

17:48E-17

LEGISLATIVE HISTORY CHECKLIST
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(Health service corporation--
permit direct provision of
administrative services)

NJSA: 17:48E-17

LAWS OF: 1992 CHAPTER: 21

BILL NO: A1200

SPONSOR(S): Gaffney and Zecker

DATE INTRODUCED: March 23, 1992

COMMITTEE: ASSEMBLY: Insurance
SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage denoted
by asterisks

DATE OF PASSAGE: ASSEMBLY: April 30, 1992
SENATE: May 21, 1992

DATE OF APPROVAL: June 17, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]
ASSEMBLY, No. 1200

STATE OF NEW JERSEY

INTRODUCED MARCH 23, 1992

By Assemblymen GAFFNEY and ZECKER

1 AN ACT concerning certain powers of health service corporations
2 and amending P.L.1985, c.236.

3

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

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

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

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

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

34 d. [A health service corporation may not directly supply
35 administrative services only, but may supply administrative
36 services through a subsidiary or affiliate, except that no health
37 service corporation may directly or indirectly, through a
38 subsidiary or affiliate or otherwise, make available any provider
39 differential under an agreement to supply administrative services
40 only] A health service corporation may supply administrative
41 services only, and may supply administrative services either
42 directly or through a subsidiary or affiliate ¹, and may make

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AIN committee amendments adopted March 30, 1992.

1 available any provider differential under an agreement to supply
2 administrative services only]¹.

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

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

5 (cf: P.L.1988, c.71, s.3)

6 2. This act shall take effect immediately.

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11 _____
12 Permits health service corporations to supply administrative
services only.

1 available any provider differential under an agreement to supply
2 administrative services only.

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

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

5 (cf: P.L.1988, c.71, s.3)

6 2. This act shall take effect immediately.

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8

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STATEMENT

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11 This bill permits health service corporations to supply
12 administrative services only, either directly or through a
13 subsidiary or affiliate. Under current law, a health service
14 corporation may not supply administrative services only. The bill
15 also provides that a health service corporation may make
16 available any provider differential under an agreement to supply
17 administrative services only.

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22 _____
23 Permits health service corporations to supply administrative
services only.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1200

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MARCH 30, 1992

The Assembly Insurance Committee favorably reports Assembly Bill No. 1200 and with committee amendments.

As amended by the committee, this bill permits health service corporations, such as Blue Cross and Blue Shield of New Jersey, to supply administrative services only, either directly or through a subsidiary or affiliate. Under current law, a health service corporation may supply administrative services only through a subsidiary, but may not do so directly.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1200

STATE OF NEW JERSEY

DATED: MAY 18, 1992

The Senate Commerce Committee reports favorably Assembly, No. 1200 (1R).

This bill permits a health service corporation, such as Blue Cross/Blue Shield of New Jersey, to enter into administrative services only contracts either under its own name (directly) or through a subsidiary or affiliate. Under current law, a health service corporation may only enter into such contracts through a subsidiary or affiliate, but not under its own name (directly).