SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 1971

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 24, 2025

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1971.

As amended, this bill imposes certain rate filing requirements on individual health benefits plans available on New Jersey's State-based exchange, "Get Covered NJ." The legislation requires all health insurance carriers offering these plans to follow the ACA's single-risk-pool rule. The rule requires every carrier to price each plan based on projected utilization by the identical population, the entire market risk pool. Accordingly, the cost of silver and gold level plans will be priced more in line with the actuarial value of those plans.

The bill requires the Commissioner of Banking and Insurance (commissioner) to promulgate regulations imposing additional requirements for health benefits plans, including qualified health plans, to address the following factors:

(1) whether the carrier issuing the health benefits plan has complied with all requirements for pooling risk, as provided by federal regulation, and participating in risk adjustment under State or federal law;

(2) the covered benefits or health benefits plan design or, for a rate change, any changes to the benefits or design; and

(3) certain other factors enumerated by federal regulation.

The bill requires the commissioner to consider certain additional factors in making a determination concerning a proposed rate for a qualified health plan, including:

(1) the purchasing power of consumers who are eligible for a premium subsidy;

(2) if the plan is in the silver level, whether the rate is appropriate for the plan in relation to the rates charged for qualified health plans offering coverage at other metal levels, taking into account any funding or lack of funding for cost sharing reductions, the covered benefits for each level of coverage, and expected service utilization by the carrier's entire individual market risk pool, if enrolled in each metal level of coverage; and

(3) whether the carrier issuing the health benefits plan utilized the induced demand factors developed by the federal Centers for Medicare and Medicaid Services for the risk adjustment program

established under federal law for the level of coverage offered by the plan, unless the Department of Banking and Insurance determines that the use of those factors would be objectively inappropriate in estimating the impact of cost sharing on expected utilization by the carrier's entire individual market risk pool.

The bill requires carriers that make an individual or small employer health benefits plan and provider network available in a geographic area at either the gold or silver level to offer the plan and provider network in that area at both the gold and silver levels.

The bill provides that, in any rate filing issued by a carrier offering a health benefits plan through the State-based exchange, the carrier shall base the price of any plan in the silver level on a distribution of silver-tier enrollment among cost sharing reduction variants that:

(1) for rates charged in 2026, assumes that the plan's enrollees will be distributed among cost sharing reduction variants in proportion to the total statewide distribution of silver-tier enrollees among those variants in 2022, as estimated by the commissioner; and

(2) for rates charged after 2026, assumes that the plan's enrollees will enroll in plans with an actuarial value of 90 percent.

The bill provides that nothing in current law or in the bill is to be construed to prevent a carrier from transferring a member from a plan in the silver level to a plan in the gold level, provided that:

(1) before the most recent open enrollment period, the member was enrolled in a silver level plan;

(2) during that open enrollment period, the member did not make an affirmative choice of plan;

(3) the gold plan and the silver plan have the same product and provider network;

(4) the gold plan has a higher actuarial value and a lower premium than the silver plan;

(5) the member received prior and subsequent notice from the carrier describing the transfer and explaining how the member can opt out of the transfer, as prescribed by the department; and

(6) the transfer is pursuant to a transfer policy of the carrier that is filed with the department and that transfers all members who meet the criteria described in this paragraph.

This bill was prefiled for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS

The committee amended the bill to:

1) update to 2026 as the year for which a carrier is to base the price of a plan in the silver level and in which the bill is effective; and

2) make technical updates.