

26:2-148 to 159

LEGISLATIVE HISTORY CHECKLIST

NJSA: 26:2-148 to 26:2-159 "Catastrophic Illness in Children Relief Fund-- establish

LAWS OF: 1987 **CHAPTER:** 370

Bill No: S1550

Sponsor(s): DiFrancesco

Date Introduced: January 30, 1986

Committee: **Assembly:** Health and Human Resources
Senate: Children's services; Revenue, Finance and Appropriations

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

Date of Passage: **Assembly:** November 30, 1987
Senate: December 18, 1987

Date of Approval: January 7, 1988

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes 6-8-97 and 6-22-87
Senate Yes 6-2-86 and 11-24-86

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

974.90 New Jersey. Task Force on Catastrophic and Long-Term Health Care.
H434 Towards a strategy for long-term care financing and service delivery:
1987kmeeting the challenge and the need. December 23, 1987.

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[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 1550

STATE OF NEW JERSEY

INTRODUCED JANUARY 30, 1986

By Senator DiFRANCESCO

Referred to Committee on Children's Services

AN ACT establishing the "Catastrophic Illness in Children Relief Fund" and the Catastrophic Illness in Children Relief Fund Commission; prescribing the membership and powers of the commission; and supplementing Title 26 of the Revised Statutes.

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

1 1. The Legislature finds and declares that:

2 a. Although the majority of Americans are covered by some
3 form of health insurance, families nevertheless lack protection
4 against the high cost of chronic or single episodes of serious ill-
5 ness that may destroy their resources. An illness resulting in this
6 potentially devastating financial consequence is referred to as a
7 catastrophic illness.

8 b. Catastrophic illnesses often threaten to push some families
9 into bankruptcy and others toward seeking inferior medical care
10 and present a major problem for this nation's health care system
11 in that catastrophic illnesses account for over 20% of this nation's
12 health expenditures.

13 c. The impact of catastrophic illnesses on the family is especially
14 acute in that children have the highest average medical costs among
15 the population as a whole.

16 d. It is the public policy of this State that each child of this
17 State should have access to quality health care and adequate pro-
18 tection against the extraordinarily high costs of health care ser-
19 vices which are determined to be catastrophic and severely impact
20 upon a child and his family.

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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

***—Senate committee amendments adopted December 4, 1986.**

****—Assembly committee amendments adopted June 22, 1987.**

21 e. To this end, it is incumbent upon the State to provide assis-
 22 tance to children and their families whose medical expenses extend
 23 beyond the families' available resources.

1 2. As used in this act:

2 a. "Catastrophic illness" means any illness or condition the
 3 medical expenses ***[whereof]*** *of which* are not covered by any
 4 other State or federal program or any insurance contract and
 5 exceed 30% of the ***[gross]*** income of a family whose ***[gross]***
 6 income is \$100,000.00 or less per year or 40% of the ***[gross]***
 7 income of a family whose ***[gross]*** income is over \$100,000.00
 7A per year.

8 b. "Child" means a person under 18 years of age.

9 c. "Commission" means the Catastrophic Illness in Children
 10 Relief Fund Commission.

11 d. "Family" means a child and the child's parent*, *parents** or
 12 legal guardian*, *as the case may be, who is legally responsible for*
 12A *the child's medical expenses**.

13 e. "Fund" means the Catastrophic Illness in Children Relief
 14 Fund.

15 f. ***[**"Gross income" means the categories of income found in
 16 N. J. S. 54A:5-1]**]*** *"Income" means all income, from whatever*
 16A *source derived, actually received by a family**.

17 g. "Resident" means a person legally domiciled within the State
 18 for a period of six months immediately preceding the date of ap-
 19 plication for inclusion in the program. Mere seasonal or temporary
 20 residence within the State, of whatever duration, does not constitute
 21 domicile. Absence from this State for a period of 12 months or
 22 more is prima facie evidence of abandonment of domicile. The
 23 burden of establishing legal domicile within the State is upon the
 24 parent or legal guardian of a child.

1 3. The "Catastrophic Illness in Children Relief Fund" is estab-
 2 lished as a nonlapsing, revolving fund. The fund shall be admin-
 3 istered by the commission, and shall be credited with monies
 4 received pursuant to section ***[11]*** *10* of this act.

5 The State Treasurer is the custodian of the fund and all dis-
 6 bursements from the fund shall be made by the treasurer upon
 7 vouchers signed by the chairman of the commission. The monies
 8 in the fund shall be invested and reinvested by the Director of the
 9 Division of Investment in the Department of the Treasury as are
 10 other trust funds in the custody of the State Treasurer in the
 11 manner provided by law. Interest received on the monies in the
 12 fund shall be credited to the fund.

1 4. There is established in, but not of, the State Department of
2 Health the Catastrophic Illness in Children Relief Fund Commis-
3 sion. The commission shall consist of the Commissioner of the
4 State Department of Health, the Commissioner of the Department
5 of Human Services, the Commissioner of the Department of In-
6 surance, and the State Treasurer, who shall be members ex officio,
7 and five public members who are residents of this State, appointed
8 by the Governor with the advice and consent of the Senate for
9 terms of five years, one of whom is appointed upon the recom-
10 mendation of the President of the Senate and is a provider of
11 health care services to children in this State and one of whom is
12 appointed upon the recommendation of the Speaker of the General
13 Assembly and is a provider of health care services to children in
14 this State. The five public members first appointed by the Gov-
15 ernor shall serve for terms of one, two, three, four and five years,
16 respectively.

17 Each member shall hold office for the term of his appointment
18 and until his successor has been appointed and qualified. A mem-
19 ber of the commission is eligible for reappointment.

20 Each ex officio member of the commission may designate an
21 officer or employee of his department to represent him at meetings
22 of the commission, and each designee may lawfully vote and other-
23 wise act on behalf of the member for whom he constitutes the
24 designee. Any designation shall be in writing delivered to the
25 commission and filed with the office of the Secretary of State and
26 shall continue in effect until revoked or amended in the same man-
27 ner as provided for designation.

1 5. Each member of the commission may be removed from office
2 by the Governor, for cause, after a public hearing and may be sus-
3 pended by the Governor pending the completion of the hearing.
4 Each member of the commission before entering upon his duties
5 shall take and subscribe an oath to perform the duties of his office
6 faithfully, impartially and justly to the best of his ability. A record
7 of the oaths shall be filed in the office of the Secretary of State.

8 Any vacancies in the membership of the commission occurring
9 other than by the expiration of a term shall be filled in the same
10 manner as the original appointment, but for the unexpired term
11 only.

1 6. The Commissioner of the State Department of Health shall
2 be chairman and chief executive officer of the commission and the
3 members shall elect a secretary and a treasurer who need not be
4 members of the commission and the same person may be elected
5 to serve both as secretary and treasurer.

6 The powers of the commission are vested in the members thereof
 7 in office from time to time and six members of the commission shall
 8 constitute a quorum at any meeting thereof. Action may be taken
 9 and motions and resolutions adopted by the commission at any
 10 meeting thereof by the affirmative vote of at least six members of
 11 the commission. A vacancy in the membership of the commission
 12 shall not impair the right of a quorum to exercise all the powers
 13 and perform all the duties of the commission.

14 The members of the commission shall serve without compensa-
 15 tion, but the commission shall reimburse its members for the rea-
 16 sonable expenses incurred in the performance of their duties based
 17 upon the monies available in the fund.

18 The commission shall be appointed within three months after
 19 the effective date of this act and shall organize as soon as may be
 20 practicable after the appointment of its members.

1 7. The commission has, but is not limited to, the following powers
 2 and duties:

3 a. Establish in conjunction with the Special Child Health Ser-
 4 vices program established pursuant to P. L. 1948, c. 444 (C. 26:1A-2
 5 et seq.) a program for the purposes of this act, administer the fund
 6 and authorize the payment or reimbursement of the medical ex-
 7 penses of children with catastrophic illnesses;

8 b. Establish procedures for enrollment in the program, deter-
 9 mining the eligibility for the payment or reimbursement of medical
 9A expenses for each child, ***[and]*** processing claim disputes **and*
 9B *establish procedures to provide that, in the case of an illness or*
 9C *condition for which the family, after receiving assistance pursu-*
 10 *ant to this act, recovers damages for the child's medical expenses*
 10A *pursuant to a settlement or judgment in a legal action, the family*
 10B *shall reimburse the fund for the amount of assistance received,*
 10C *or that portion thereof covered by the amount of the damages*
 10D *less the expense of recovery*;*

11 c. Establish the amount of reimbursement for the medical ex-
 12 penses of each child using a sliding fee scale based on a family's
 13 ability to pay for medical expenses which takes into account family
 14 size, family ***[gross]*** income and assets and family medical
 15 expenses and adjust the financial eligibility criteria established
 16 pursuant to subsection a. of section 2 of this act based upon the
 17 moneys available in the fund;

18 d. Disseminate information on the fund and the program to the
 19 public;

20 e. Adopt bylaws for the regulation of its affairs and the conduct
21 of its business, adopt an official seal and alter the same at pleasure,
22 maintain an office at the place within the State as it may designate,
23 and sue and be sued in its own name;

24 f. Employ professional and clerical assistance necessary to per-
25 form its duties, and as may be within the limits of funds appropri-
26 ated or otherwise made available to it for its purposes;

27 g. Maintain confidential records on each child who applies for
28 assistance under the fund;

29 h. Do all other acts and things necessary or convenient to carry
30 out the purposes of this act; and

31 i. Adopt rules and regulations in accordance with the "Admin-
32 istrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.)
33 necessary to effectuate the purposes of this act.

1 8. A child who is a resident of this State is eligible, through his
2 parent or legal guardian, to enroll in the program established
3 pursuant to subsection a. of section 7 of this act.

1 9. Whenever a child has a catastrophic illness and is enrolled
2 in the program, the child, through his parent or legal guardian,
3 is eligible for financial assistance from monies in the fund subject
4 to the rules and regulations established by the commission and
5 the availability of monies in the fund. The financial assistance
6 shall include, but is not limited to, payments or reimbursements
7 for the cost of medical treatment, hospital care, drugs, nursing
8 care and physician services.

1 *~~10.~~ The commission shall provide information concerning the
2 program and an application therefor at the beginning of each aca-
3 demic year to each parent or legal guardian whose child is enrolled
4 in kindergarten through 12th grade in this State. Whenever the
5 Department of Health receives a birth certificate under R. S.
6 26:8-25 it shall notify the commission which shall provide the
7 information and application to the parent or legal guardian of the
8 child whose name appears on the birth certificate. Applications
9 shall also be available to the public through the department during
10 normal business hours throughout the year.*

1 *~~11.~~* *10.** For the purpose of providing the moneys necessary
2 to establish and meet the purposes of the fund, the commission
3 shall establish a \$1.00 *annual** surcharge per **~~covered~~ *~~sub-~~
4 ~~scriber~~* *person** upon all *individual and group** health insur-
5 ~~ance~~ *~~premiums paid for~~* policies *~~of health insurance~~*
6 written in this State *pursuant to Title 17 of the Revised Statutes*
7 *and Title 17B of the New Jersey Statutes. The \$1.00 surcharge*
8 *also shall be applied to every enrollee in a health maintenance*

9 organization authorized to operate in this State pursuant to P. L.
 10 1973, c. 337 (C. 26:2J-1 et seq.)** ***employee for all employers
 11 who are subject to the New Jersey "Unemployment Compensation
 12 Law," R. S. 43:21-1 et seq.**. The surcharge shall be collected by
 13 the **[insurer *or health maintenance organization, as the case
 14 may be,]** ***controller for the New Jersey Unemployment Com-
 15 pensation Fund** and paid over to the State Treasurer for deposit
 16 in the fund annually as provided by the commission. **[The sur-
 17 charge is a separate charge to the insured *or enrollee* in addition
 18 to the premium to be paid and shall be reflected as such in the
 19 policy *or evidence of coverage* and commissions shall not be
 20 payable thereon. The insurer *or health maintenance organization*
 21 is prohibited from absorbing the surcharge as an inducement for
 22 insurance *or enrollment* or for any other reason.]**

1 * [12.] * *11.* The State Treasurer shall adopt rules and regula-
 2 tions in accordance with the "Administrative Procedure Act,"
 3 P. L. 1968, c. 410 (C. 52:14B-1 et seq.) establishing procedures
 4 for the collection of the surcharge.

1 * [13.] * *12.* The commission shall report annually to the Gov-
 2 ernor and the Senate Institutions, Health and Welfare Committee
 3 and General Assembly Health and Human Resources Committee
 4 on the status of the program. The report shall include informa-
 5 tion about the number of participants in the program, average
 6 expenditures per participant, the nature and type of catastrophic
 7 illnesses for which the fund provided financial assistance, and the
 8 average income and expenditures of families who received financial
 9 assistance under the program. The commission also may make
 10 recommendations for changes in the law and regulations governing
 11 the fund.

1 * [14.] * *13.* This act shall take effect immediately.

CHILDREN

Establishes the "Catastrophic Illness in Children Relief Fund"
 and the Catastrophic Illness in Children Relief Fund Commission
 in, but not of, the Department of Health.

1 13. The commission shall report annually to the Governor and
2 the Senate Institutions, Health and Welfare Committee and General
3 Assembly Health and Human Resources Committee on the status
4 of the program. The report shall include information about the
5 number of participants in the program, average expenditures per
6 participant, the nature and type of catastrophic illnesses for which
7 the fund provided financial assistance, and the average income and
8 expenditures of families who received financial assistance under
9 the program. The commission also may make recommendations for
10 changes in the law and regulations governing the fund.

1 14. This act shall take effect immediately.

STATEMENT

This bill establishes the Catastrophic Illness in Children Relief Fund and the Catastrophic Illness in Children Relief Fund Commission, in but not of, the State Department of Health. The fund shall be administered by the commission and credited with monies from certain surcharges by insureds of health insurance collected under this bill. Providers of health insurance shall collect from insureds a \$1.00 surcharge per covered subscriber upon the premium paid for their health insurance policies. The surcharge shall be paid over to the State Treasurer for deposit in the fund.

The commission is comprised of: the Commissioners of Health, Human Services and Insurance, the State Treasurer and five public members, one of whom is a health care provider. The commission is directed to: establish the relief fund in conjunction with the existing Special Child Health Services program and administer the fund and authorize payment for medical expenses; establish procedures for enrolling in the program; establish the amount of reimbursement the fund will provide for medical services, based on a sliding fee scale, and adjust financial eligibility levels for participation in the program as the fund allows; and adopt necessary rules and regulations to carry out the program. The commission is required to report annually to the Governor and Legislature on the status of the fund.

Subject to certain rules and regulations established by the commission, children, through their parents or legal guardians, are eligible for financial assistance from the fund if they are residents of this State and have a catastrophic illness. A catastrophic illness is any illness the medical expenses whereof are not covered by any other State or federal assistance or any insurance contract and exceed 30% of the gross income of a family whose gross income is

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\$100,000.00 or less per year or 40% of the gross income of a family whose gross income is over \$100,000.00 per year. The program shall provide financial reimbursement for the cost of medical treatment, hospital care, drugs, nursing care and physician services.

CHILDREN

Catastr. Illness Child Relief Fund

Establishes the "Catastrophic Illness in Children Relief Fund" and the Catastrophic Illness in Children Relief Fund Commission in, but not of, the Department of Health.

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ASSEMBLY HEALTH AND HUMAN RESOURCES
COMMITTEE

STATEMENT TO

SENATE, No. 1550

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STATE OF NEW JERSEY

DATED: JUNE 8, 1987

The Assembly Health and Human Resources Committee reports favorably Senate Bill No. 1550 OCR.

This bill establishes the "Catastrophic Illness in Children Relief Fund" in, but not of, the Department of Health, for the purpose of providing financial assistance to families of children with catastrophic illnesses. The bill defines a catastrophic illness as any illness or condition, the medical expenses of which are not covered by any other State or federal program or by private insurance and which exceed 30% of the income of a family whose annual income is \$100,000.00 or less, or 40% of the income of a family whose annual income is \$100,000.00 or more.

The bill imposes an annual \$1.00 surcharge per covered person upon all individual and group health insurance policies written in New Jersey pursuant to statutory law and upon all enrollees in health maintenance organizations authorized to operate in this State pursuant to statutory law. The moneys collected from this surcharge and the interest that those moneys earn shall be credited to the fund.

The bill provides that, in the case of an illness or condition for which a family, after receiving assistance from the Catastrophic Illness in Children Relief Fund, recovers damages for the child's medical expenses pursuant to a settlement or judgment in a legal action, the family shall reimburse the fund for the amount of assistance received, or for that portion of the amount of assistance which is covered by the amount of the damages minus the expense of recovery.

The bill also establishes a Catastrophic Illness in Children Relief Fund Commission in, but not of, the Department of Health, to administer the fund and authorize the payment or reimbursement of medical expenses from the fund, and to establish a program to accomplish the purposes of the fund in conjunction with the Special Child Health Services Program in the Department of Health. The commission shall disseminate information on the fund and the program to the public, establish procedures for enrolling in the program, develop a sliding fee

scale for the payment or reimbursement of medical expenses based upon a family's ability to pay, adjust financial eligibility criteria for the program based upon the amount of moneys available in the fund, and report annually to the Governor and the Senate Institutions, Health and Welfare Committee and General Assembly Health and Human Resources Committee on the status of the program.

The commission shall consist of nine members, including the Commissioners of Health, Human Services and Insurance and the State Treasurer, in addition to five public members appointed by the Governor who are residents of this State, two of whom shall be providers of health care services to children. One provider shall be appointed upon the recommendation of the President of the Senate and one upon the recommendation of the Speaker of the General Assembly.

This bill is identical to Assembly Bill No. 2315 Aca (Singer), which the committee also reported on this date.

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SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 1550

with Senate committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 24, 1986

The Senate Revenue, Finance and Appropriations Committee reported this bill favorably, with amendments.

As amended, this bill establishes the "Catastrophic Illness in Children Relief Fund" for the purpose of providing financial assistance for families of children with catastrophic illnesses. A catastrophic illness is defined in the bill as any illness or condition, the medical expenses of which are not covered by any other State or federal assistance program or any insurance contracts, and exceed 30% of the income of a family whose income is \$100,000.00 or less per year or 40% of the income of a family whose income is over \$100,000.00 per year.

The bill imposes an annual surcharge of \$1.00 per covered individual under health insurance policies, and per covered enrollee in a health maintenance organization. Monies collected from the surcharge are to be credited to the fund, along with interest earned on those monies.

The bill creates a nine-member Catastrophic Illness in Children Relief Commission, located in but not of the Department of Health, to administer the fund and establish a catastrophic illness relief program. Membership on the commission includes, ex officio, the Commissioners of Health, Human Services and Insurance and the State Treasurer; in addition, there are five public members appointed by the Governor, two of whom shall be health care providers.

As part of the relief program, the commission shall establish procedures for enrolling in the program; determine the amount of reimbursement for medical expenses, based on a sliding fee scale and taking into account family size, family income, assets, and medical expenses; and adjust financial eligibility criteria for participating in the program based upon the level of monies in the fund.

COMMITTEE AMENDMENTS:

The committee amendments: (1) require that all family income be considered in determining whether or not an illness is catastrophic, and in providing reimbursement; (2) clarify that "family" includes a child and his parent, parents, or legal guardian, as the case may be, who are

responsible for the child's medical expenses; (3) clarify that the \$1.00 insurance surcharge applies to all covered individuals in group or individual health insurance policies authorized under our statutory law, and to all enrollees of health maintenance organizations in the State; (4) provide for the reimbursement of the fund if a family recovers damages in the legal action for the child's illness or condition; and (5) delete certain unnecessary reporting requirements.

FISCAL IMPACT:

A fiscal note has not been prepared for this bill. On the basis of a preliminary analysis, however, it appears that the \$1.00 surcharge would raise approximately \$5,500,000.00 to \$6,000,000.00 per year. This analysis is based on the latest available health insurance industry estimates of covered individuals in the United States, and various estimates of the New Jersey share of those individuals.

During the last legislative session, the Department of Health estimated that a similar program proposed by Senate Bill No. 487 of 1984 would require approximately \$9,000,000.00 in funding for the first year. However, this committee estimated the cost at approximately \$5,000,000.00. The committee's estimate was based, in part, on the possible availability of other sources of assistance for certain families with catastrophically ill children, apart from the Catastrophic Illness in Children Relief Fund (e.g. the "medically needy" program).

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: JOHN SAMERJAN
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TRENTON, N.J. 08625

Release: THURS., JAN. 7, 1988

Governor Thomas H. Kean today signed legislation establishing a "Catastrophic Illness in Children Relief Fund" to provide financial assistance to the families of children who are suffering from chronic or severe illnesses.

S-1550, sponsored by Senator Donald DiFrancesco, R-Union, Assemblyman Robert Singer, R-Ocean and Assemblywoman Maureen Ogden, R-Essex, defines "catastrophic illness" as any illness or condition whose medical expenses are not covered by any other State or Federal program or insurance contract and exceed 30 percent of the income of family whose income is \$100,000 or less, or 40 percent of the income when the family income is over \$100,000.

The fund will be a non-lapsing revolving fund which will receive the money collected from a \$1 annual surcharge for each employee paid by employers who are subject to the New Jersey Unemployment Compensation Law. The surcharge is expected to raise \$3.9 million annually.

The fund will be administered by the Children Relief Fund Commission whose members will include the Commissioners of Health, Human Services, Insurance, the State Treasurer and five public members.

The legislation is effective immediately.

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