



New Jersey Small Employer Stop Loss Bill

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A bill has been introduced in New Jersey in both the Senate and Assembly that, if passed, would prohibit insurance carriers or other insurers subject to the insurance laws of New Jersey or any other state from offering, issuing or renewing any stop loss insurance policy of any kind to small employers. Stop loss insurance provides reimbursement for catastrophic, excess or unexpected expenses and is used by small employers to self-insure part of the health insurance coverage they provide for employees. Under New Jersey law, in connection with a group health plan, a small employer means an employer with 2-50 eligible employees on business days during the preceding calendar year. If passed, the bill would become effective three months after it is enacted.

S3270 was introduced to the Senate on February 14, 2019 and A5095 was introduced to the Assembly on February 25, 2019, but they are far from becoming law at this point. As background, when a bill is introduced into the Senate or Assembly, it must be introduced to committee. If it is approved in the committee, it goes back to the Senate/Assembly to be debated and voted on. In order for a bill to pass the Senate/Assembly, a majority of the Senate/Assembly must vote in favor of it (which requires 21 votes for the Senate and 41 votes for the Assembly). If the bill is approved by both the Senate and Assembly, it then goes to the Governor. If he signs it, it then becomes law.

The Senate bill passed the Senate House Committee on March 4 by a 3-2 vote. At this point, it will go back to the Senate for debate and vote. The Assembly bill has been referred to committee.

We are following this legislation and will continue to keep you apprised.