

R.S. 17:48-6

October 26, 1971

LEGISLATIVE HISTORY OF R.S.17:48-6
(Hospital Services Corporations: Contracts; certificates; contents)

This section was first enacted in 1938.

COPY NO. 1
for mats. see copy 2

L.1938 - chap.366 - §6 - S 375. Mr. Powell
For bill and statement see Legislative History of 17:48-5.
June 6 - Committee substitute passed Senate amended (enclosed).

It was amended in the Senate by changing the end of the second paragraph of section 6 from

-...child or children not over eighteen years of age.-to
"...dependent child or children not over nineteen years of age, and adult dependents living in the same house under the age of seventy years".

In subsection (f) of section 6, after the word "injury" the phrase -only to- was deleted and the word "may" inserted.

No hearings or reports were found on this bill.

L.1964 - chap.104 - § 1 - S 93 Dumont et al.
No statement.
May 18 - Passed Senate under emergency resolution, amended.
May 18 - Passed Assembly under emergency resolution
June 5 - Approved.

Section 1 passed as introduced.

No hearings or reports were found.

L.1966 - chap.236 - §1 - A 593. Beadleston et al.
No statement.
May 23 - Passed Assembly, amended
May 31 - Passed Senate.
Aug.10 - Approved.

In the third paragraph after the words - A contract under which coverage of a dependent of a subscriber terminates at a specified ~~age~~ shall, with respect to an unmarried child...- the amendment added the phrase "...covered by the contract prior to attainment of age 19..."

No hearings or reports were found.

L.1970 - chap.110 - S 404.

Jan.20 - Introduced by Dumont.

No statement.

Amended by Assembly committee (copy enclosed)

This bill listed as "Approved" in:

974.905 The Journal of the Medical Society of New Jersey
M49

vol.67 No.4 April 1970 p.189
vol. 67 No.7 July 1970 p.353.

Newspaper clippings-V.F.-N.J.-Insurance Health.

Would revise Blue Cross.	NEN	1/27/70	✓✓
Hospital control issue could affect Blue Cross rates.	TET	2/15/70	✓✓
Medical plan reform pushed.	C-P	3/21/70	✓✓
Senate approves Blue Cross bills.	APP	3/24/70	✓✓
State Senate passes Blue Cross bills.	NEN	3/24/70	✓✓
Senate approves Blue Cross aid, hospital reforms.	NSL	3/24/70	✓✓
Prudential to fight Blue Cross proposal, wants patient charges uniform.	NEN	3/30/70	✓✓
Senate approves four bills to ease Blue Cross costs.	NSL	4/14/70	✓✓
Modernizing health care	Record	5/20/70	✓✓

(Copies of selected clippings enclosed).

HP/EH
Encl.

CHAPTER 110 LAWS OF N. J. 1970

APPROVED JUNE 26, 1970

[OFFICIAL COPY REPRINT]

SENATE, No. 404

STATE OF NEW JERSEY

INTRODUCED JANUARY 20, 1970

By Senator DUMONT

Referred to Committee on Insurance

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).

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

1 1. Section 6 of chapter 366 of the laws of 1938 (C. 17:48-6) is
2 amended to read 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] *12 months* *[1 month]*, and no contract shall be made
7 providing for the inception of such services at a date later than 1
8 year after the actual date of the making of such contract. Any
9 such contract may provide that it shall be automatically renewed
10 from [year] *year* *[month]* to [year] *year* *[month]*
11 unless there shall have been at least [90] 30 days prior written
12 notice of termination by either the subscriber or the corporation.
12A *In the absence of fraud or material misrepresentation in the*
13 *application for a contract or for reinstatement, no contract with an*
14 *individual subscriber shall be terminated by the corporation unless*
15 *all contracts of the same type, in the same group or covering the*
16 *same classification of persons are terminated under the same con-*
17 *ditions.*

18 No contract between any such corporation and a subscriber shall
19 entitle more than one person to services, except that a contract
20 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.

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

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

44 Every individual contract entered into by any such corporation
45 with any subscriber thereto shall be in writing and a certificate
46 stating the terms and conditions thereof shall be furnished to the
47 subscriber to be kept by him. No such certificate form shall be
48 made, issued or delivered in this State unless it contains the follow-
49 ing provisions:

50 (a) A statement of the contract rate, or amount payable to the
51 corporation by or on behalf of the subscriber for the original
52 **【quarter-annual】** **quarter-annual** ***【1 month】*** period of coverage
53 and of the time or times at which, and the manner in which, such
54 amount is to be paid; and a provision requiring **【90】** 30 days
55 written notice to the subscriber before any change in the contract,
56 including a change in the amount of subscription rate, shall take
56A effect;

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

61 (c) A statement of the terms and conditions, if any, upon which
62 the contract may be amended on approval of the commissioner or
63 canceled or otherwise terminated at the option of either party. Any
64 notice to the subscriber shall be effective if sent by mail to the sub-
65 scriber's address as shown at the time on the plan's records, except
66 that, in the case of persons for whom payment of the contract is
67 made through a remitting agent, any such notice to the subscriber
68 shall also be effective if a personalized notice is sent to the remitting
69 agent for delivery to the subscriber, in which case it shall be the
70 responsibility of the remitting agent to make such delivery. The
71 notice to the subscriber as herein required shall be sent at least
72 [90] 30 days before the amendment, cancellation or termination of
73 the contract takes effect. Any rider or endorsement accompanying
74 such notice, and amending the rates or other provisions of the con-
75 tract, shall be deemed to be a part of the contract as of the effective
76 date of such rider or endorsement;

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

80 (e) A statement that no statement by the subscriber in his appli-
81 cation for a contract shall avoid the contract or be used in any legal
82 proceeding thereunder, unless such application or an exact copy
83 thereof is included in or attached to such contract, and that no agent
84 or representative of such corporation, other than an officer or offi-
85 cers designated therein, is authorized to change the contract or
86 waive any of its provisions;

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

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

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

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

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

102 (e) The exceptions of the contract shall appear with the same
103 prominence as the benefits to which they apply; and

104 (d) If the contract contains any provision purporting to make
105 any portion of the articles, constitution or by-laws of the corpora-
106 tion a part of the contract, such portion shall be set forth in full.

1 2. This act shall take effect immediately.

ASSEMBLY COMMITTEE AMENDMENTS TO
SENATE No. 404

STATE OF NEW JERSEY

ADOPTED MAY 11, 1970

Amend page 1, section 1, line 5, after "period of", insert "12 months".

Amend page 1, section 1, line 6, delete "one month".

Amend page 1, section 1, line 9, after "form", insert "year"; delete "month".

Amend page 1, section 1, line 9, after "to", insert "year".

Amend page 1, section 1, line 10, delete "month".

Amend page 2, section 1, line 51, after "original", insert "quarter-annual".

Amend page 2, section 1, line 52, delete "one month".

S-404

Governor William T. Cahill today signed into law a package of six bills which will allow dramatic changes in Blue Cross and Blue Shield coverage and procedures to benefit both the company and the public.

Cahill complimented Senator Wayne Dumont, who introduced all of the bills, for his persistent interest in the public's welfare. Two of the bills (S-405 and S-410) grew out of the Hospital and Medical Legislative Study Commission, which was formed in 1960 under the leadership of Dumont, and two years later made its recommendations.

Cahill explained that the effect of these companion measures, which have lain dormant for the past eight years, is to "permit Blue Cross and Blue Shield to set rates on the accident and injury experience of groups of 100 or more."

"Because of these bills, many municipalities will be able to continue as subscribers of Blue Cross and Blue Shield and continue to give their employees adequate coverage at a reasonable cost. Without this experience rating, many towns and companies would have been forced to sign-up with commercial companies," the Governor declared.

Cahill noted that from the same Commission came S-293. "The public will have greater representation and its interests will be better protected. The new law calls for a reconstitution of the Board of Trustees," said Cahill.

Presently 51% of the trustees are hospital administrators. However, under the new law, the Board of Trustees will be comprised on one-third physicians; or hospital administrators; one-third subscribers; and one-third general public.

"Representation of the general public is broadened and criticism of possible hospital domination should be avoided," Cahill said.

Under S-404 and S-409 Blue Cross will be able to "keep in tune with the needs of the public," Cahill said. The bills allow the company to give 30-days notice before amending individual contracts. This provision already pertains to group contracts. It is expected that this provision will greatly help the solvency of the plan.

Cahill noted that the provisions of these new laws are in accordance with the recommendations of the public defender in last years' rate hearings.

In signing S-407, Cahill noted that the bill permits Blue Cross to provide health care benefits which need not be related to hospital admission.

He added that under the present law out-of-hospital benefits must be related to hospital care which has the effect of encouraging hospital admission.

"Hospitalization is the most expensive but not always the most practical way of providing benefits. This bill would correct this situation," Cahill said.

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