

December 10, 2020

To: Honorable Governor Phil Murphy  
Honorable Senate President Stephen Sweeney  
Honorable Assembly Speaker Craig Coughlin

We, the undersigned organizations are writing to ask your immediate attention to concerns regarding fast-tracking of S3218/A5119, the recently introduced Horizon BC/BS reorganization bill, and the lack of opportunity for public input and expert feedback.

The legislation to permit Horizon BC/BS to undertake a complete corporate restructuring has serious and not yet clearly understood health and financial implications for the state and people of New Jersey and puts billions in public assets at risk. More time and information is needed in order to fully consider the proposals within the bill and ensure the billions of dollars in public assets, as well as the health of the people of New Jersey, are protected moving forward.

As a charitable health services corporation and New Jersey's largest insurer, Horizon BC/BS has a unique mission and responsibility to the people of New Jersey. They provide coverage for 2.8 million residents, and administer the benefits for the 800,000 enrollees in the State Health Benefits Plan, and have tremendous influence on the health and wellbeing of all our residents. Previous conversion attempts resulted in legislation that set forth the process and protections in the event a conversion or change in form was undertaken in the future that require Horizon to make a charitable trust payment equal to the full fair market value of the company's assets currently estimated at \$7 billion. The proposed legislation in S3218/A5119 would allow Horizon BC/BS to circumvent that requirement and spread the value of the company across an unlimited number of for-profit subsidiaries while guaranteeing only a minimal payment to free them of their obligations.

Though Horizon BC/BS may contend otherwise, the fact remains that the 2001 law is broader in scope than just conversions directly to a for-profit stock company, and it would be triggered in this instance by that law's change in material form provisions. Horizon is in fact changing to permit private investment and private gain essentially making them a for-profit. The 2001 law recognized that if and when Horizon ever desired to change their corporate form, its public assets must be protected to secure the public good and public health. That is the principle the Legislature and Governor must uphold and guarantee, as required by law.

Therefore, we ask your public commitment that no bill will proceed without the following:

- 1) Multiple legislative hearings that allow for full and fair public participation;
- 2) Full public disclosure of Horizon's assets, including reserves;

- 3) A guarantee that full value of the charitable assets will be fully protected in any reorganization;
- 4) The Attorney General issuing a formal opinion on the proposed restructuring in his capacity as protector and enforcer of charitable trusts and corporations; and,
- 5) At minimum, a requirement that an independent health impact study be done as part of the approval process so that all stakeholders fully understand how this would affect affordability and access to healthcare, particularly for communities of color and the remaining uninsured in our state, as set forth in S.375 (2010).

These things cannot happen in the next two weeks, but are critical to enabling the public, legislators and other policy makers to fully vet and understand the proposals put forth in S3218/A5119.

Securing trust in public processes to protect public assets must remain paramount at all times, and meeting these detailed needs will help ensure that all parties can move forward in confidence and good faith.

On behalf of our organizations and the many New Jerseyans we represent await your reply and commitment to ensure the assets and people of New Jersey are protected both now and in the future.

New Jersey Citizen Action

New Jersey Appleseed, PILC

Anti-Poverty Network of New Jersey

BlueWaveNJ

Capwave Technologies Inc.

Committee of Interns and Residents/SEIU

Consumer Reports

CWA Local 1032

CWA Local 1081

Family Voices NJ

HPAE

Hudson County Central Labor Council

IFPTE Local 194

Indivisible Central NJ

Ironbound Community Corporation  
La Casa de Don Pedro  
Latin American Legal Defense And Education Fund  
Latino Action Network  
Living for a Cause  
Lutherans Engaging in Advocacy Ministry  
NAACP NJ  
NJEA  
New Jersey Alliance For Immigrant Justice  
New Jersey Tenants Organization  
Newark Teachers Union  
NJ Communities United  
NJ Main Street Alliance  
New Jersey Policy Perspective  
NJ State Industrial Union Council  
Our Revolution New Jersey  
Premier Community Development Corporation  
Professional Paperwork Services, LLC  
Progressive Democrats of Hudson County  
Region 9 UAW Housing Corporation  
Salvation and Social Justice  
SOMA Action  
SPAN Parent Advocacy Network  
STAND CNJ  
UU Faith Action NJ  
Westfield 20/20