

CHAPTER 154

AN ACT concerning experience rating of certain dental service corporations, amending and supplementing P.L.1968, c.305 and repealing section 19 of P.L.1968, c.305.

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

C.17:48C-19.1 Adjustment of rate of premium for dental service corporations, certain circumstances.

1. a. A group contract covering at least 10 employees or members may provide for the adjustment of the rate of premium based on past or projected experience, and may include those claim costs and utilization trend factors which the dental service corporation deems necessary in its discretion. No dental service corporation shall use any form of prospective or retrospective experience rating plan until it shall have filed with the Commissioner of Banking and Insurance the formulas to be used and the classes or groups to which they are to apply. The commissioner may disapprove the formulas or classes at any time if the commissioner finds that the rates produced thereby are excessive, inadequate or unfairly discriminatory or that the formulas or classes are such as to prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation which are not subject to experience rating.

b. An experience rating formula used pursuant to this section may provide for the allowance of an equitable discount if the policyholder agrees to perform certain administrative and recordkeeping functions in connection with the routine maintenance of the group contract.

c. Nothing in this section shall preclude a dental service corporation from incorporating in the rating formulas those claim cost and utilization trend factors which it deems necessary in its discretion, so long as the rates produced are self-supporting in the aggregate, not excessive, and the formulas for classes do not prejudice the interests of persons who are eligible for coverage under contracts with the dental service corporation which are not subject to experience rating.

d. The commissioner may, by regulation, prohibit or limit the experience rating of contracts covering groups of fewer than 50 employees or members if the commissioner determines that experience rating of those contracts is not in the public interest.

2. Section 20 of P.L.1968, c.305 (C.17:48C-20) is amended to read as follows:

C.17:48C-20 Agreements for participation with other corporations for issuance of group contracts.

20. A dental service corporation of this State may enter into agreements to participate with other corporations in the issuance of group contracts to policyholders whose employees or members are located in more than one state. Without regard to the limitations specified in section 1 of P.L.2003, c.154 (C17:48C-19.1), the agreements may provide for experience rating, for a sharing of the premium, claims, and expenses by the participating corporations or for acceptance or ceding of the whole or portions of group risks on a reinsurance basis. No such agreements shall, however, prejudice the interests of persons who are eligible for dental services under other contracts with the dental service corporation. Such agreements shall be filed with and approved by the commissioner before becoming effective.

Repealer.

3. Section 19 of P.L.1968, c.305 (C.17:48C-19) is repealed.

4. This act shall take effect immediately.

Approved August 15, 2003.