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## Governor Chris Christie's Remarks to the New Jersey State Legislature as Prepared for Delivery

Saturday, July 1, 2017

Tags: [Shutdown](#)



Since I was first elected Governor, I have had a number of opportunities to address the legislature. State of the State addresses, budget addresses, special sessions.

But this is a new experience.

First, I am usually in the Assembly Chamber. But the person who closed down government on the people of New Jersey closed down the Assembly Chamber to me.

So, I thank the Senate President for the opportunity to address the legislature and the people of New Jersey in this chamber this afternoon and for welcoming both sides of the aisle to come together here today.

We have hit an impasse.

We have hit an impasse over whether the state's largest health insurance company, which increases premiums year after year, needs greater transparency and accountability.

It is July 1st and we have no State budget on my desk.

Under our system, I have a wide array of powers, but I can't post a budget for a vote or vote for a budget. That sits squarely in the hands of the legislature.

I can line-item veto things out of the budget, but I can't make the budget by myself, or send the budget to myself.

I can only articulate my priorities, which I did in February of this year, making my case during my annual budget address to the public at large. And, then, as has been the case for the past eight years, we expect the Legislature to do its job. Which it has, every June since I have been Governor.

But not this time.

However, all of you – members of this legislature as whole - are not at fault for this failure to deliver a balanced budget.

Whether you agreed or did not agree with the budget deal on the table, you showed up to vote – to weigh in.

Isn't that why we are all here?

However, one person, the Assembly Speaker, has chosen to refuse his members their right to vote on a piece of legislation that has bi-partisan support and has passed the Senate. In fact, he petulantly refuses to even discuss it with members of either party. He chose to shut down the budget process and shut down government instead.

Since the beginning of 2017, I have consistently emphasized three, and only three, main budget priorities: (1) school funding reform; (2) improving the pension system using the State lottery enterprise; and (3) improved oversight and improved charitable activity from Horizon, the state's only non-profit charitable insurance company.

I have been straightforward and consistent in these priorities. I've spoken publicly and in private with legislative leadership.

All three of these priorities are addressed in the bipartisan budget deal I successfully struck with the Senate.

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Two of the three (school funding and the lottery contribution) are addressed in the budget bills up for final passage in both the Senate and the Assembly.

The Horizon reform bill has already passed in the Senate and awaits action in the Assembly. It took compromise to get where we are today.

The budget bill that I agreed to sign contains elements that I do not necessarily support. The school funding proposal, for example, contains just the beginnings of reform and is far, far from what I would like to eventually see.

But I agreed to accept this imperfect compromise in order to achieve progress in other areas.

That's the nature of compromise. You don't get everything you want, and you don't really want everything you get, but if your partners are willing to work with you in good faith, in an honest way, I believe we can make things better.

And so I come here today, in good faith, to work with you in a straightforward, reasonable, honest way.

I wish I could say the same about some of the other participants in this process.

Since the spring, Horizon has engaged in a systematic, well-funded disinformation campaign consisting of half-truths, untruths, exaggerations and scare tactics.

Enough.

Let's understand the facts.

Horizon is a \$12 billion industry behemoth with a unique nonprofit designation and charity mission that it must appropriately and transparently fulfill. But it is not fulfilling that mission.

Horizon controls 55 percent of the market in this State.

Its nonprofit designation and charity mission create a special relationship with the taxpayers of this state. Decades of tax breaks because of their charity designation allowed Horizon to acquire its market share.

I am not sure if most of our residents know that Horizon was created by New Jersey statute. The taxpayers – all of you – are the beneficial owners of Horizon.

Let me give you an example of how deep taxpayers continued investment is in Horizon.

I was alarmed to learn that in 2016 they made \$163 million in profit off of the New Jersey Medicaid program. Who paid for that \$163 million in profit? The taxpayers. Your constituents. Is that too much profit for this government program? That question, and others, drove me to seek greater transparency and accountability.

Medicaid, which is funded with New Jersey and federal taxpayer dollars, is one of its only profitable business lines. Your dollars are funding their profits and among other expenses, supporting multi-million exorbitant bonuses to a host of executives – how many and how much is a question that taxpayers have a right to know.

In 2017, Horizon raised the premiums on one of their Obama care exchange projects by just under 25%. This is at the same time they received millions of dollars in bonuses – millions from profits funded through taxpayer subsidized programs.

Is this appropriate? We need to ask these questions. They need to be accountable. Horizon needs to be transparent.

It is taxpayer money at stake. Your money at stake.

So, let's talk for a minute or two about what Senator Vitale's bill actually does, as opposed to what is being mindlessly repeated by Horizon's lobbyists.

Section 1. Transparency and accountability provisions. "A health service corporation shall have a charitable mission."

Armageddon? If you listen to Horizon you might think so, but hardly. Take a look at the statutes governing Horizon in New Jersey. The word "charitable" appears a lot. By statute, Horizon is a "charitable and benevolent institution."

Next, Horizon shall "fulfill its obligation as insurer of last resort." Wow, did we hear a lot of weeping and wailing about that. But again, review of the actual statutes (instead of Horizon's misleading talking points) reveals a very different story. Of course, Horizon is not the only insurer in the individual market, so insurer of last resort is a theoretical status. But under the 1992 insurance market reforms, for-profit insurers operating in New Jersey must either participate in the individual market or pay an assessment to compensate insurers in the market who suffer losses. Horizon's unique statutory status as a charity, however, obligates it to hold an open enrollment each year and accept all subscribers.

Horizon shall "assist and support public and private health care initiatives for individuals without health insurance." Seems like a good idea for a health service charity, no?

"Acknowledge its obligation to the residents of this State to make health care coverage available to underserved markets by supporting and supplying community services in connection with the provision of health care." Again, pretty necessary for a charitable, non-profit company.

What about this one, "Recognize an ongoing responsibility to contribute to fundamental improvements in the overall health status of all New Jersey residents"?

I mean, seriously? The legislature, having the nerve to remind a charity that it has some charitable obligations?

Other transparency provisions require the filing of a 990 type form, the same form filed by practically every nonprofit nationwide, and posting it on the banking and insurance department's website, along with the annual financial statements of all for-profit insurance carriers in the State.

With regard to governance, Senator Vitale's bill provides for three members of a health service corporation's board of directors to be elected by Horizon's subscribers.

So far, so good. Clarification of charitable mission, transparency, and democratic elections. Did we get to the offensive part yet?

The last sections of the bill relate to Horizon's surplus or reserve levels. Let me be clear. There is no slush fund. There is no money grab. You can read the bill all day long and find no reference to the government taking \$300 million. It's not in there. It was never in there.

What is actually in the bill? A logical, well-defined process that will not occur until after my administration comes to an end. A process that will be overseen by insurance regulators, as is done in other states like Pennsylvania. A process that is characterized by public input, public participation, and one that gives Horizon every opportunity to operate its business and manage its surplus within an appropriate, efficient range and to spend down any excess surplus pursuant to a plan that it devises itself to help the poor, the sick, the drug and alcohol addicted. That is not an evil proposal and not a government takeover. Far from it.

I commend Senator Vitale for his hard work in crafting a bill that is eminently fair, promotes transparency and democratic values, and establishes a fair and balanced process for overseeing a major charitable institution.

Throughout the legislative process, the conduct of Horizon and its supporters has been nothing short of deplorable. At every opportunity, they have chosen to hide behind deceptive advertising and phony math. What am I talking about? Just take pretty much anything they say and examine it.

For example, Horizon claims to have 3.8 million "members." All of its public relations presentations falsely indicate that its \$2.4 billion in reserves are necessary to protect these "members" against unexpected risk. Nearly half of its so-called "members," however, are self-insured by other entities (like the State of New Jersey) and therefore Horizon has no risk. No risk at all. We, the taxpayers have all the risk and they make all the money.

These distortions flow through all of their phony math. The simple fact of the matter is that Horizon doesn't want any oversight. They don't want to have any transparency. They don't want to have any accountability.

And they have politicians who will do their bidding, refusing to even discuss it. Think about that for a second. Legislative leaders who refuse to even discuss the possibility of reforms.

All of this is typical of Horizon and its CEO; they prefer to hide behind their lobbying and public relations teams, pretending that everything it does is for the people of the State, while at the same time its executives are advocating for the status quo. Why not? They are receiving multi-million annual bonuses and being driven around by chauffeurs.

When you're a non-profit, your dollars are supposed to be reinvested back into the charitable mission. Not sitting in an excessive reserve account. Not being invested in the stock market. Not lining the pockets of executives and lobbyists and public relations staff. Not paying big law firms to go to court and argue that Horizon is not a charity in the first place. By the way, they actually did that and your money paid for it.

Horizon built its empire in this State on the backs of New Jersey taxpayers, but good luck finding even the most basic information about their financial dealings. No 990 forms like other not-for-profits. No consolidated financial statement that covers Horizon's parent company and its numerous affiliates and real estate holding companies with which it does business or anything that is prepared in accordance with Generally Accepted Accounting Principles (GAAP). Truly a shocking lack of transparency.

I think Horizon needs to be straightforward with the public about what is going on with its finances and staffing and salary and compensation arrangements, not running out the clock until they get a new governor who they hope will look the other way. I will never look the other way when an insurance company is taking advantage of our people.

How many lobbyists and lawyers do they need? How many do they have? How much do they cost, diverting money away from health care improvements?

The same is true for their public relations staff. How many, and how much for that team? Good luck finding that information.

The cost of health insurance premiums is an every-day discussion in New Jersey's households. And Horizon raises your rates every year, making your family budget even tougher. At the same time, they hoard your money so they can pay themselves bigger bonuses and give themselves more luxurious perks.

And it is our obligation, as representatives of our residents, to discuss how the largest insurer with unique nonprofit status that makes taxpayers beneficial owners of Horizon conducts itself in the public's best interest.

And we should, in fact we must, do this through our government process.

When I stood before you nearly four months ago, I asked you to join me in partnering with the insurance industry to take action to fight for our most vulnerable in the state impacted by the devastating opioid crisis. What I proposed that day is that we work urgently to establish a permanent fund that Horizon would financially support each year through their abundant excess surplus, built up by the premiums paid by their New Jersey members.

While the legislation has evolved over these months, due to my willingness to listen to and compromise with leaders like Senator Vitale, the motivation behind this initiative has not.

We are asking Horizon to acknowledge its obligation to the residents of this State to make health care more available to underserved markets. We are asking Horizon to recognize its ongoing responsibility to contribute to fundamental improvements in the overall health status of all New Jersey residents.

Let me tell you what we're really fighting for in this debate. It's not just words on a page. It's not just politics. We are fighting for the mother and father wracked with grief over their child who is drug addicted, but unable to get Horizon to pay for his treatment through the policy they paid for or through Horizon's charitable obligation. We are fighting for those parents; Horizon is fighting against them. We are fighting for the mother, whose husband has abandoned her and their newborn child, who is left with no one to help them but the doctor who their Medicaid coverage provides to them. We did not expand Medicaid to allow Horizon to delay paying her claims, refuse to take her phone calls and make \$163 million in the process.

By supporting the Vitale bill, we are fighting for her; Horizon is fighting against her and her doctor. We are fighting for the middle aged carpenter, who pays a fortune already for his health insurance to Horizon, then watches them increase his premiums each and every year and work hard to hide why they question every claim he submits for he and his family? What if he knew that those denials funded, in part, multi-million dollar executive salaries, and armies of lobbyists and lawyers to stop this bill which will hold them accountable? We are fighting for that New Jersey family through the Vitale bill; Horizon is fighting for themselves. And that, my friends, is just flat out wrong.

That's what we are fighting for in this debate. And here we are at an impasse.

Government is closed over a transparency and accountability fight. I am at a loss at the true motivations of Speaker Prieto to refuse to even discuss such a bill.

Each and every one of you knows that this company has enormous power and influence in New Jersey.

I am able to take this issue on at the end of my term because I am never going to be on the ballot again and I can afford the political fallout of standing up to the all-powerful Horizon lobbying machine. We have all watched the multi-million dollar attack dog response campaign against me and many of you ever since I suggested in February that the company has an obligation to do more.

I dared to say to what everyone in this chamber is thinking. Has been actually thinking for years. All you have to do is look at past pieces of legislation introduced on this very same topic – including by the Speaker Prieto himself who sponsored a similar bill requiring Horizon to spend its excess surplus on charity care for New Jersey's hospitals. Excess surplus from Horizon to the government to help pay for the poor. The Speaker didn't think it was such a bad idea when it was his; only when it was mine and Senator Vitale's. He was for it; before he was against it. Typical politics.

I come here today asking for you to sit to at the table with me, on behalf of your constituents, and work with me on a legislative proposal that will ensure that New Jersey's nearly monopolistic insurance carrier has the requisite level of transparency and accountability and that our poor will be better served.

That is all I ask.

I offered one proposal. You rejected it.

Senator Vitale and Assemblywomen Pintor-Marin offered another proposal. The Senate passed this proposal on a bipartisan basis. I urge Mr. Speaker to come to the table and end these political games. I have compromised. I have listened. But I will not capitulate to the high paid lobbyists smear campaign; that is not the Governor I have been or will ever be. And that's not who you are either.

If we let the Horizon machine intimidate us into failing to act now they will be even further emboldened to dominate health care policy decisions in this state for years to come. We owe the people of our state much, much better than that. Work with me. End this shutdown. Protect our citizens from this company which has forgotten why we created them in the first place. It's time we reminded them. Let's do it together. Let's do it today.

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### Transcript:

**Governor Christie:** The Speaker's shutdown was completely unnecessary and completely avoidable. The fact is I was ready to sign a budget yesterday, I'm still willing to sign one today. Speaker Prieto, however, in his refusal to post the Horizon bill for a vote by his fellow elected Assembly members, has impacted the state of New Jersey and its residents unnecessarily. I want to again make it clear to the people of the state, I'm ready to sign a budget, and, quite frankly, I don't care which budget comes to me. As I said yesterday, the state budget can be brought in either form. If it's sent in its \$35.7 billion form but the Horizon bill is not passed then I will line item veto out all spending that I believe is not appropriate. If they send me a budget at \$35.4 billion I will again take a look closely at that budget and decide what I want to do. If the Horizon bill comes in, I will sign the budget as it was passed by both budget committees in the Senate and the Assembly. But all of that is hypothetical, of course, because the Speaker who has 52 votes in his chamber on his best moment could muster 26 for a budget. So, I along with the people of the state of New Jersey are still waiting for a budget to be passed. Now, this is embarrassing and it's pointless. The fact is, I'll speak later today more about the Horizon bill itself, but many of his fellow democrats in the Assembly and certainly the folks who voted for this bill in the Senate, along with Republicans in both houses, deserve better from the Speaker than what's really nothing more than a temper tantrum. We have a number of Republicans and Democrats here in this building now and I'm glad to have

you here. I understand that you would much rather be with your families today, with your friends, doing things for the Fourth of July weekend but you understand that we need to serve and we need to be here.

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