

40:11-15.1

LEGISLATIVE FACT SHEET

on Health ins. - School dist.

N.J.R.S. 40:11-15.1

40:11-16.1, 16.1a (

Amendment)

LAWS OF 1967

SENATE BILL

INTRODUCED March 20, 1967

SPONSOR'S STATEMENT

ASSEMBLY COMMITTEE STATEMENT

SENATE COMMITTEE STATEMENT

FISCAL NOTE

AMENDED DURING PASSAGE

HEARING none discovered

VETO

CHAPTER 204 Sept. 20, 1967

ASSEMBLY BILL 745

BY FARRINGTON & SWEENEY

YES NO

YES NO

YES NO

YES NO

YES NO

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ASSEMBLY, No. 745

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1967

By Assemblymen FARRINGTON and SWEENEY

Referred to Committee on Revision and Amendment of Laws

AN ACT to amend and supplement "An act concerning counties, municipalities, school districts, or agencies thereof in relation to certain group insurance programs, and repealing sections 40:11-15 and 40:11-16 of the Revised Statutes," approved January 18, 1961 (P. L. 1960, c. 180).

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

2A 1. Section 1 of the act of which this act is amendatory is amended
2B to read as follows:

3 1. (A) Any municipality, county, school district, or agency
4 thereof, herein referred to as employers, may enter into contracts
5 of group life, accidental death and dismemberment, [health,] hos-
6 pitalization, medical, surgical, *major medical expense or health and*
7 *accident insurance with any insurance company or companies au-*
8 *thorized to do business in this State or may contract with a non-*
9 *profit hospital service or medical service corporation with respect*
10 *to the benefits which they are authorized to provide respectively.*
11 Such contract or contracts shall provide any one or more of such
12 coverages for [any class or classes of] the employees of such em-
13 ployer and may include [any class or classes of] their dependents
14 [or family members]. "*Dependents*" shall include an employee's
15 *spouse and the employee's unmarried children, including stepchil-*
16 *dren and legally adopted children, and, at the option of the em-*
17 *ployer and the carrier, foster children, under age 19 who live with*
18 *the employee in a regular parent-child relationship, and may also*
19 *include, at the option of the employer and the carrier, other un-*
20 *married children of the employee under the age of 23 who are*
21 *dependent upon the employee for support and maintenance. A*
22 *spouse or child enlisting or inducted into military service shall not*
23 *be considered a dependent during such military service. Elected*
24 *officials may be considered, at the option of the employer, to be*
25 "*employees*" for the purposes of this act, but "*employees*" shall

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

1 not otherwise include persons employed on a short-term, seasonal,
1A intermittent or emergency basis, persons compensated on a fee
2 basis, or persons whose compensation from the public employer is
3 limited to reimbursement of necessary expenses actually incurred
4 in the discharge of their duties. "Employees" and "dependents"
5 shall also not include persons, active or retired, who are otherwise
6 eligible for coverage under this act but who, although they meet the
7 age eligibility requirement of the Federal Medicare Program, are
8 not covered by the complete Federal program. Retired employees
9 and their dependents may continue to be covered if they were
10 covered by a group contract or contracts or a group remittance
11 plan of the employer, (1) as of the effective date of this act, or (2)
12 immediately prior to the employee's retirement. The contract
13 shall exclude from eligibility for any coverage any class or classes
14 of public employees who are eligible for like or similar coverage
15 under another group contract covering such class or classes of
16 employees and may condition the eligibility of any employee for
17 coverage upon satisfying a waiting period stated in the contract.
18 Nothing herein contained shall be deemed to authorize coverage
19 of dependents of an employee under a group life insurance policy
20 or to allow the issuance of a group life insurance policy on which
21 the entire premium is to be derived from funds contributed by
22 the insured employees. [The term "employees" as used herein
23 shall be deemed to include elected or appointed officials.]

24 (B) The coverage of any employee, and of his dependents [or
25 family members], if any, shall cease upon the discontinuance of his
26 employment or upon cessation of active full-time employment in
27 the classes eligible for coverage subject to such provision as may
28 be made in any contract by his employer for limited continuance
29 of coverage during disability, part-time employment, leave of ab-
30 sence other than leave for military service or lay-off, and for con-
31 tinuance of coverage after retirement.

32 (C) Any contract or contracts permitted under this act shall
33 contain limitations, exclusions or exceptions so as to avoid dupli-
34 cation of benefits or services otherwise available pursuant to acci-
35 dental death and dismemberment, hospitalization, medical, surgical,
36 major medical expense or health and accident coverage under (1)
37 any other law of this State or the coverage afforded under the laws
38 of the United States, such as the Federal Medicare Program, and
39 (2) at the option of the employer and the carrier, group insurance
40 or any other arrangement of coverage for individuals in a group,
41 whether on an insured or uninsured basis.

42 2. Section 2 of which this act is amendatory is amended to read
43 as follows :

1 2. (A) Any employer entering into a contract pursuant to the
2 provisions of section 1 of this act is hereby authorized to pay part
3 or all of the premiums or charges for such contracts and may ap-
4 propriate out of its general funds any money necessary to pay such
5 premiums or charges or portions thereof. The contribution re-
6 quired of any employee toward the cost of such coverage may be
7 deducted from the pay, salary or other compensation of such em-
8 ployee upon an authorization in writing made to the appropriate
9 disbursing officer.

10 (B) The continuance of coverage after retirement of any em-
11 ployee may be provided at such rates and under such conditions as
12 shall be prescribed in the contract [provided, however, that the re-
13 tired employee shall be required to pay an amount not less than
14 the total amount which would have been required to have been paid
15 by him and his employer for the coverage maintained had he con-
16 tinued in employment] *subject, however, to the requirements here-*
17 *inafter set forth in this subsection.* The contribution required of
18 any retired employee toward the cost of such coverage may be paid
19 by him to his former employer or in such other manner as the em-
20 ployer shall direct.

21 *Retired employees shall be required to pay for the entire cost*
22 *of coverage for themselves and their dependents at rates which are*
23 *deemed to be adequate to cover the benefits, as affected by Medi-*
24 *care, of such retired employees and their dependents on the basis*
25 *of the utilization of services which may be reasonably expected of*
26 *such older age classification, provided, however, that the total rate*
27 *payable by such a retired employee for himself and his dependents,*
28 *for coverage under the contract and for Part B of Medicare, shall*
29 *not exceed by more than 25%, the total amount that would have*
30 *been required to have been paid by the employee and his employer*
31 *for the coverage maintained had he continued in office or active em-*
32 *ployment and he and his dependents were not eligible for Medicare*
33 *benefits.*

34 (C) Nothing herein shall be construed as compelling an employer
35 to pay any portion of the premiums or charges attributable to such
36 contracts.

37 (D) *“Medicare” as used in this act means the coverage provided*
38 *under Title XVIII of the Social Security Act as amended in 1965,*
39 *or its successor plan or plans.*

40 (E) *In the event an insurance company issues a group insurance*
41 *policy to an employer which includes 2 or more of the coverages*
42 *authorized by this act, such insurance company shall at the end of*
43 *each policy year furnish to the employer a summary of the cost of*

1 *each such coverage.*

2 3. The employer may reimburse the active employee for his pre-
3 mium charges under Part B of the Federal Medicare Program cov-
4 ering the employee alone.

5 4. Any contracts in effect on the effective date of this act are
6 hereby confirmed as good and effectual until the contract anniver-
7 sary next following the first anniversary of the effective date of this
8 act when such contracts, exclusive of group life insurance, will have
9 to be conformed to satisfy the provisions of this act.

10 5. This act shall take effect immediately.