

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 5095

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 9, 2020

The Assembly Financial Institutions and Insurance committee reports favorably, and with committee amendments, Assembly Bill No. 5095.

This bill regulates stop loss insurance in the small employer health insurance market. Stop loss insurance is designed to provide reimbursement for catastrophic, excess, or unexpected expenses, and it is used by some small employers to self-insure part of the health benefits coverage for their employees. Under current law governing the New Jersey Small Employer Health Benefits Program, a small employer is defined to mean one that employs an average of at least two but not more than 50 employees, and the majority of the employees are employed in New Jersey.

As amended, this bill provides that, in order to be sold to a small employer in this State, a stop loss insurance policy must establish a per person attachment point or retention or aggregate attachment point or retention, or both, which meet the following requirements: (1) if the policy establishes a per person attachment point or retention, that specific attachment point or retention may not be less than \$40,000 for all stop loss insurance policies written, issued, administered or renewed on or after April 1, 2020; and (2) if the policy establishes an aggregate attachment point or retention, that aggregate attachment point or retention may not be less than 140% of expected claims per plan year.

The bill also requires that, beginning in 2021, a stop loss insurer shall set and file its premium rates each year with the Department of Banking and Insurance no later than July 1, and those rates shall be immediately made public by the department. The premium rate charged by a stop loss insurer to a group of 50 or fewer members must comply with the small employer health benefits program rating requirements adopted by the New Jersey Small Employer Health Benefits Program pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) and regulations at N.J.A.C.11:21-1.1 et seq. by April 1, 2020. The commissioner is to annually review and report on the compliance with the bill. The report shall be made available on the department's website on or before June 30 each year.

The bill also requires a stop loss insurer to issue and renew, at the option of the small employer, a stop loss insurance policy written, issued, administered, or renewed on or after April 1, 2020, or in force on or after April 1, 2020 except under certain circumstances.

The bill provides that the stop loss insurance requirements do not apply to stop loss insurance issued to a multiple employer welfare arrangement that is in compliance with P.L.2001, c.352 (C.17B:27C-1 et seq.). The exclusion only applies to stop loss insurance provided to a multiple employer welfare arrangement, and does not apply to the small employer groups that comprise the multiple employer welfare arrangement.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) remove a provision of the bill that would have prohibited insurers from offering, issuing, or renewing stop loss insurance policies of any kind to small employers;

(2) provide that, in order to be sold to a small employer in this State, a stop loss policy must establish a per person attachment point or retention or aggregate attachment point or retention, or both, which meet the following requirements: (1) if the policy establishes a per person attachment point or retention, that specific attachment point or retention may not be less than \$40,000 for all stop loss insurance policies written, issued, administered or renewed on or after April 1, 2020; and (2) if the policy establishes an aggregate attachment point or retention, that aggregate attachment point or retention may not be less than 140% of expected claims per plan year;

(3) require that, beginning in 2021, a stop loss insurer shall set and file its premium rates each year with the Department of Banking and Insurance no later than July 1, and such rates shall be immediately made public by the department;

(4) provide that the premium rate charged by a stop loss insurer to a group of 50 or fewer members shall comply with the small employer health benefits program rating requirements adopted by the New Jersey Small Employer Health Benefits Program pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) and regulations at N.J.A.C.11:21-1.1 et seq. by April 1, 2020;

(5) provide that the commissioner shall annually review and report on the compliance with the bill;

(6) require a stop loss insurer to issue and renew, at the option of the small employer, a stop loss insurance policy written, issued, administered, or renewed on or after April 1, 2020, or in force on or after April 1, 2020 except in certain circumstances; and

(7) provide that the stop loss insurance requirements do not apply to stop loss insurance issued to a multiple employer welfare arrangement that is in compliance with P.L.2001, c.352 (C.17B:27C-1 et seq.).