

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3667

STATE OF NEW JERSEY

DATED: JUNE 3, 2024

The Assembly Health Committee reports favorably Assembly Bill No. 3667.

This bill amends current law to permit dental service corporations to be or become subsidiaries of nonprofit parent companies. Under current law, a dental service corporation is prohibited from spending more than 10 percent of its assets or more than 50 percent of its surplus, whichever is less, on investments. This places dental service corporations at a disadvantage compared to other health insurance companies, despite the fact that dental service corporations have more predictable risk of loss and thus have less need for limiting the use of company funds.

Allowing dental service corporations to be or become subsidiaries of nonprofit parent companies, while still imposing all statutory requirements on the dental service corporations themselves, would give a nonprofit parent company freedom to invest funds and be better able to help its dental service corporation subsidiary compete with larger health insurance companies that offer dental services. At the same time, the dental service corporation subsidiary would still be required to comply with the "Dental Service Corporation Act of 1968," including the limitation on investing company funds.