

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

SENATE, No. 2875

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 24, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2875 (2R).

As amended, the bill makes certain changes to the minimum loss ratio requirements for the individual and small employer health insurance markets. Generally, a minimum loss ratio requires health insurers to spend a certain portion of each premium dollar on claims payment and on quality improvement. The remaining portion of each premium dollar may be spent on administrative expenses.

Under the bill, the 80 percent minimum loss ratio for the previous year is required to be calculated based on a three-year rolling average. In addition, the bill requires the Department of Banking and Insurance to issue regulations for both the individual and small employer markets requiring a health insurance carrier's minimum loss ratio to be calculated by aggregating the data for a three-year period which includes the data for the previous calendar year whose minimum loss ratio is being calculated, including three months of runout through the first quarter of the subsequent year and the data for the two years immediately preceding the year for which the minimum loss ratio is being calculated.

As amended and reported by the committee, Senate Bill No. 2875 (2R) is identical to Assembly Bill No. 3972 (2R).

COMMITTEE AMENDMENTS:

The committee amended the bill to remove from the bill language requiring a carrier's minimum loss ratio to meet the requirements of federal guidance or regulations.

FISCAL IMPACT:

This bill has not been certified for a fiscal note.