

**ASSEMBLY BILL NO. 3421
(Second Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 3421 (Second Reprint) with my recommendations for reconsideration.

This bill seeks to update state law governing multiple employer welfare arrangements ("MEWAs") in order to incentivize more businesses to enter into MEWAs as an option to provide health insurance benefits to their employees. While I support the underlying intent of the bill, I offer a technical amendment to preserve the state's longstanding definition of what constitutes a "small employer" for purposes of purchasing health insurance coverage.

New Jersey, like many other states, has historically defined the small employer health insurance market to include businesses with up to 50 employees. However, at the time the Legislature passed this bill, states were required to conform their definitions for the small employer market to the federal Affordable Care Act ("ACA"), which expanded the definition of small employer to include businesses with up to 100 employees, beginning in 2016. Mindful of this upcoming federal requirement, the Legislature revised the definition of small employer in this bill to match the federal law, as explained by the Senate Floor Statement which reads, in part, ". . . in recognition of the changes to the small employer health insurance market precipitated by the federal 'Affordable Care Act,' or 'ACA' and which are due to take effect in this regard on January 1, 2016."

Employees of businesses set to be impacted by this harmful policy would not be able to keep their current health plans, and employers would be subject to more of the onerous and costly requirements of the ACA that already burden small businesses. However, amidst pressure from the business community, state

governments, and other interested stakeholders, the President finally acknowledged one of the many harmful consequences of the ACA and on October 7, 2015 signed legislation to strike this misguided policy from law and allow states to continue to define the small employer health insurance marketplace in a manner that best suits the needs of individual states.

As such, this change to our state law to expand the definition of small employers to those with between 51-100 employees is neither necessary, nor prudent. There is no justifiable reason to subject these mid-sized businesses to the more onerous State and federal requirements of the small employer health insurance market. My recommendations would maintain the current definition of small employer and provide clear and predictable guidance to businesses and the health insurance industry, while preserving the overall substance of the bill. I hope that the Legislature swiftly concurs with this minor change so that employers may be afforded the benefit of an updated MEWA market to provide health insurance benefits to their employees.

Accordingly, I herewith return Assembly Bill No. 3421 (Second Reprint) and recommend that it be amended as follows:

<u>Page 2, Section 1, Line 24:</u>	Delete "100" and insert "50"
<u>Page 2, Section 1, Line 36:</u>	Delete ",and on or after the effective date" and insert "."
<u>Page 2, Section 1, Lines 37-40:</u>	Delete in their entirety

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Thomas P. Scrivero

Chief Counsel to the Governor