

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### SENATE, No. 3480

# STATE OF NEW JERSEY

DATED: JANUARY 26, 2023

The Senate Commerce Committee reports favorably Senate Bill No. 3480.

This bill revises various requirements for individual and small employer health benefits plans.

The bill removes a provision of law that requires health insurance carriers to offer individual health plans, through the Individual Health Coverage Program, as a condition of participation in the small employer health insurance market.

The bill also removes a 5-year prohibition on carriers re-entering the individual and small employer health insurance markets if the carrier ceases to offer either plan.

The bill modifies the age rating band by requiring that the premium rate charged by a carrier to the highest rated small group purchasing a small employer health benefits plan may not be greater than 300% of the premium rate charged for the lowest rated small group purchasing that same health benefits plan; provided, however, that the only factors upon which the rate differential may be based are age and geography. Current law provides that the rate of the highest rated small group may not be greater than 200% of the premium rate charged for the lowest rated small group.

The bill removes provisions of current law that provide certain caps on cost-sharing amounts in small employer health plans. The bill instead provides that cost-sharing may not exceed the maximum out-of-pocket limits established in the federal Patient Protection and Affordable Care Act. This bill also requires the board of directors of the New Jersey Small Employer Health Benefits Program to annually review and adjust certain requirements, including out-of-pocket limits, for small employer health benefits plans. In addition, the bill requires the board to examine and track where small employers who do not continue coverage through a small employer health benefits plan elect to purchase coverage.

The bill provides that a carrier that offers an individual or small employer health benefits plan that provides benefits for expenses incurred in the purchase of prescription drugs may use a prescription drug formulary to limit or exclude coverage for prescription drugs, provided that the carrier demonstrates to the satisfaction of the board that utilization and medical review panels are in place to allow formulary flexibility when necessary, provided that the carrier may not

adopt a protocol, policy, or program that establishes the specific sequence in which prescription drugs for a specified medical condition, and medically appropriate for a particular patient, are required to be administered in order to be covered by a health benefits plan.

The bill requires the department to establish a clinically sound and well-communicated exceptions and appeals process for any carrier offering an individual or small employer health benefits plan and that uses a prescription drug formulary pursuant to the bill. The exceptions and appeals process is to allow insureds to appeal to an independent, objective third party which shall render a decision as promptly as the patient's condition mandates.

The bill requires the department to adopt rules and regulations, for plan year 2024, requiring the minimum standards for small employer health benefits plans to be no greater than the minimum standards set forth in the federal Patient Protection and Affordable Care Act, for individual health benefits plans.

The bill revises the membership of the New Jersey Small Employer Health Benefits Program Board. The bill provides that the board will consist of the following members:

- (1) One carrier that sells plans in the small employer market;
- (2) Two carriers that sell plans in the small employer market or the individual market;
- (3) Two representatives of or individuals employed by businesses that purchase in small employer health benefits plans;
- (4) Two individuals who are licensed insurance brokers;
- (5) Two health care provider representatives;
- (6) One individual representing organized labor; and
- (7) One individual representing an association that represents small businesses in the State; and
- (8) One person with knowledge or expertise in New Jersey regulated health insurance markets who represents the general public.