

SENATE, No. 3838
STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED OCTOBER 24, 2024

Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Somerset and Union)

SYNOPSIS
Permits Director of Division of Pensions and Benefits to initiate temporary transfer of funds in certain circumstances.

CURRENT VERSION OF TEXT
As introduced.

AN ACT concerning the State Health Benefits Program and amending and supplementing P.L.1961, c.49.

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

1. Section 6 of P.L.1961, c.49 (C.52:14-17.30) is amended to read as follows:

6. a. For each active covered State employee and for the eligible dependents the employee may have enrolled at the employee's option, the State, from funds appropriated therefor, shall pay its share of the premium or periodic charges for the benefits provided under the contract purchased by the commission pursuant to subsection a. of section 4 of P.L.1961, c.49 (C.52:14-17.28).

An employee may, on an optional basis, enroll the employee's dependents for coverage under the contract subject to such regulations and conditions as the commission and the carrier may prescribe.

b. There is hereby created a health benefits fund. Said fund shall be used to pay the premiums or periodic charges for which the State is responsible under this act.

c. The fund shall contain a dedicated subaccount reserved for payment of claims and other health services fees for covered health services and prescription drug benefits provided to covered State employees and their enrolled eligible dependents. **[No]** Except as permitted pursuant to section 2 of P.L. __, c. __ (C. __). (pending before the Legislature as this bill), **no** person shall use or authorize the use of the assets in the subaccount, or the investment earnings thereon, for any purpose other than for the provision of benefits in accordance with the terms of the State Health Benefits Program and for defraying the reasonable costs of administering the subaccount.

A third-party medical claims reviewer, procured pursuant to section 2 of P.L.2019, c.143 (C.52:14-17.30b), shall, in the performance of services for the program, act in the best interests of the State, participating employers, and covered State employees and their enrolled eligible dependents. Nothing in this subsection shall be construed as subjecting the program, its plans, the State, or any participating employer to the provisions of the "Employee Retirement Income Security Act of 1974" (29 U.S.C. s.1001 et seq.).

The third-party medical claims reviewer shall collect, store and maintain a secure archive of medical and prescription drug claims data and other health services payment information and provide such data and other reports in compliance with applicable

State and federal laws, including the "Health Insurance Portability and Accountability Act of 1996," Pub.L.104-191, to document the cost and nature of claims incurred, demographic information on the covered population, emerging utilization and demographic trends, and such other information as may be available to assist in the governance of the program and in timely response to any requests from the Governor, the State Treasurer, the Division of Pensions and Benefits, the State Health Benefits Commission, the State Health Benefits Plan Design Committee, the President of the Senate, and the Speaker of the General Assembly. Such claims data shall include, but not be limited to, for each claim, the claim number, provider information, amount charged, amount paid, and the Current Procedural Terminology (CPT) code. The State Health Benefits Commission, the State Health Benefits Plan Design Committee, the State Treasurer, or the Division of Pensions and Benefits may direct the third-party medical claims reviewer to provide appropriate medical and prescription drug claims and other health services payment data to a health care services provider or other authorized entity, in compliance with applicable State and federal laws, including the "Health Insurance Portability and Accountability Act of 1996," Pub.L.104-191, for the specific purpose of improving the quality and value of health care services delivered to program participants.

The State Treasurer shall deposit into the subaccount the moneys necessary to accomplish the purposes of this subsection, including moneys paid by employers participating in the program, and contributed by employees and retirees of the State and employees and retirees of employers other than the State participating in the program. Deposits and contributions to the subaccount shall be applied to the distribution of payments for the costs of health care services and prescription drug benefits and to fund the reasonable costs of administering the subaccount. Assets in the subaccount shall be expended or withdrawn, and deposits and withdrawals shall be reconciled, in accordance with regulations and procedures adopted pursuant to this subsection.

Moneys in the subaccount shall be invested in permitted investments or shall be held in interest-bearing accounts in such depositories as the State Treasurer may select, and may be invested and reinvested in permitted investments or invested and reinvested in the same manner as other accounts in the custody of the State Treasurer as provided by law. All interest or other income or earnings derived from the investment or reinvestment of moneys in the subaccount shall be credited thereto and shall be determined on an aggregate basis for all participating employers.

The State Treasurer shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), such rules and regulations as may be necessary to implement the provisions of this act, P.L.2019, c.143 (C.52:14-17.30a et al.).

(cf: P.L.2019, c.143, s.3)

2. (New section) a. If the available funds in the health benefits funds established pursuant to sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and C.52:14-17.42) fall to a level that is insufficient to cover 10 days of anticipated payments from the fund, including, but not limited to, any portion of premiums, claims, and other periodic charges, provided that claims for medical, prescription, and dental expenses are based on an average over the past six months, then the Director of the Division of Pensions and Benefits may initiate a temporary transfer of available funds from the health benefits fund established pursuant to section 6 of P.L.1961, c.49 (C.52:14-17.30) to the health benefits funds established pursuant to sections 10 and 11 of P.L.1964, c.125 (C.52:14-17.41 and 52:14-17.42). The Director of the Division of Pensions and Benefits shall notify the commission within 30 days of the transfer. The amount transferred pursuant to this subsection shall not exceed the amount necessary to cover 30 days of anticipated payments from the fund, including, but not limited to, any portion of premiums, claims, and other periodic charges, provided that claims for medical, prescription, and dental expenses are based on an average over the past six months and any other anticipated payment or charge in the next 30 days. The amount transferred pursuant to this subsection, together with interest accruing at the prevailing interest rate earned by the health benefits fund established pursuant to section 6 of P.L.1961, c.49 (C.52:14-17.30) in the month last preceding the date of the transfer, shall be reimbursed from the health benefits fund established pursuant to section 11 of P.L.1964, c.125 (C.52:14-17.42) on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents; provided, however, in no case shall the reimbursement date be extended for more than an additional 365 days.

b. The Director of the Division of Pensions and Benefits shall provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days pursuant to subsection a. of this section, the outstanding balances of all transfers initiated

pursuant to subsection a. of this section, any repayments for past transfers received, and the current balance of the health benefits fund established pursuant to section 11 of P.L.1964, c.125 (C.52:14-17.42).

3. This act shall take effect immediately.

STATEMENT

This bill establishes a mechanism to provide necessary funds if the available funds in the dependents premium fund and employer health benefits fund fall to a level that is insufficient to cover 10 days of anticipated payments from the fund. The bill permits the Director of the Division of Pensions and Benefits to initiate a temporary transfer of available funds from the health benefits fund to the dependents premium fund and employer health benefits fund. The bill requires the Director of the Division of Pensions and Benefits to notify the State Health Benefits Commission within 30 days of the transfer.

Under the bill, the amount transferred must not exceed the amount necessary to cover 30 days of anticipated payments from the fund. The amount transferred, together with interest accruing at the prevailing interest rate earned by the health benefits fund in the month last preceding the date of the transfer, is to be reimbursed from the employer health benefits fund on or before the 120th day next following the date of the transfer unless the Director of the Division of Pensions and Benefits determines that an extension of the reimbursement date is necessary to ensure that sufficient funding is available to pay claims incurred by employees of employers other than the State and their dependents; provided, however, in no case will the reimbursement date be extended for more than an additional 365 days.

The bill requires the Director of the Division of Pensions and Benefits to provide to the State Treasurer a monthly accounting of any transfers initiated in the prior 30 days, the outstanding balances of all transfers initiated, any repayments for past transfers received, and the current balance of the employer health benefits fund.