

ASSEMBLY, No. 4705

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 26, 2024

Sponsored by:

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

Assemblyman MICHAEL VENEZIA

District 34 (Essex)

Senator NICHOLAS P. SCUTARI

District 22 (Somerset and Union)

Co-Sponsored by:

Assemblywoman Reynolds-Jackson

SYNOPSIS

Increases annual assessment on net written premiums of HMOs from five percent to six percent.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/28/2024)

A4705 MURPHY, VENEZIA

2

1 AN ACT concerning the annual assessment on health maintenance
2 organizations and amending P.L.2004, c.49.

3

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

6

7 1. Section 3 of P.L.2004, c.49 (C.26:2J-47) is amended to read as
8 follows:

9 3. a. (1) For the fiscal years 2005 and 2006, the Commissioner
10 of Banking and Insurance shall issue, in accordance with the
11 provisions of this section, a special interim assessment of one
12 percent, and in fiscal year 2007 and each fiscal year thereafter
13 through fiscal year 2019, an annual assessment in the amount of two
14 percent, in fiscal year 2020, an annual assessment in the amount of
15 three percent, **[and]** in fiscal year 2021 and each fiscal year
16 thereafter through fiscal year 2024, an annual assessment in the
17 amount of five percent, and in fiscal year 2025 and each fiscal year
18 thereafter, an annual assessment in the amount of six percent on the
19 net written premiums received by each health maintenance
20 organization granted a certificate of authority to operate in this
21 State pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.), to be allocated
22 to the Health Care Subsidy Fund established pursuant to section 8
23 of P.L.1992, c.160 (C.26:2H-18.58) for the purpose of providing
24 charity care payments to hospitals in accordance with the formula
25 used for the distribution of charity care subsidies that are provided
26 pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

27 (2) "Net written premiums received" means direct premiums as
28 reported on the annual financial statement submitted pursuant to
29 section 9 of P.L.1973, c.337 (C.26:2J-9), and to the commissioner
30 on a quarterly basis.

31 b. The commissioner shall certify the amount of the annual
32 assessment issued to each health maintenance organization as
33 calculated pursuant to subsection a. of this section. Each health
34 maintenance organization shall remit the amount so certified on a
35 quarterly basis in each fiscal year to the Department of Banking and
36 Insurance in accordance with the procedures established in
37 P.L.1995, c.156 (C.17:1C-19 et seq.), and as prescribed by the
38 commissioner, who may adjust the quarterly payments from time to
39 time as necessary to meet the current and estimated assessment
40 obligation of each health maintenance organization in each fiscal
41 year.

42 c. Amounts collected by the commissioner shall be allocated to
43 the Health Care Subsidy Fund established pursuant to section 8 of
44 P.L.1992, c.160 (C.26:2H-18.58) and used solely for the purpose of
45 providing charity care payments to hospitals in accordance with the

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.

1 formula used for the distribution of charity care subsidies that are
2 provided pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.).

3 d. (1) A health maintenance organization shall not impose any
4 additional premium, fee or surcharge on its premium or enrollee
5 charge to recoup any assessment paid pursuant to this section.

6 (2) The provisions of paragraph (1) of this subsection shall not
7 apply to a health maintenance organization with respect to any
8 federally funded program underwritten by that health maintenance
9 organization.

10 (cf: P.L.2020, c.96)

11

12 2. This act shall take effect immediately and shall apply to
13 assessments made for Fiscal Year 2025 and thereafter.

14

15

16

STATEMENT

17

18 This bill increases the annual assessment on net written
19 premiums of HMOs from five percent to six percent.

20 The Governor's Fiscal Year 2025 budget recommendations
21 include enactment of the bill. The Department of the Treasury
22 estimates that the bill will increase gross revenue to the Health Care
23 Subsidy Fund by \$83 million.