

17B:27A-23

**LEGISLATIVE HISTORY CHECKLIST**  
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(Health insurance, small employers)

**NJSA:** 17B:27A-23

**LAWS OF:** 1995 **CHAPTER:** 50

**BILL NO:** S866

**SPONSOR(S):** Sinagra

**DATE INTRODUCED:** March 21, 1994

**COMMITTEE:** **ASSEMBLY:** Insurance  
**SENATE:** Health

**AMENDED DURING PASSAGE:** Yes Amendments during passage  
First reprint enacted denoted by superscript numbers

**DATE OF PASSAGE:** **ASSEMBLY:** February 6, 1994  
**SENATE:** September 19, 1994

**DATE OF APPROVAL:** March 17, 1995

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** Yes

**FISCAL NOTE:** No

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

APR 11 1995  
ADVISORY

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[FIRST REPRINT]

SENATE, No. 866

STATE OF NEW JERSEY

INTRODUCED MARCH 21, 1994

By Senator SINAGRA

1 **AN ACT** concerning eligibility for small employer health  
2 insurance and amending P.L.1992, c.162.

3

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

6 1. Section 7 of P.L.1992, c.162(C.17B:27A-23) is amended to  
7 read as follows:

8 7. Every policy or contract issued to small employers in this  
9 State pursuant to P.L.1992, c.162(C.17B:27A-17 et seq.) shall be  
10 renewable with respect to all eligible employees or dependents at  
11 the option of the policy or contract holder, or small employer  
12 except under the following circumstances:

13 a. Nonpayment of the required premiums by the policyholder,  
14 contract holder, or employer;

15 b. Fraud or misrepresentation of the policyholder, contract  
16 holder, or employer or, with respect to coverage of eligible  
17 employees or dependents, the enrollees or their representatives;

18 c. The number of employees covered under the health benefits  
19 plan is less than the number or percentage of employees required  
20 by participation requirements under the health benefits policy or  
21 contract;

22 d. Noncompliance with a carrier's employment contribution  
23 requirements;

24 e. Any carrier doing business pursuant to the provisions of this  
25 act ceases doing business in the small employer market, if the  
26 following conditions are satisfied:

27 (1) The carrier gives notice to cease doing business in the  
28 small employer market to the commissioner not later than eight  
29 months prior to the date of the planned withdrawal from the  
30 small group market, during which time the carrier shall continue  
31 to be governed by this act with respect to business written  
32 pursuant to this act. For the purposes of this subsection, "date of  
33 withdrawal" means the date upon which the first notice to small  
34 employers is sent by the carrier pursuant to paragraph (2) of this  
35 subsection;

36 (2) No later than two months following the date of the  
37 notification to the commissioner that the carrier intends to cease  
38 doing business in the small employer market, the carrier shall  
39 mail a notice to every small business employer insured by the  
40 carrier that the policy or contract of insurance will be  
41 terminated. This notice shall be sent by certified mail to the  
42 small business employer not less than six months in advance of

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Senate SHH committee amendments adopted May 19, 1994.

1 the effective date of the cancellation date of the policy or  
2 contract;

3 (3) Any carrier that ceases to do business pursuant to this act  
4 shall be prohibited from writing new business in the small  
5 employer market for a period of five years from the date of  
6 notice to the commissioner;

7 f. In the case of policies or contracts issued in connection with  
8 membership in an association or trust of employers, an employer  
9 ceases to maintain its membership in the association or trust; or

10 g. The number of eligible employees [covered under the health  
11 benefits plan] is less than two.

12 (cf: P.L.1993, c.162. s.4)

13 2. This act shall take effect immediately.

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#### STATEMENT

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18 This bill changes the requirement for participation by a small  
19 employer in a small employer health benefits plan by providing  
20 that plans are renewable except when the number of eligible  
21 employees is less than two, rather than when the number of  
22 employees covered under the plan is less than two.

23 This change will enable small employers who have at least two  
24 full-time employees, only one of whom is covered under the  
25 health benefits plan because the other employees are covered  
26 under plans provided by their spouses, to be able to continue to  
27 participate in a small employer health benefits plan. Permitting  
28 the small employer to participate in the plan will enable that  
29 employer to offer small employer health benefits coverage to any  
30 new employee who does not otherwise have coverage.

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35 Expands eligibility to purchase small employer health insurance.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 866

STATE OF NEW JERSEY

DATED: JANUARY 19, 1995

The Assembly Insurance Committee reports favorably Senate, No. 866(1R).

This bill deletes the condition for renewal of a small employer health benefits plan which provides that a plan is not renewable when the number of employees covered under the plan is less than two.

This change will enable small employers who have at least two full-time employees, only one of whom is covered under the health benefits plan because the other employees are covered under plans provided by their spouses, to be able to continue to participate in a small employer health benefits plan. Permitting the small employer to participate in the plan will enable that employer to offer small employer health benefits coverage to any new employee who does not otherwise have coverage.

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 866

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 19, 1994

The Senate Health Committee favorably reports Senate Bill No. 866 with committee amendments.

As amended by committee, this bill deletes the condition for renewal of a small employer health benefits plan which provides that a plan is not renewable when the number of employees covered under the plan is less than two.

This change will enable small employers who have at least two full-time employees, only one of whom is covered under the health benefits plan because the other employees are covered under plans provided by their spouses, to be able to continue to participate in a small employer health benefits plan. Permitting the small employer to participate in the plan will enable that employer to offer small employer health benefits coverage to any new employee who does not otherwise have coverage.

The committee amended the bill to delete the condition for renewal (subsection g. of section 7 of P.L.1992, c.162 (C.17B:27A-23)), rather than specify that the number of "eligible" employees cannot be less than two, as the bill originally provided.