



**Date:** May 18, 2005  
**To:** NJ State NAHU Board  
**From:** Jack Kalosy, HIA, NJ State Legislative Chair

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**Subject:** May Legislative Report

### **1. Details on the PAC**

- We need additional Fundraisers for the PAC.
- Brad Greenbaum has been appointed the new HIAPAC Chairman by Joe Torella
- Brad has set a goal of \$25,000 for our annual PAC Budget!
- The HIAPAC lapel pins are ready for distribution. If you have donated more than \$120 to the PAC you are entitled to a pin.

### **2. Current Legislative Environment**

#### ➤ **The HEALTH INSURANCE AFFORDABILITY AND ACCESSIBILITY REFORM ACT (A-3359) bill is on the move with many amendments**

As explained in past legislative updates, any reform introduced and/or passed before the elections in November won't be the comprehensive reform we are looking for since no legislator wants to be the one marked responsible for making the old and sick pay more for coverage. That said, Cohen also posted his version of market reform for hearing today. His version, as amended includes the following provisions:

- ◆ The bill modifies "community rating" for the individual market by allowing Carriers to rate on a **2:1 band** with the rate differential being based on age, gender and geography. The rating factor for geography can use counties as the smallest rating territory.
  - ◆ The bill, however, grandfathers all plans issued prior to the law's effective date and renewals of grandfathered plans as well.
  - ◆ **An eligible employee is defined as working 1 hour a week or more!**
  - ◆ The bill requires plans to issue individual (and small group) plans as a condition of offering coverage in the State and also reduces the standard plans required to be offered. A carrier can offer any plan it chooses to actively market as long as those plans included the one standard plan required to be offered.
  - ◆ Any rate increase in excess of 15% will require pre approval.
  - ◆ The bill increases the Carrier Loss Ratio to 80% and requires as a condition of offering new plans under the law that carriers makes an information filing to DOBI of a schedule of premiums, not to exceed 12 months, the carriers' rating plan, classification system and actuarial assumptions and methods used to establish rates for that policy. Same for proposed premium increases.
  - ◆ The bill keeps the loss assessment and redistribution mechanism under the current law but eliminates including investment losses in the 2-year calculation of losses and increases the amount – from 115% to 120% of claims paid in excess of premium earned before those claim losses are reimbursable through the assessment reimbursement process.
- Senator Rice introduced the Senate (S-2574) version of the "get the lead out" bill (A-3440) on May 12<sup>th</sup>. That is a very good sign. This bill, which we strongly support, provides for establishment of health savings accounts. The Assembly bill sponsor, Assemblyman Cohen indicated that he is looking to make some changes; he is concerned that people will be

dropped by their employers from their existing plans into HSA's unwillingly. We will keep you informed of what happens.

- We had our Legislative Management Team (LMT) meeting on Tuesday May 3rd, 2005 at 12:30 PM at Chesterfield's in the Jamesburg Holiday Inn. We had 12 participants at that meeting. We are still looking for additional members that would like to attend the LMT so please try to bring a new participant to the next meeting from your chapter. We discussed the HIAPAC and LMT operating By-laws. We also identified legislative issues that need our attention during the next quarter.
- Please take a moment to take part in the "Adopt a Legislator" program. You can **HELP** you and your clients keep Health Insurance affordable by agreeing to keep a legislator educated on our key issues. Dave Mordo is running the "Adopt a Legislator" Program. Please contact Dave and volunteer to work with your State or Federal Legislator.
- Senator Singer has sponsored a bill (S-1572) the bill will allow 3.5:1 rate ratios in the Individual and SEH markets. We are hopeful that we can push this bill to passage after the legislature returns from elections in the fall of 2005. This bill represents another major contribution by the NJAHU to improving consumers' access to affordable Health Insurance.

### 3. Important Legislative Issues to address this Quarter

- **3.5:1-rate ratios for the Individual and Group marketplace. Bill Pending**
- **Change the NJ Statutory Continuation to look like Federal COBRA. DONE**
- Add percentage of eligible employees participating in the group as a rating factor.
- We are looking into language in the NJ Producer Act that allows non-licensed entities to be paid a referral fee (AKA Rebating).
- Find a sponsor for enabling legislation for the Long term Care Partnership program. This bill will allow NJ to enact a LTC Partnership program quickly once the Federal Bill has been approved.
- **Add Medicaid and "Family Care" as valid waivers under the NJ SEH plans. Bill Pending**

### 4. Events

Respectfully Submitted,

Jack Kalosy

NJ State Legislative Chair