

17: 48A-7.9

LEGISLATIVE HISTORY CHECKLIST

(Medical Service Corporations - Experience rating group size from 100 to 50)

WJSA 17:48A-7.9

LAWS OF 1979

CHAPTER 177

Bill No. S3017

Sponsor(s) Scardino and Hagedorn

Date Introduced Jan. 11, 1979

Committee: Assembly Institutions, Health and Welfare

Senate Labor, Industry and Professions

Amended during passage ~~Yes~~ No

Date of Passage: Assembly July 16, 1979

Senate Feb. 20, 1979

Date of approval Aug. 29, 1979

Following statements are attached if available:

Sponsor statement Yes ~~Yes~~

Committee Statement: Assembly Yes ~~Yes~~

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

8/1/79

SENATE, No. 3017

STATE OF NEW JERSEY

INTRODUCED JANUARY 11, 1979

By Senators SCARDINO and HAGEDORN

Referred to Committee on Labor, Industry and Professions

AN ACT to amend "An act to amend and supplement 'An act concerning medical service corporations and regulating the establishment, maintenance and operation of medical service corporations and medical service plans, and supplementing Title 17 of the Revised Statutes by adding thereto a new chapter entitled 'Medical Service Corporations',' approved May 29, 1940 (P. L. 1940, c. 74),' approved June 26, 1970 (P. L. 1970, c. 114).

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

1 1. Section 1 of P. L. 1970, c. 114, (C. 17:48A-7.9) is amended to
2 read as follows:

3 1. Group contracts, covering at least **[100]** 50 employees or
4 members, may provide for the adjustment of the rate of premium
5 at the end of the first year or any subsequent year of insurance
6-8 thereunder based on the experience thereunder both past and con-
9 templated. No medical service corporation shall use any form of
10 experience rating plan until it shall have filed with the commis-
11 sioner the formulas to be used and the classes of groups to which
12 they are to apply. The commissioner may disapprove the formulas
13 or classes at any time if he finds that the rates produced thereby
14 are excessive, inadequate or unfairly discriminatory or that the
15 rates, formulas or classes are such as to prejudice the interests of
16 persons who are eligible for medical services under contracts with
17 the medical service corporation which are not subject to experience
18 *rating*. Excluding those rating formulas applicable to groups the
19 employees or members of which are located in more than one State
20 and which are underwritten in participation with other corpora-
21 tion(s) of other State(s), no rating formula shall be approved by
22 the commissioner unless it provides that the groups with better
23 than average experience will be assessed a reasonable community

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

24 charge. Any such rating formula may provide for the allowance
 25 of an equitable discount in the event the policyholder agrees to
 26 perform certain administrative and record keeping functions in
 27 connection with the routine maintenance of the group account.

28 *Nothing in this section shall preclude the medical service corpora-*
 29 *tion from incorporating in the rate formula such claim cost and*
 30 *utilization trend factors as it deems necessary in its discretion so*
 31 *long as the rates produced are self-supporting and the formulas for*
 32 *classes do not prejudice the interests of persons who are eligible for*
 33 *medical services under contracts with the medical service corpora-*
 34 *tion which are not subject to experience rating.*

35 *For experience rated groups of 50 to 99 employees or members,*
 36 *the commissioner will have the authority to determine that rates*
 37 *charged depart from community rates in such a way as to assure*
 38 *continuity of rating principles with the community rated and*
 39 *experience rated groups of 100 or more.*

1 2. This act shall take effect immediately.

STATEMENT

Earlier in this session, the Legislature passed and Governor Byrne signed S-419 (P. L. 1978, c. 94), which empowers hospital service corporations such as Blue Cross to reduce the size of groups subject to experience rating from 100 to 50 employees. That law also permits hospital service corporations to incorporate such claims and utilization factors as it deems necessary in determining rate formulas, so long as the formulas do not prejudice the interests of subscribers who are not in experience-rated groups.

Experience-rated contracts of Blue Shield, a medical service corporation, are usually marked and rated in concert with Blue Cross. In New Jersey, Blue Cross basically attends to the payment of hospital claims, while Blue Shield is concerned with benefits for the services of physicians.

Since Blue Cross and Blue Shield, though separate and distinct corporations, market their coverages as a package, confusion will result unless Blue Shield's enabling act is amended to accord with the change made in the Blue Cross enabling act earlier in this session. Unless this is done, confusion will result in the enrollment and rating of groups in the range of 50 to 99 employees.

Therefore, this bill is in the best interests of the many thousands of employed persons who are protected against health care costs by Blue Cross and Blue Shield of New Jersey.

53017(1979)

ASSEMBLY INSTITUTIONS, HEALTH AND WELFARE
COMMITTEE

STATEMENT TO
SENATE, No. 3017

STATE OF NEW JERSEY

DATED: JUNE 28, 1979

This bill reduces the size of groups subject to experience rating from 100 to 50 persons for medical service corporations, such as Blue Shield.

Hospital service corporations such as Blue Cross were empowered, pursuant to P. L. 1978, c. 94, to reduce the size of groups subject to experience rating from 100 to 50 employees. That legislation also permits Blue Cross to incorporate certain claims and utilization factors in determining rate formulas so long as the formulas do not prejudice the interests of subscribers not in experience rated groups. This would be permitted for medical service corporations under this bill.

Since Blue Cross and Blue Shield usually market their coverages as a package, confusion may result unless the enabling legislation of Blue Shield is amended in accordance with the changes made in Blue Cross legislation earlier this session.

The committee agrees with the purpose of this bill and released it without amendment.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

AUGUST 30, 1979

JOE SANTANGELO

Governor Brendan Byrne signed the following bills before departing for Illinois:

S-1295, sponsored by Senator Steven P. Perskie (D-Atlantic), which provides that no provision of the Penal Code shall supersede the provisions of the "Casino Control Act," prohibiting slot machines in the home for social use, while permitting the possession of antique slot machines.

S-3017, sponsored by Senator Anthony Scardino, Jr. (D-Bergen), which permits medical service corporations to experience rate groups of fifty or more members. Under the former law, any groups of hundred or more could be experience rated.

A-1816, sponsored by Assemblyman Richard Van Wagner (D-Monmouth), which eliminates the 20 year limit for redemption of tax sale property.

A-3356, sponsored by Assemblyman John Paul Doyle (D-Ocean), which extends the reporting date of the Commission to Study Teacher Preparation Programs from September 1, 1979 to January 1, 1980.

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