

17:48-6 AND 6.1

LEGISLATIVE HISTORY CHECKLIST

NJSA ~~17~~ 17:48-6 and 17:48-6.1

Laws of 1975 Chapter 109

Bill No. A1501

Sponsor(s) Keegan

Date Introduced April 4, 1974

Committee: Assembly Institutions, Health & Welfare; Banking & Insurance

Senate Institutions, Health & Welfare

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks

Date of passage: Assembly May 6, 1974

Senate Feb. 27, 1975

Date of approval June 3, 1975

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly ~~Yes~~ No

Senate Yes ~~No~~

Fiscal Note ~~Yes~~ No

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

Cited in sponsor's statement:

"Model New Born Child Bill" prepared by American Academy of Pediatrics, November 1973. (Copy attached).

Also attached:

AAP-HIAA statement supporting model bill, Nov. 21, 1973.

List of States which had adopted the law as of July, 1975.

JUN 1977

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**ASSEMBLY, No. 1501**

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**STATE OF NEW JERSEY**

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INTRODUCED APRIL 4, 1974

By Assemblyman KEEGAN

Referred to Committee on Institutions, Health and Welfare

AN ACT to amend "An act concerning hospital service corporations and regulating the establishment, maintenance and operation of hospital service plans, and supplementing Title 17 of the Revised Statutes by adding thereto a new chapter entitled 'Hospital Service Corporations,' " approved June 14, 1938 (P. L. 1938, c. 366), and P. L. 1964, c. 104.

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

1 1. Section 6 of P. L. 1938, c. 366 (C. 17:48-6) is amended to read  
2 as follows:

3 6. Every individual contract made by a corporation subject to  
4 the provisions of this chapter to furnish services to a subscriber  
5 shall provide for the furnishing of services for a period of 12  
6 months, and no contract shall be made providing for the inception  
7 of such services at a date later than 1 year after the actual date of  
8 the making of such contract. Any such contract may provide that  
9 it shall be automatically renewed from year to year unless there  
10 shall have been at least 30 days prior written notice of termination  
11 by either the subscriber or the corporation. In the absence of fraud  
12 or material misrepresentation in the application for a contract  
13 or for reinstatement, no contract with an individual subscriber shall  
14 be terminated by the corporation unless all contracts of the same  
15 type, in the same group or covering the same classification of per-  
16 sons are terminated under the same conditions.

17 No contract between any such corporation and a subscriber shall  
18 entitle more than one person to services, except that a contract  
19 issued as a family contract may provide that services will be fur-

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

20 nished to a husband and wife, or husband, wife and their dependent  
 21 child or children, or the subscriber and his (or her) dependent child  
 22 or children. Adult dependent(s) of a subscriber may also be in-  
 23 cluded for coverage under the contract of such subscriber.

24 *Family type contracts shall provide that the services applicable*  
 25 *for children shall be payable with respect to a newly-born child of*  
 26 *the subscriber, or his or her spouse from the moment of birth.*  
 27 *The services for newly-born children shall consist of coverage of*  
 28 *injury or sickness including the necessary care and treatment of*  
 29 *medically diagnosed congenital defects and abnormalities. If a*  
 30 *subscription payment is required to provide services for a child,*  
 31 *the contract may require that notification of birth of a newly-born*  
 32 *child and the required payment must be furnished to the service*  
 33 *corporation within 31 days after the date of birth in order to have*  
 34 *the coverage continue beyond such 31-day period.*

34A *\*Nonfamily type contracts \*which provide for services to the*  
 34B *subscriber but not to family members or dependents of that sub-*  
 34C *scriber,\* shall also provide services to newly-born children of the*  
 34D *subscriber which shall commence with the \*[date]\* \*moment\**  
 34E *of birth of each child and shall consist of coverage of injury or*  
 34F *sickness including the necessary care and treatment of medically*  
 34G *diagnosed congenital defects and abnormalities, provided that*  
 34H *application \*[is]\* \*therefor and payment of the required sub-*  
 34I *scription amount are\* made to \*[convert]\* \*include in\* said*  
 34J *contract \*[to a family contract]\* \*the coverage described in the*  
 34K *preceding paragraph of this section\* within \*[30]\* \*31\* days from*  
 34L *the date of birth of a newborn child.\**

35 A contract under which coverage of a dependent of a subscriber  
 36 terminates at a specified age shall, with respect to an unmarried  
 37 child, covered by the contract prior to attainment of age 19, who is  
 38 incapable of self-sustaining employment by reason of mental re-  
 39 tardation or physical handicap and who became so incapable prior  
 40 to attainment of age 19 and who is chiefly dependent upon such  
 41 subscriber for support and maintenance, not so terminate while the  
 42 contract remains in force and the dependent remains in such con-  
 43 dition, if the subscriber has within 31 days of such dependent's  
 44 attainment of the termination age submitted proof of such depen-  
 45 dent's incapacity as described herein. The foregoing provisions of  
 46 this paragraph shall not apply retrospectively or prospectively to  
 47 require a hospital service corporation to insure as a covered de-  
 48 pendent any mentally retarded or physically handicapped child of  
 49 the applicant where the contract is underwritten on evidence of  
 50 insurability based on health factors required to be set forth in the

51 application. In such cases any contract heretofore or hereafter  
52 issued may specifically exclude such mentally retarded or physically  
53 handicapped child from coverage.

54 Every individual contract entered into by any such corporation  
55 with any subscriber thereto shall be in writing and a certificate  
56 stating the terms and conditions thereof shall be furnished to the  
57 subscriber to be kept by him. No such certificate form shall be  
58 made, issued or delivered in this State unless it contains the  
59 following provisions:

60 (a) A statement of the contract rate, or amount payable to the  
61 corporation by or on behalf of the subscriber for the original  
62 quarter-annual period of coverage and of the time or times at which,  
63 and the manner in which, such amount is to be paid; and a pro-  
64 vision requiring 30 days written notice to the subscriber before  
65 any change in the contract, including a change in the amount of  
66 subscription rate, shall take effect;

67 (b) A statement of the nature of the services to be furnished and  
68 the period during which they will be furnished; and if there are any  
69 services to be excepted, a detailed statement of such exceptions  
70 printed as hereinafter specified;

71 (c) A statement of the terms and conditions, if any, upon which  
72 the contract may be amended on approval of the commissioner or  
73 canceled or otherwise terminated at the option of either party. Any  
74 notice to the subscriber shall be effective if sent by mail to the sub-  
75 scriber's address as shown at the time on the plan's records, except  
76 that, in the case of persons for whom payment of the contract is  
77 made through a remitting agent, any such notice to the subscriber  
78 shall also be effective if a personalized notice is sent to the remitting  
79 agent for delivery to the subscriber, in which case it shall be the  
80 responsibility of the remitting agent to make such delivery. The  
81 notice to the subscriber as herein required shall be sent at least  
82 30 days before the amendment, cancellation or termination of  
83 the contract takes effect. Any rider or endorsement accompanying  
84 such notice, and amending the rates or other provisions of the con-  
85 tract, shall be deemed to be a part of the contract as of the effective  
86 date of such rider or endorsement;

87 (d) A statement that the contract includes the endorsements  
88 thereon and attached papers, if any, and contains the entire con-  
89 tract for services;

90 (e) A statement that no statement by the subscriber in his appli-  
91 cation for a contract shall avoid the contract or be used in any legal  
92 proceeding thereunder, unless such application or an exact copy

93 thereof is included in or attached to such contract, and that no agent  
 94 or representative of such corporation, other than an officer or  
 95 officers designated therein, is authorized to change the contract or  
 96 waive any of its provisions;

97 (f) A statement that if the subscriber defaults in making any  
 98 payment under the contract, the subsequent acceptance of a pay-  
 99 ment by the corporation or by one of its duly authorized agents shall  
 100 reinstate the contract, but with respect to sickness and injury may  
 101 cover such sickness as may be first manifested more than 10 days  
 102 after the date of such acceptance;

103 (g) A statement of the period of grace which will be allowed the  
 104 subscriber for making any payment due under the contract. Such  
 105 period shall be not less than 10 days.

105A In every such contract made, issued or delivered in this State:

106 (a) All printed portions shall be plainly printed in type of which  
 107 the face is not smaller than 10 point;

108 (b) There shall be a brief description of the contract on its first  
 109 page and on its filing back in type of which the face is not smaller  
 110 than 14 point;

111 (c) The exceptions of the contract shall appear with the same  
 112 prominence as the benefits to which they apply; and

113 (d) If the contract contains any provision purporting to make  
 114 any portion of the articles, constitution or bylaws of the corpora-  
 115 tion a part of the contract, such portion shall be set forth in full.

1 2. Section 2 of P. L. 1964, c. 104 (C. 17:48-6.1) is amended to  
 2 read as follows:

3 2. A hospital service corporation may issue to a policyholder a  
 4 group contract, covering at least 10 employees or members at the  
 5 date of issue, if it conforms to the following description:

6 (a) A contract issued to an employer or to the trustees of a fund  
 7 established by one or more employers, or issued to a labor union,  
 8 or issued to an association formed for purposes other than obtain-  
 9 ing such contract, or issued to the trustees of a fund established  
 10 by one or more labor unions, or by one or more employers and one  
 11 or more labor unions, covering employees and members of associa-  
 12 tions or labor unions.

13 (b) A contract issued to cover any other group which the Com-  
 14 missioner of [Banking and] Insurance determines may be covered  
 15 in accordance with sound underwriting principles.

16 Benefits may be provided for one or more members of the  
 17 families or one or more dependents of persons who may be covered  
 18 under a group contract referred to in (a) or (b) above.

19 *Family type contracts shall provide that the services applicable*  
 20 *for children shall be payable with respect to a newly-born child*  
 21 *of the subscriber, or his or her spouse from the moment of birth.*  
 22 *The services for newly-born children shall consist of coverage of*  
 23 *injury or sickness including the necessary care and treatment of*  
 24 *medically diagnosed congenital defects and abnormalities. If a*  
 25 *subscription payment is required to provide services for a child,*  
 26 *the contract may require that notification of birth of a newly-born*  
 27 *child and the required payment must be furnished to the service*  
 28 *corporation within 31 days after the date of birth in order to have*  
 29 *the coverage continue beyond such 31-day period.*

29A *\*[Nonfamily type contracts, except such group]\* \*Group con-*  
 29B *tracts which provide for services to the subscriber but not to family*  
 29C *members or dependents of that subscriber, other than\* contracts*  
 29D *\*[as]\* \*which\* provide no dependent coverage whatsoever \*for*  
 29E *the subscriber's class\*, shall also provide services to newly-born*  
 29F *children of the subscriber which shall commence with the \*[date]\**  
 29G *\*moment\* of birth of each child and shall consist of coverage of*  
 29H *injury or sickness including the necessary care and treatment of*  
 29I *medically diagnosed congenital defects and abnormalities, pro-*  
 29J *vided that application \*[is]\* \*therefor and payment of the required*  
 29K *subscription amount are\* made to \*[convert]\* \*include in\* said*  
 29L *contract \*[to a family contract]\* \*the coverage described in the*  
 29M *preceding paragraph of this section\* within \*[30]\* \*31\* days from*  
 29N *the date of birth of a newborn child.\**

30 A contract under which coverage of such a dependent terminates  
 31 at a specified age shall, with respect to an unmarried child, covered  
 32 by the contract prior to attainment of age 19, who is incapable of  
 33 self-sustaining employment by reason of mental retardation or  
 34 physical handicap and who became so incapable prior to attainment  
 35 of age 19 and who is chiefly dependent upon the covered employee  
 36 or member for support and maintenance, not so terminate while  
 37 the coverage of the employee or member remains in force and the  
 38 dependent remains in such condition, if the employee or member  
 39 has within 31 days of such dependent's attainment of the termina-  
 40 tion age submitted proof of such dependent's incapacity as de-  
 41 scribed herein. The foregoing provisions of this paragraph shall  
 42 not apply retrospectively or prospectively to require a hospital  
 43 service corporation to insure as a covered dependent any mentally  
 44 retarded or physically handicapped child of the applicant where  
 45 the contract is underwritten on evidence of insurability based on  
 46 health factors required to be set forth in the application. In such

47 cases any contract heretofore or hereafter issued may specifically  
48 exclude such mentally retarded or physically handicapped child  
49 from coverage.

50 The contract may provide that the term "employees" shall  
51 include as employees of a single employer the employees of one  
52 or more subsidiary corporations and the employees, individual pro-  
53 prietors and partners of affiliated corporations, proprietorships  
54 and partnerships if the business of the employer and such corpora-  
55 tions, proprietorships or partnerships is under common control  
56 through stock ownership, contract or otherwise. The contract may  
57 provide that the term "employees" shall include the individual  
58 proprietor or partners of an individual proprietorship or a part-  
59 nership. The contract may provide that the term "employees"  
60 shall include retired employees. A contract issued to trustees may  
61 provide that the term "employees" shall include the trustees or  
62 their employees, or both, if their duties are principally connected  
63 with such trusteeship. A contract issued to the trustees of a fund  
64 established by the members of an association of employers may  
65 provide that the term "employees" shall include the employees of  
66 the association.

1 3. This act shall take effect 120 days following enactment.

32 by the contract prior to attainment of age 19, who is incapable of  
33 self-sustaining employment by reason of mental retardation or  
34 physical handicap and who became so incapable prior to attainment  
35 of age 19 and who is chiefly dependent upon the covered employee  
36 or member for support and maintenance, not so terminate while  
37 the coverage of the employee or member remains in force and the  
38 dependent remains in such condition, if the employee or member  
39 has within 31 days of such dependent's attainment of the termina-  
40 tion age submitted proof of such dependent's incapacity as de-  
41 scribed herein. The foregoing provisions of this paragraph shall  
42 not apply retrospectively or prospectively to require a hospital  
43 service corporation to insure as a covered dependent any mentally  
44 retarded or physically handicapped child of the applicant where  
45 the contract is underwritten on evidence of insurability based on  
46 health factors required to be set forth in the application. In such  
47 cases any contract heretofore or hereafter issued may specifically  
48 exclude such mentally retarded or physically handicapped child  
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50 The contract may provide that the term "employees" shall  
51 include as employees of a single employer the employees of one  
52 or more subsidiary corporations and the employees, individual pro-  
53 prietors and partners of affiliated corporations, proprietorships  
54 and partnerships if the business of the employer and such corpora-  
55 tions, proprietorships or partnerships is under common control  
56 through stock ownership, contract or otherwise. The contract may  
57 provide that the term "employees" shall include the individual  
58 proprietor or partners of an individual proprietorship or a part-  
59 nership. The contract may provide that the term "employees"  
60 shall include retired employees. A contract issued to trustees may  
61 provide that the term "employees" shall include the trustees or  
62 their employees, or both, if their duties are principally connected  
63 with such trusteeship. A contract issued to the trustees of a fund  
64 established by the members of an association of employers may  
65 provide that the term "employees" shall include the employees of  
66 the association.

1 3. This act shall take effect 120 days following enactment.

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STATEMENT

This bill provides that family type contracts for hospital service shall apply to a newly-born child of the subscriber. It is based on the Model New Born Child Bill, prepared by the American Academy of Pediatrics with the assistance of the Health Insurance Association of America.



SENATE INSTITUTIONS, HEALTH AND  
WELFARE COMMITTEE

STATEMENT TO  
**ASSEMBLY, No. 1501**

—◆—  
**STATE OF NEW JERSEY**  
—◆—

DATED: SEPTEMBER 30, 1974

The statement already appended to this bill adequately conveys the committee's understanding of the bill's contents.

## MODEL NEWBORN CHILDREN BILL

Prepared by the American Academy of Pediatrics  
with the assistance of  
The Health Insurance Association of America  
November 21, 1973

1. All individual and group health insurance policies providing coverage on an
2. expense incurred basis and individual and group service or indemnity type
3. contracts issued by a nonprofit corporation which provide coverage for a
4. family member of the insured or subscriber shall, as to such family
5. members' coverage, also provide that the health insurance benefits ap-
6. plicable for children shall be payable with respect to a newly born child of the
7. insured or subscriber from the moment of birth.
  
8. The coverage for newly born children shall consist of coverage of injury or
9. sickness including the necessary care and treatment of medically diagnosed
10. congenital defects and birth abnormalities.
  
11. If payment of a specific premium or subscription fee is required to provide
12. coverage for a child, the policy or contract may require that notification of
13. birth of a newly born child and payment of the required premium or fees
14. must be furnished to the insurer or nonprofit service or indemnity corporation
15. within 31 days after the date of birth in order to have the coverage continue
16. beyond such 31 day period.
  
17. The requirements of this act shall apply to all insurance policies and
18. subscriber contracts delivered or issued for delivery in this state more
19. than 120 days after the effective date of the act.

AAP-HIAA  
Statement of Principles  
Supporting the  
"Model Newborn Children Bill"  
dated November 21, 1973

1. The provisions of the November 21, 1973 "Model Newborn Children Bill" are not intended to imply, and should not be construed so as to imply, the inclusion of coverages for routine well-baby care services.
2. Legislation that would mandate the provision of coverage for routine well-baby care services in all health insurance policies generally would not be in the best interests of the insuring public, since to do so without an appropriate health care program containing Federal or state subsidies would simply cause health insurance to become priced beyond the reach of a large segment of the population.
3. Principles 1 and 2 above do not in any way place in question nor reflect any negative position with regard to:
  - A. the social or medical value of routine well-baby care services or any other health maintenance services that are considered good medical practice by any professional medical group, or,
  - B. the propriety of seeking to encourage the voluntary provision of well-baby care coverages through negotiation between the purchasers of insurance and insurance carriers, nor the propriety of encouraging the voluntary inclusion of coverages for well-baby care under group pre-paid practice plans or comprehensive health maintenance organization plans.

NEWBORN INSURANCESTATES WITH LEGISLATION PASSED

1. Alabama	24. Missouri
2. Alaska	25. Montana
3. Arizona	26. Nebraska
4. Arkansas	27. Nevada
5. California	28. New Hampshire
6. Colorado	29. New Jersey
7. Connecticut	30. New Mexico
8. Delaware	31. North Carolina
9. Florida	32. Ohio
10. Georgia	33. Oklahoma
11. Hawaii	34. Oregon
12. Idaho	35. Pennsylvania
13. Illinois	36. South Carolina
14. Indiana	37. South Dakota
15. Iowa	38. Tennessee
16. Kansas	39. Texas
17. Louisiana	40. Utah
18. Maine	41. Virginia
19. Maryland	42. Washington
20. Massachusetts	43. West Virginia
21. Michigan	44. Wisconsin
22. Minnesota	45. Wyoming
23. Mississippi	46. Vermont

STATES PRESENTLY  
WORKING ON LEGISLATION

1. Kentucky
2. New York
3. Rhode Island\*
4. North Dakota