85 percent of the premiums
14 collected ¹【in the previous calendar year】¹. The insurer shall
15 distribute all dividends and credits by December 31 of the year
16 following the calendar year in which the loss ratio requirements
17 were not satisfied. The insurer's annual report shall include the
18 insurer's calculation of the dividends and credits applicable to all
19 policy forms, as well as an explanation of the insurer's plan to issue
20 dividends or credits.
- 21 c. The commissioner shall specify by regulation:
- 22 (1) any informational filings required to be submitted by
23 insurers to the commissioner in order to determine whether insurers
24 are in compliance with their loss ratio requirements;
- 25 (2) the instructions and format for calculating and reporting loss
26 ratios and issuing dividends or credits;
- 27 (3) procedures for the distribution of a dividend or credit in the
28 event of cancellation or termination by a policyholder; and
- 29 (4) the instructions and format for submitting annual reports.
- 30
- 31 5. a. Beginning with the calendar year starting on January 1,
32 2020, and in each calendar year thereafter, a health maintenance
33 organization providing health benefits plans to a large employer
34 shall return, in the form of aggregate benefits for all large group
35 health benefits plans offered by the health maintenance
36 organization, at least 85 percent of the aggregate premiums
37 collected for all of those plans ¹【during that calendar year】¹.
- 38 b. A health maintenance organization shall annually report to
39 the Commissioner of Banking and Insurance, no later than August 1
40 of each year, the loss ratio calculated for all health benefits plans
41 for the previous calendar year. In each case in which the loss ratio
42 fails to substantially comply with the 85 percent loss ratio
43 requirement, the health maintenance organization shall issue a
44 dividend or credit against future premiums for all contract holders
45 in an amount sufficient to assure that the aggregate benefits paid in
46 the previous calendar year plus the amount of the dividends and
47 credits shall equal 85 percent of the premiums collected ¹【in the

1 previous calendar year¹. The health maintenance organization
2 shall distribute all dividends and credits by December 31 of the year
3 following the calendar year in which the loss ratio requirements
4 were not satisfied. The health maintenance organization's annual
5 report shall include the health maintenance organization's
6 calculation of the dividends and credits applicable to all health
7 benefits plans, as well as an explanation of the health maintenance
8 organization's plan to issue dividends or credits.

9 c. The commissioner shall specify by regulation:

10 (1) any informational filings required to be submitted by a
11 health maintenance organization to the commissioner in order to
12 determine whether the health maintenance organization is in
13 compliance with the loss ratio requirements;

14 (2) the instructions and format for calculating and reporting loss
15 ratios and issuing dividends or credits;

16 (3) procedures for the distribution of a dividend or credit in the
17 event of cancellation or termination by a contract holder; and

18 (4) the instructions and format for submitting annual reports.

19 d. As used in this section, "large employer" means an employer
20 with more than 50 employees, who is not a small employer as
21 defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).

22

23 6. This act shall take effect immediately.

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28 Applies 85 percent loss ratio requirement to certain large group
29 health benefits carriers.

ASSEMBLY, No. 5504

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 6, 2019

Sponsored by:

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

SYNOPSIS

Applies 85 percent loss ratio requirement to large group health insurance plans.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning large group health insurance and
2 supplementing chapter 27 of Title 17B of the New Jersey
3 Statutes.

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

7
8 1. a. Beginning with the calendar year starting on January 1,
9 2020, and in each calendar year thereafter, an insurer shall return, in
10 the form of aggregate benefits for all group health insurance policy
11 forms offered by the insurer pursuant to N.J.S.17B:27-26 et seq., at
12 least 85 percent of the aggregate premiums collected for all of the
13 policy forms during that calendar year.

14 b. An insurer shall annually report to the Commissioner of
15 Banking and Insurance, no later than August 1 of each year, the loss
16 ratio calculated for all of the policy forms for the previous calendar
17 year. In each case in which the loss ratio fails to substantially
18 comply with the 85 percent loss ratio requirement, the insurer shall
19 issue a dividend or credit against future premiums for all
20 policyholders in an amount sufficient to assure that the aggregate
21 benefits paid in the previous calendar year plus the amount of the
22 dividends and credits shall equal 85 percent of the premiums
23 collected in the previous calendar year. The insurer shall distribute
24 all dividends and credits by December 31 of the year following the
25 calendar year in which the loss ratio requirements were not
26 satisfied. The insurer's annual report shall include the insurer's
27 calculation of the dividends and credits applicable to all policy
28 forms, as well as an explanation of the insurer's plan to issue
29 dividends or credits.

30 c. The commissioner shall specify by regulation:

31 (1) any informational filings required to be submitted by
32 insurers to the commissioner in order to determine whether insurers
33 are in compliance with their loss ratio requirements;

34 (2) the instructions and format for calculating and reporting loss
35 ratios and issuing dividends or credits;

36 (3) procedures for the distribution of a dividend or credit in the
37 event of cancellation or termination by a policyholder; and

38 (4) the instructions and format for submitting annual reports.

39
40 2. This act shall take effect immediately.

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STATEMENT

44

45 This bill applies an 85 percent loss ratio requirement to insurers
46 that provide large group health insurance plans in the State,
47 beginning with the calendar year starting on January 1, 2020, and in
48 each calendar year thereafter.

1 Generally, a loss ratio requirement, also known as a “medical loss
2 ratio,” means that a certain percentage of every premium dollar
3 must be expended on the payment of claims, while the remaining
4 percentage can be used for administrative expenses.

5 The bill requires the insurer to annually report to the
6 Commissioner of Banking and Insurance, no later than August 1 of
7 each year, the loss ratio calculated for all of the policy forms for the
8 previous calendar year. In each case in which the loss ratio fails to
9 substantially comply with the 85 percent loss ratio requirement, the
10 insurer shall issue a dividend or credit against future premiums for
11 all policyholders in an amount sufficient to assure that the aggregate
12 benefits paid in the previous calendar year plus the amount of the
13 dividends and credits shall equal 85 percent of the premiums
14 collected in the previous calendar year.

15 The bill requires the insurer to distribute all dividends and
16 credits by December 31 of the year following the calendar year in
17 which the loss ratio requirements were not satisfied. The insurer’s
18 annual report shall include the insurer’s calculation of the dividends
19 and credits applicable to all policy forms, as well as an explanation
20 of the insurer’s plan to issue dividends or credits.

21 Finally, the bill requires the commissioner to specify by
22 regulation:

23 (1) any informational filings required to be submitted by
24 insurers to the commissioner in order to determine whether insurers
25 are in compliance with their loss ratio requirements;

26 (2) the instructions and format for calculating and reporting loss
27 ratios and issuing dividends or credits;

28 (3) procedures for the distribution of a dividend or credit in the
29 event of cancellation or termination by a policyholder; and

30 (4) the instructions and format for submitting annual reports.

31 By requiring large group health insurers to adhere to an 85
32 percent loss ratio requirement, the bill brings New Jersey law into
33 conformance with certain provisions of the federal Affordable Care
34 Act.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 5504

STATE OF NEW JERSEY

DATED: JUNE 6, 2019

The Assembly Financial Institutions and Insurance Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 5504.

This substitute bill applies an 85 percent loss ratio requirement to insurers and other types of health insurance carriers that provide large group health benefits plans to large employers in the State, beginning with the calendar year starting on January 1, 2020, and in each calendar year thereafter.

Generally, a loss ratio requirement, also known as a “medical loss ratio,” means that a certain percentage of every premium dollar must be expended on the payment of claims, while the remaining percentage can be used for administrative expenses.

The bill requires the carrier to annually report to the Commissioner of Banking and Insurance, no later than August 1 of each year, the loss ratio calculated for all large group health benefits plans for the previous calendar year. In each case in which the loss ratio fails to substantially comply with the 85 percent loss ratio requirement, the carrier shall issue a dividend or credit against future premiums for all policyholders in an amount sufficient to assure that the aggregate benefits paid in the previous calendar year plus the amount of the dividends and credits shall equal 85 percent of the premiums collected in the previous calendar year.

The bill requires the carrier to distribute all dividends and credits by December 31 of the year following the calendar year in which the loss ratio requirements were not satisfied. The carrier’s annual report shall include its calculation of the dividends and credits applicable to all policy forms, as well as an explanation of the plan to issue dividends or credits.

Finally, the bill requires the commissioner to specify by regulation:

- (1) any informational filings required to be submitted by carriers to the commissioner in order to determine whether they are in compliance with their loss ratio requirements;
- (2) the instructions and format for calculating and reporting loss ratios and issuing dividends or credits;

(3) procedures for the distribution of a dividend or credit in the event of cancellation or termination by a policyholder; and

(4) the instructions and format for submitting annual reports.

By requiring large group health benefits plans to adhere to an 85 percent loss ratio requirement, the bill brings New Jersey law into conformance with certain provisions of the federal Affordable Care Act.

The bill defines “large employer” as an employer with more than 50 employees, who is not a small employer as defined in section 1 of P.L. 1992, c. 162 (C.17B:27A-17).

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 5504**

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 13, 2019

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5504 (ACS), with committee amendments.

This bill, an Assembly Committee Substitute for Assembly Bill No. 5504, applies an 85 percent loss ratio requirement to insurers and other types of health insurance carriers that provide large group health benefits plans to large employers in the State, beginning with the calendar year starting on January 1, 2020, and in each calendar year thereafter.

Generally, a loss ratio requirement, also known as a “medical loss ratio,” means that a certain percentage of every premium dollar must be expended on the payment of claims, while the remaining percentage can be used for administrative expenses.

The bill requires the carrier to annually report to the Commissioner of Banking and Insurance, no later than August 1 of each year, the loss ratio calculated for all large group health benefits plans for the previous calendar year. In each case in which the loss ratio fails to substantially comply with the 85 percent loss ratio requirement, the carrier shall issue a dividend or credit against future premiums for all policyholders in an amount sufficient to assure that the aggregate benefits paid in the previous calendar year plus the amount of the dividends and credits shall equal 85 percent of the premiums collected.

The bill requires the carrier to distribute all dividends and credits by December 31 of the year following the calendar year in which the loss ratio requirements were not satisfied. The carrier’s annual report shall include its calculation of the dividends and credits applicable to all policy forms, as well as an explanation of the plan to issue dividends or credits.

Finally, the bill requires the commissioner to specify by regulation:

(1) any informational filings required to be submitted by carriers to the commissioner in order to determine whether they are in compliance with their loss ratio requirements;

(2) the instructions and format for calculating and reporting loss ratios and issuing dividends or credits;

(3) procedures for the distribution of a dividend or credit in the event of cancellation or termination by a policyholder; and

(4) the instructions and format for submitting annual reports.

By requiring large group health benefits plans to adhere to an 85 percent loss ratio requirement, the bill brings New Jersey law into conformance with certain provisions of the federal Affordable Care Act.

The bill defines “large employer” as an employer with more than 50 employees, who is not a small employer as defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).

COMMITTEE AMENDMENTS:

The committee amendments make a technical correction to clarify how the Commissioner of Banking and Insurance is to calculate the 85 percent loss ratio requirement.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 5504

STATE OF NEW JERSEY

DATED: JANUARY 6, 2020

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5504 ACS (1R.)

This bill applies an 85 percent loss ratio requirement to insurers and other types of health insurance carriers that provide large group health benefits plans to large employers in the State, beginning with the calendar year starting on January 1, 2020, and in each calendar year thereafter.

Generally, a loss ratio requirement, also known as a “medical loss ratio,” means that a certain percentage of every premium dollar must be expended on the payment of claims, while the remaining percentage can be used for administrative expenses.

The bill requires the carrier to annually report to the Commissioner of Banking and Insurance, no later than August 1 of each year, the loss ratio calculated for all large group health benefits plans for the previous calendar year. In each case in which the loss ratio fails to substantially comply with the 85 percent loss ratio requirement, the carrier shall issue a dividend or credit against future premiums for all policyholders in an amount sufficient to assure that the aggregate benefits paid in the previous calendar year plus the amount of the dividends and credits shall equal 85 percent of the premiums collected.

The bill requires the carrier to distribute all dividends and credits by December 31 of the year following the calendar year in which the loss ratio requirements were not satisfied. The carrier’s annual report shall include its calculation of the dividends and credits applicable to all policy forms, as well as an explanation of the plan to issue dividends or credits.

Finally, the bill requires the commissioner to specify by regulation:

- (1) any informational filings required to be submitted by carriers to the commissioner in order to determine whether they are in compliance with their loss ratio requirements;
- (2) the instructions and format for calculating and reporting loss ratios and issuing dividends or credits;
- (3) procedures for the distribution of a dividend or credit in the event of cancellation or termination by a policyholder; and
- (4) the instructions and format for submitting annual reports.

By requiring large group health benefits plans to adhere to an 85 percent loss ratio requirement, the bill brings New Jersey law into conformance with certain provisions of the federal Affordable Care Act.

The bill defines “large employer” as an employer with more than 50 employees, who is not a small employer as defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).

As reported, Assembly Bill No. 5504 (ACS) (1R) is identical to Senate Bill No. 3812, as substituted and reported by the committee.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

SENATE, No. 3812

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED MAY 30, 2019

Sponsored by:

Senator JOSEPH P. CRYAN

District 20 (Union)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

SYNOPSIS

Applies 85 percent loss ratio requirement to large group health insurance plans.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning large group health insurance and
2 supplementing chapter 27 of Title 17B of the New Jersey
3 Statutes.

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

7
8 1. a. Beginning with the calendar year starting on January 1,
9 2020, and in each calendar year thereafter, an insurer shall return, in
10 the form of aggregate benefits for all group health insurance policy
11 forms offered by the insurer pursuant to N.J.S.17B:27-26 et seq., at
12 least 85 percent of the aggregate premiums collected for all of the
13 policy forms during that calendar year.

14 b. An insurer shall annually report to the Commissioner of
15 Banking and Insurance, no later than August 1 of each year, the loss
16 ratio calculated for all of the policy forms for the previous calendar
17 year. In each case in which the loss ratio fails to substantially
18 comply with the 85 percent loss ratio requirement, the insurer shall
19 issue a dividend or credit against future premiums for all
20 policyholders in an amount sufficient to assure that the aggregate
21 benefits paid in the previous calendar year plus the amount of the
22 dividends and credits shall equal 85 percent of the premiums
23 collected in the previous calendar year. The insurer shall distribute
24 all dividends and credits by December 31 of the year following the
25 calendar year in which the loss ratio requirements were not
26 satisfied. The insurer's annual report shall include the insurer's
27 calculation of the dividends and credits applicable to all policy
28 forms, as well as an explanation of the insurer's plan to issue
29 dividends or credits.

30 c. The commissioner shall specify by regulation:

31 (1) any informational filings required to be submitted by
32 insurers to the commissioner in order to determine whether insurers
33 are in compliance with their loss ratio requirements;

34 (2) the instructions and format for calculating and reporting loss
35 ratios and issuing dividends or credits;

36 (3) procedures for the distribution of a dividend or credit in the
37 event of cancellation or termination by a policyholder; and

38 (4) the instructions and format for submitting annual reports.
39

40 2. This act shall take effect immediately.
41

42

43

STATEMENT

44

45 This bill applies an 85 percent loss ratio requirement to insurers
46 that provide large group health insurance plans in the State,
47 beginning with the calendar year starting on January 1, 2020, and in
48 each calendar year thereafter.

1 Generally, a loss ratio requirement, also known as a “medical
2 loss ratio,” means that a certain percentage of every premium dollar
3 must be expended on the payment of claims, while the remaining
4 percentage can be used for administrative expenses.

5 The bill requires the insurer to annually report to the
6 Commissioner of Banking and Insurance, no later than August 1 of
7 each year, the loss ratio calculated for all of the policy forms for the
8 previous calendar year. In each case in which the loss ratio fails to
9 substantially comply with the 85 percent loss ratio requirement, the
10 insurer shall issue a dividend or credit against future premiums for
11 all policyholders in an amount sufficient to assure that the aggregate
12 benefits paid in the previous calendar year plus the amount of the
13 dividends and credits shall equal 85 percent of the premiums
14 collected in the previous calendar year.

15 The bill requires the insurer to distribute all dividends and
16 credits by December 31 of the year following the calendar year in
17 which the loss ratio requirements were not satisfied. The insurer’s
18 annual report shall include the insurer’s calculation of the dividends
19 and credits applicable to all policy forms, as well as an explanation
20 of the insurer’s plan to issue dividends or credits.

21 Finally, the bill requires the commissioner to specify by
22 regulation:

23 (1) any informational filings required to be submitted by
24 insurers to the commissioner in order to determine whether insurers
25 are in compliance with their loss ratio requirements;

26 (2) the instructions and format for calculating and reporting loss
27 ratios and issuing dividends or credits;

28 (3) procedures for the distribution of a dividend or credit in the
29 event of cancellation or termination by a policyholder; and

30 (4) the instructions and format for submitting annual reports.

31 By requiring large group health insurers to adhere to an 85
32 percent loss ratio requirement, the bill brings New Jersey law into
33 conformance with certain provisions of the federal Affordable Care
34 Act.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 3812

STATE OF NEW JERSEY

DATED: JUNE 3, 2019

The Senate Commerce Committee reports favorably Senate Bill No. 3812.

This bill applies an 85 percent loss ratio requirement to insurers that provide large group health insurance plans in the State, beginning with the calendar year starting on January 1, 2020, and in each calendar year thereafter.

Generally, a loss ratio requirement, also known as a “medical loss ratio,” means that a certain percentage of every premium dollar must be expended on the payment of claims, while the remaining percentage can be used for administrative expenses.

The bill requires the insurer to annually report to the Commissioner of Banking and Insurance, no later than August 1 of each year, the loss ratio calculated for all of the policy forms for the previous calendar year. In each case in which the loss ratio fails to substantially comply with the 85 percent loss ratio requirement, the insurer shall issue a dividend or credit against future premiums for all policyholders in an amount sufficient to assure that the aggregate benefits paid in the previous calendar year plus the amount of the dividends and credits shall equal 85 percent of the premiums collected in the previous calendar year.

The bill requires the insurer to distribute all dividends and credits by December 31 of the year following the calendar year in which the loss ratio requirements were not satisfied. The insurer’s annual report shall include the insurer’s calculation of the dividends and credits applicable to all policy forms, as well as an explanation of the insurer’s plan to issue dividends or credits.

Finally, the bill requires the commissioner to specify by regulation:

- (1) any informational filings required to be submitted by insurers to the commissioner in order to determine whether insurers are in compliance with their loss ratio requirements;
- (2) the instructions and format for calculating and reporting loss ratios and issuing dividends or credits;
- (3) procedures for the distribution of a dividend or credit in the event of cancellation or termination by a policyholder; and
- (4) the instructions and format for submitting annual reports.

By requiring large group health insurers to adhere to an 85 percent loss ratio requirement, the bill brings New Jersey law into conformance with certain provisions of the federal Affordable Care Act.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 3812

STATE OF NEW JERSEY

DATED: JANUARY 6, 2020

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute Senate for Bill No. 3812.

This bill, a Senate Committee Substitute for Senate Bill No. 3812, applies an 85 percent loss ratio requirement to insurers and other types of health insurance carriers that provide large group health benefits plans to large employers in the State, beginning with the calendar year starting on January 1, 2020, and in each calendar year thereafter.

Generally, a loss ratio requirement, also known as a “medical loss ratio,” means that a certain percentage of every premium dollar must be expended on the payment of claims, while the remaining percentage can be used for administrative expenses.

The bill requires the carrier to annually report to the Commissioner of Banking and Insurance, no later than August 1 of each year, the loss ratio calculated for all large group health benefits plans for the previous calendar year. In each case in which the loss ratio fails to substantially comply with the 85 percent loss ratio requirement, the carrier shall issue a dividend or credit against future premiums for all policyholders in an amount sufficient to assure that the aggregate benefits paid in the previous calendar year plus the amount of the dividends and credits shall equal 85 percent of the premiums collected.

The bill requires the carrier to distribute all dividends and credits by December 31 of the year following the calendar year in which the loss ratio requirements were not satisfied. The carrier’s annual report shall include its calculation of the dividends and credits applicable to all policy forms, as well as an explanation of the plan to issue dividends or credits.

Finally, the bill requires the commissioner to specify by regulation:

(1) any informational filings required to be submitted by carriers to the commissioner in order to determine whether they are in compliance with their loss ratio requirements;

(2) the instructions and format for calculating and reporting loss ratios and issuing dividends or credits;

(3) procedures for the distribution of a dividend or credit in the event of cancellation or termination by a policyholder; and

(4) the instructions and format for submitting annual reports.

By requiring large group health benefits plans to adhere to an 85 percent loss ratio requirement, the bill brings New Jersey law into conformance with certain provisions of the federal Affordable Care Act.

The bill defines “large employer” as an employer with more than 50 employees, who is not a small employer as defined in section 1 of P.L.1992, c.162 (C.17B:27A-17).

As adopted and reported by the committee, this substitute is identical to Assembly Bill No. 5504 (ACS) (1R).

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

Governor Murphy Signs Legislative Package Protecting the Affordable Care Act in New Jersey

01/16/2020

TRENTON – Governor Phil Murphy today signed a package of bills to safeguard the provisions of the Affordable Care Act (ACA) in New Jersey. The bills, which will codify into state law the basic protections for health care consumers that are part of the Affordable Care Act, include protections for no-cost preventative care and contraception, prohibit exclusions for pre-existing conditions, allow children to stay on their parents' plan until age 26, and incorporate mental health and maternity care as part of essential benefits, among others. The Governor highlighted the importance of these bills during an armchair discussion with Hackensack Meridian Health Chief Executive Officer Bob Garret.

“At a time when the Affordable Care Act is under siege by the Trump Administration and being challenged in the courts, New Jersey has a responsibility to protect and provide access to high-quality, affordable health care for all of our residents,” **said Governor Murphy**. “I applaud my colleagues in the Legislature for taking the critical steps necessary to ensure that the provisions of the Affordable Health Care Act are codified into state law and for working to make the health of our residents a top priority.”

The Governor signed the following bills into law:

A5500 (Greenwald, Lopez, Lampitt/Pou, Lagana) - Expands rate review process in DOBI for certain individual and small employer health benefits plans.

A5501 (McKeon, Vainieri Huttel, Speight/Pou, Weinberg) - Requires continuation of health benefits dependent coverage until child turns 26 years of age.

A5503 (Reynolds-Jackson, Swain/Vitale, Cryan) - Establishes open enrollment period under Individual Health Coverage Program.

A5504 (Benson, Schaer/Cryan, Diegnan) - Applies 85 percent loss ratio requirement to certain large group health benefits carriers.

A5506 (Tully, Daniels/Singleton, Diegnan) - Repeals statute authorizing offering of “Basic and Essential” health benefits plans under individual health benefits plans and other statutes concerning basic health plans; makes conforming amendments.

A5507 (McKeon, Conaway, Mukherji/Pou, Ruiz) - Requires health benefits coverage for certain preventive services.

A5508 (Zwicker, Murphy, Sumter/Ruiz, Pou) - Revises law requiring health benefits coverage for certain contraceptives.

A5248 (Conaway, Mukherji, McKeon/Gill, Singleton) - Preserves certain requirements that health insurance plans cover essential health benefits.

S626 (Vitale, Diegnan/Vainieri Huttel, Chiaravalloti, Downey, Daniels) - Clarifies prohibition on preexisting condition exclusions in health insurance policies.

“It is more than health insurance, it is security. It is the safety you feel in knowing that if something goes wrong you have somewhere to go,” **said Senator Pou**. “While not every New Jerseyan has health insurance coverage, there are a lot more people covered now because of the Affordable Care Act than there were before the landmark legislation led by the Obama administration. This life-saving federal program, however, is currently being attacked by Trump and the Republicans in Congress and I am proud of the Governor and Legislature for

standing up for residents and making the ACA the law of our state, regardless of who is in the White House.”

“With the President trying to do everything he can to destroy the Affordable Care Act, I’m glad the legislature and the administration worked together to ensure that the people who benefitted from the ACA will be protected in New Jersey,” **said Senator Vitale**. “We cannot leave the health and safety of New Jerseyans up to the whims of the oval office. These laws, along with the state health care exchange signed earlier, will go a long way to make sure our state can offer affordable health care to all of our residents.”

“The Affordable Care Act gave millions of people across the country access to health care and protected those with pre-existing conditions from being discriminated against by health insurance companies,” **said Senator Singleton**. “Taking away a person’s health insurance, regardless of whether or not they will be able to find an alternative, is disgraceful. New Jersey is a state that protects its residents, and by strengthening the ACA in this state, we will continue to protect working and middle class families.”

“Contraception was named as one of the top ten public health achievements of the 20th century by the Centers for Disease Control and Prevention. That was twenty years ago, whether or not insurance plans cover contraceptives shouldn’t be a question today,” **said Senator Ruiz**. “It’s a matter of public health and it’s a matter of gender equity. People should have access to birth control and this law will help ensure that they do.”

A5500

“The affordable care act has helped tens of thousands of New Jersey residents gain access to healthcare for themselves and their families,” **said Assemblyman Greenwald**. “With this law, we are keeping healthcare affordable for working families by preventing unreasonable rate hikes for the insured, preserving the substantial progress we’ve made on increasing access to quality healthcare in New Jersey.”

“The Affordable Care Act has changed the lives of many New Jersey families,” **said Assemblywoman Lopez**. “Protecting families against unjustified rate changes is critical to maintaining and expanding access to healthcare in the state for many more residents.”

“This is the next practical step in protecting thousands of New Jerseyans who have been afforded healthcare benefits under the Affordable Care Act,” **said Assemblywoman Lampitt**. “The key is to ensure health insurance remains affordable for all residents by keeping an eye on and preventing unnecessary rate increases.”

A5501

Assemblymembers McKeon, Vainieri Huttle, and Speight issued a joint statement:

“With many college graduates returning home while they look for jobs, there was a steep rise in residents ages 19 -26 without access to healthcare. For those who did have insurance through their parents, the cost became an additional, unexpected burden on families. The Affordable Care Act has significantly helped to reduce the uninsured rate for young adults under the age of 26 by allowing parents to cover them in their own plans without the requirement of a separate premium. Codifying this into New Jersey State law will help families ensure their children, whether they are continuing their education or at home temporarily, are provided for in terms of healthcare.”

A5503

Assemblymembers Reynolds-Jackson and Swain issued the following statement:

“Changes on the federal level of ACA have deliberately shortened the open enrollment period by 50 percent placing consumers at a great disadvantage. There’s less time to research their coverage options and enroll. As New Jersey embarks on the creation of a State-based healthcare exchange, it is critical to ensure open enrollment periods which provide enough time, promotion and access for residents.”

A5504

“The Affordable Care Act was groundbreaking in expanding health insurance coverage for millions of Americans. It is important for our state that we maintain the essential protections of Obamacare for all our families,” **said Assemblyman Benson**. “This new state law will help guarantee the money residents spend on their health insurance overwhelmingly goes to the medical care and services they need.”

“This law allows for continued oversight of health insurance companies so that our state can make sure they are properly applying customers’ payments,” **said Assemblyman Schaer**. “There is no room for frivolous spending when it comes to health; the hard-earned money coming out of our residents’ paychecks for health insurance should go towards actually giving them the treatments, tests, procedures and medications they need.”

A5507

Assemblymembers McKeon, Conaway and Mukherji joint statement:

“Preventive healthcare is critical to helping individuals’ live longer, healthier lives. In the long run, preventive medicine and services helps families’ keep healthcare costs down and avoid potential health problems. These are services every resident relies on for themselves and their children. The Affordable Care Act ensured more residents’ access to preventive care than before. Setting these same standards under the State-based healthcare exchange will continue to protect New Jersey families’ and their access to these critical services.”

A5506

“It’s understandable that the government wanted to encourage Americans to purchase ACA health insurance by initially offering simple and inexpensive plans,” **said Assemblyman Tully**. “However, we now know these ‘Basic and Essential Plans’ simply do not cover the healthcare services many people require, which is why the ACA no longer allows them. In case the ACA is ever dismantled at the federal level, this law will make sure providers in our state do not begin offering these limited plans again.”

“Although some people were drawn to the lower-cost healthcare plans the ACA once provided, many didn’t realize just how limited their coverage would be,” **said Assemblyman Danielsen**. “When it comes to healthcare, the services provided can literally mean the difference between life and death. From high stakes procedures to daily medicine, no one should have to lose their life or experience crushing medical debt due to a lack of coverage. This will help make sure such restrictive plans can never be offered in the future.”

A5508

Assemblymembers Zwicker, Murphy, and Sumter joint statement:

“Federal changes to the Affordable Care Act aimed to jeopardize women’s access to safe, preventive care. This new law will remove those obstacles in New Jersey and preserve the benefits afforded to residents’ under the ACA. With this law, women will continue to have insurance that covers contraception without having to pay out of pocket.”

“Because of the Affordable Care Act, as many as 133 million people – or 51 percent of Americans – who have pre-existing conditions are guaranteed that condition will be covered by their health insurer,” **said Assemblywoman Vainieri Huttle**. “But the ACA has been threatened in the past few years. This new law will safeguard this crucial protection for patients should anything ever happen to the ACA.”

“When the ACA was passed, state law was never changed to include the mandate for coverage of pre-existing conditions,” **said Assemblyman Chiaravalloti**. “This important update sends a clear message that we in New Jersey believe health care is not a privilege, but a right.”

“People with pre-existing conditions had their lives changed when the Affordable Care Act became law in 2010,” **said Assemblywoman Downey**. “For the first time, they could not be denied coverage by an insurance company because of their conditions, from diabetes to allergies to cancer. We cannot go back to a world where people had less access to critical medications or treatments because of poor insurance coverage. With this law, we ensure that will never happen in New Jersey.”

“No one should ever be penalized for having a medical condition,” **said Assemblyman Danielsen**. “The ACA paved the way for Americans to begin seeing what was possible when they had access to coverage for pre-existing conditions. So many people now have far better quality of life as a result, and that’s something we will fight to protect and guarantee for all New Jersey residents.”

A5248

“As a physician, I firmly believe that access to health care is a right, not a privilege,” **said Assemblyman Conaway**. “We took a tremendous step forward toward securing that right for all Americans under the Affordable Care Act. The legislation signed today will enshrine the essential health benefits and guiding principles of the ACA into State law, so that New Jerseyans will continue receiving the same benefits if the ACA were ever struck down.”

“We hear stories far too often of patients facing discrimination because of their age or disability,” **said Assemblyman Mukherji**. “No one should be penalized or taken advantage of for having a health condition. This is the law of the land nationwide, and we’ve now reaffirmed these values here in New Jersey.”

“Essential health benefits are exactly that: essential,” **said Assemblyman McKeon**. “Our children need vision and oral care; our new mothers need maternity care; and at any moment, anyone may need emergency services. I’m proud to live in a state that values the health and wellbeing of its residents, so much that it guarantees certain protections under the law.”