

52:14-17.29

LEGISLATIVE HISTORY CHECKLIST

NJSA: 52:14-17.29 (State Health Benefits Program--
retirees-- increase major medical
benefits)

LAWS OF: 1989 **CHAPTER:** 48

BILL NO: S1044

SPONSOR(S): Lipman

Date Introduced: Pre-filed

Committee: **Assembly:** State Government Committee
Senate: State Government

Amended during passage: Yes Amendments during passage denoted
by asterisks.

Date of Passage: **Assembly:** February 6, 1989
Senate: June 20, 1988

Date of Approval: March 14, 1989

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes
Senate Yes

Fiscal Note: Yes

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

RDV

1 **AN ACT concerning major medical expense benefits for retired**
2 **employees in the State Health Benefits Program and amending**
3 **P.L. 1961, c. 49.**

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

7 1. Section 5 of P.L. 1961, c. 49 (C. 52:14-17.39) is amended to
8 read as follows:

9 5. (A) The contract or contracts purchased by the commission
10 pursuant to section 4 shall provide separate coverages or policies
11 as follows:

(1) Basic benefits which shall include:

13 (a) Hospital benefits, including outpatient;

(b) Surgical benefits;

15 (c) Inpatient medical benefits;

(d) Obstetrical benefits; and

17 (e) Services rendered by an extended care facility or by a
18 home health agency and for specified medical care visits by a
19 physician during an eligible period of such services, without
20 regard to whether the patient has been hospitalized, to the extent
21 and subject to the conditions and limitations agreed to by the
22 commission and the carrier or carriers.

23 Basic benefits shall be substantially equivalent to those
24 available on a group remittance basis to employees of the State
25 and their dependents under the subscription contracts of the New
26 Jersey "Blue Cross" and "Blue Shield" Plans. Such basic benefits
27 shall include benefits for:

(i) Additional days of inpatient medical service;

29 (ii) Surgery elsewhere than in a hospital;

(iii) X-ray, radioactive isotope therapy and pathology services;

31 (iv) Physical therapy services;

(v) Radium or radon therapy services;

33 and the extended basic benefits shall be subject to the same
conditions and limitations, applicable to such benefits, as are set

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

Matter underlined thus is new matter.

1 forth in "Extended Outpatient Hospital Benefits Rider," Form
2 1500, 71(9-66), and in "Extended Benefit Rider" (as amended),
3 Form MS 7050/(9-66) issued by the New Jersey "Blue Cross" and
4 "Blue Shield" Plans, respectively, and as the same may be
5 amended or superseded, subject to filing by the Commissioner of
6 Insurance; and

7 (3) Major medical expense benefits which shall provide benefit
8 payments for reasonable and necessary eligible medical expenses
9 for hospitalization, surgery, medical treatment and other related
10 services and supplies to the extent they are not covered by basic
11 benefits. The commission may, by regulation, determine what
12 types of services and supplies shall be included as "eligible
13 medical services" under the major medical expense benefits
14 coverage as well as those which shall be excluded from or limited
15 under such coverage. Benefit payments for major medical
16 expense benefits shall be equal to a percentage of the reasonable
17 charges for eligible medical services incurred by a covered
18 employee or an employee's covered dependent, during a calendar
19 year as exceed a deductible for such calendar year of \$100.00
20 subject to the maximums hereinafter provided and to the other
21 terms and conditions authorized by this act. The percentage shall
22 be 80% of the first \$2,000.00 of charges for eligible medical
23 services incurred subsequent to satisfaction of the deductible and
24 100% thereafter. There shall be a separate deductible for each
25 calendar year for (a) each enrolled employee and (b) all enrolled
26 dependents of such employee. Not more than \$1,000,000.00 shall
27 be paid for major medical expense benefits with respect to any
28 one person for the entire period of such person's coverage under
29 the plan, whether continuous or interrupted except that this
30 maximum may be reapplied to a covered person in amounts not to
31 exceed \$2,000.00 a year. Maximums of \$10,000.00 per calendar
32 year and \$20,000.00 for the entire period of the person's
33 coverage under the plan shall apply to eligible expenses incurred
34 because of mental illness or functional nervous disorders, and
35 such may be reapplied to a covered person. (For The same
36 provisions shall apply for retired employees, the maximum
37 lifetime benefit for each person shall be the unused balance of
38 the lifetime maximum remaining while in active service or
39 \$100,000.00, whichever is less, with a minimum benefit of

1 \$5,000.00] and their dependents. Under the conditions agreed
upon by the commission and the carriers as set forth in the
3 contract, the deductible for a calendar year may be satisfied in
whole or in part by eligible charges incurred during the last 3
5 months of the prior calendar year.

Any service determined by regulation of the commission to be
7 an "eligible medical service" under the major medical expense
benefits coverage which is performed by a duly licensed
9 practicing psychologist within the lawful scope of his practice
shall be recognized for reimbursement under the same conditions
11 as would apply were such service performed by a physician.

(B) Benefits under the contract or contracts purchased as
13 authorized by this act may be subject to such limitations,
exclusions, or waiting periods as the commission finds to be
15 necessary or desirable to avoid inequity, unnecessary utilization,
duplication of services or benefits otherwise available, including
17 coverage afforded under the laws of the United States, such as
the Federal medicare program, or for other reasons.

19 Benefits under the contract or contracts purchased as
authorized by this act shall include those for the treatment of
21 alcoholism where such treatment is prescribed by a physician and
shall also include treatment while confined in or as an outpatient
23 of a licensed hospital or residential treatment program which
meets minimum standards of care equivalent to those prescribed
25 by the Joint Commission on Hospital Accreditation. No benefits
shall be provided beyond those stipulated in the contracts held by
27 the State Health Benefits Commission.

(C) The rates charged for any contract purchased under the
29 authority of this act shall reasonably and equitably reflect the
cost of the benefits provided based on principles which in the
31 judgment of the commission are actuarially sound. The rates
charged shall be determined by the carrier on accepted group
33 rating principles with due regard to the experience, both past and
contemplated, under the contract. The commission shall have the
35 right to particularize subgroups for experience purposes and
rates. No increase in rates shall be retroactive.

(D) The initial term of any contract purchased by the
37 commission under the authority of this act shall be for such
period to which the commission and the carrier may agree, but
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1 permission may be made for automatic renewal in the absence of
2 notice of termination by the commission. Subsequent terms for
3 which any contract may be renewed as herein provided shall each
4 be limited to a period not to exceed 1 year.

5 (E) The contract shall contain a provision that if basic benefits
6 or major medical expense benefits of an employee or of an
7 eligible dependent under the contract, after having been in effect
8 for at least 1 month in the case of basic benefits or at least 3
9 months in the case of major medical expense benefits, is
10 terminated, other than by voluntary cancellation of enrollment,
11 there shall be a 31-day period following the effective date of
12 termination during which such employee or dependent may
13 exercise the option to convert, without evidence of good health,
14 to converted coverage issued by the carriers on a direct payment
15 basis. Such converted coverage shall include benefits of the type
16 classified as "basic benefits" or "major medical expense
17 benefits" in subsection (A) hereof and shall be equivalent to the
18 benefits which had been provided when the person was covered as
19 an employee. The provision shall further stipulate that the
20 employee or dependent exercising the option to convert shall pay
21 the full periodic charges for the converted coverage which shall
22 be subject to such terms and conditions as are normally
23 prescribed by the carrier for this type of coverage.

24 (F) The commission may purchase a contract or contracts to
25 provide drug prescription and other health care benefits or
26 authorize the purchase of a contract or contracts to provide drug
27 prescription and other health care benefits as may be required to
28 implement a duly executed collective negotiations agreement or
29 as may be required to implement a determination by a public
30 employer to provide such benefit or benefits to employees not
31 included in collective negotiations units.

(cf: P.L. 1985, c. 428, s. 1)

32 2. This act shall take effect immediately.

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34 **PENSIONS AND RETIREMENT**
35 **Public Employees and Personnel**

36
37 Provides the same major medical benefits limit for retired
38 employees in SHBP as for active employees.
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STATEMENT

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The purpose of this bill is to set the lifetime limit of major medical benefits payable to retired employees in the State Health Benefits Program and their dependents at the same level that is provided for active employees in the program.

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**PENSIONS AND RETIREMENT
Public Employees and Personnel**

11

Provides the same major medical benefits limit for retired employees in SHBP as for active employees.

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ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1044

STATE OF NEW JERSEY

DATED: SEPTEMBER 22, 1988

The Assembly State Government Committee reports favorably Senate, No. 1044.

This bill provides that the \$1,000,000 lifetime limit of major medical benefits for the entire period of a person's coverage under the State Health Benefits Program shall be applicable to retired employees in the plan and their dependents. At present, retired employees are entitled to the unused balance of the remaining lifetime maximum or \$100,000, whichever is less, with a minimum benefit of \$5,000.

SENATE STATE GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1044

STATE OF NEW JERSEY

DATED: APRIL 25, 1988

The Senate State Government Committee reports favorably Senate, No. 1044.

This bill provides that the \$1,000,000 lifetime limit of major medical benefits for the entire period of a person's coverage under the State Health Benefits Program shall be applicable to retired employees in the plan and their dependents. At present, retired employees are entitled to the unused balance of the remaining lifetime maximum or \$100,000, whichever is less, with a minimum benefit of \$5,000.

This bill was pre-filed for introduction in the 1988 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

**FISCAL NOTE TO
SENATE, No. 1044**

STATE OF NEW JERSEY

DATED: August 23, 1988

Senate Bill No. 1044 of 1988 increases the lifetime limit on the major medical benefits payable to retired employees in the State Health Benefits Program and their dependents from \$100,000 to \$1,000,000, the same level provided for active employees in the program.

The Division of Pensions states that at the present time the federal Medicare program is the primary payer and so the increase limit will not have a significant impact on the State. The Division notes that if in the future the federal government changes that policy, the State Health Benefits Program will be responsible for the increased benefits.

The Office of Legislative Services concurs.

This fiscal note has been prepared pursuant to P.L. 1980, c.67.