

INSURANCE LAW ALERT

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New Jersey Proposes The Health Benefit Exchange Act to Authorize An American Health Benefit Exchange in New Jersey Pursuant to the Patient Protection and Affordable Care Act

On January 30, 2012, the New Jersey Legislature introduced Senate Bill No. 1319 and identical Assembly Bill No. A2171, with Nia Gill and Joe Vitale as primary sponsors. If adopted, this legislation will be the New Jersey Health Benefit Exchange Act. The Act is intended to provide statutory authorization for establishment of the Exchange pursuant to the Patient Protection and Affordable Care Act, P.L. 111-148, as amended by P.L. 111-152 (the "Affordable Care Act"). A hearing on the Senate proposal is scheduled before the Senate Commerce Committee for February 27, 2012.

The New Jersey Health Benefit Exchange would accomplish the following goals:

- a. reduce the number of uninsured New Jersey residents by creating an organized, transparent marketplace within New Jersey for the purchase of affordable, quality health care coverage; claim available federal tax credits and cost-sharing subsidies; and meet the personal responsibility requirements imposed by the Affordable Care Act;
- b. strengthen the health care delivery system in New Jersey;
- c. guaranty the availability and renewability of health care coverage in New Jersey through the private health insurance market to eligible persons and participating employers;
- d. require that health benefit plans and health insurers issuing coverage in the individual and employer markets in the State compete on the bases of price, quality and service rather than on risk selection; and
- e. fully meet the requirements of the Affordable Care Act.

See S.1319, 2012 Leg.(N.J.).

The Act addresses in detail administration of the Exchange, its activities, qualified plans of participating carriers in the Exchange, and provision of health care coverage through the Exchange. It allows the creation of the New Jersey Health Benefit Exchange Trust Fund in the State Department of the Treasury as a non-lapsing revolving repository for monies collected from carriers to pay assessments to fund the Exchange, federal or private grants, and the imposition of surcharges on all qualified health benefit plans. Funds deposited into the Trust Fund will be used to pay the administrative and operational expenses of the Exchange.

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