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

Co-Sponsored by:
Senators Diegnan, Turner and Gopal

SYNOPSIS
Establishes loan program in Department of Treasury for certain entities offering health benefits plans; makes appropriation.

CURRENT VERSION OF TEXT
Introduced Pending Technical Review by Legislative Counsel.
AN ACT establishing a loan program for certain entities offering health benefits plans and making an appropriation.

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

1. a. The State Treasurer shall establish a program providing loans as specified in subsection b. of this section to entities offering health benefits plans in the State that are faced with insolvency as a result of providing coverage for the coronavirus disease 2019 pandemic due to circumstances such as a large number of catastrophic claims or premium threshold issues.

b. An entity offering a health benefits plan in this State may apply to the State Treasurer for a loan pursuant to this act and the State Treasurer shall evaluate applications and make loans available, as appropriate. No loan shall be awarded pursuant to this act after the end of the ninth month following the effective date of this act. The State Treasurer shall evaluate applications from any entity offering a health benefits plan in this State. The State Treasurer shall only make a loan available to an applicant the State Treasurer determines would likely face insolvency without receiving the loan. The loan shall be limited to the amount needed by the entity to avoid becoming insolvent.

c. An entity receiving a loan pursuant to this act shall not be charged interest or fees associated with the loan. The loan shall be repaid pursuant to a term to be determined by the State Treasurer. The State Treasurer may extend the term or forgive repayment of the loan if the State Treasurer determines an extension or loan forgiveness is necessary for the continued solvency of the entity.

d. There are appropriated such amounts from the General Fund that are necessary to effectuate the purposes of this act, subject to the approval of the Director of the Division of Budget and Accounting.

2. This act shall take effect immediately and shall expire after all loans provided pursuant to this act have been repaid or forgiven.

STATEMENT

This bill establishes a loan program in the Department of Treasury for certain entities offering health benefits plans. Specifically, the bill requires the State Treasurer to establish a program providing loans to entities offering health benefits plans in the State that are faced with insolvency as a result of providing coverage for the coronavirus disease 2019 pandemic due to circumstances such as a large number of catastrophic claims or premium threshold issues.
The bill requires the State Treasurer to evaluate applications from any entity offering a health benefits plan in this State. The loans are only to be made available to an applicant the State Treasurer determines would likely face insolvency without receiving the loan, and are limited to the amount needed by the entity to avoid becoming insolvent. The bill provides that no loan is to be awarded after the end of the ninth month following the effective date of the bill.

An entity receiving a loan pursuant to the bill may not be charged interest or fees associated with the loan. The State Treasurer may extend the term or forgive repayment of the loan if the State Treasurer determines an extension or loan forgiveness is necessary for the continued solvency of the entity.

The bill provides that the State Treasurer is to appropriate the funds from the General Fund that are necessary to effectuate the purposes of the bill.