

17:48-6.9

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 17:48-6.9
LAWS OF: 1970 CHAPTER: 111
BILL NO: S405
SPONSOR(S) Dumont
DATE INTRODUCED: January 20, 1970
COMMITTEE: ASSEMBLY: Insurance
SENATE: Insurance

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: ASSEMBLY: May 11, 1970
SENATE: May 2, 1970

DATE OF APPROVAL: June 26, 1970

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: No

COMMITTEE STATEMENT: ASSEMBLY: No

SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

REPORTS: Yes

HEARINGS: Yes

See newspaper clippings--attached

Report and hearing referred to in press release:

974.90 New Jersey. Legislature. Joint Commission to Investigate the
H828 Administration and Rate Structure of the Hospital Service Plan
1962 of New Jersey.
Report...November, 1962.

974.90 New Jersey. Legislature. Legislative Commission to
H828 Investigate the Administration and Rate Structure of the
1960a Hosptial Service Plan of New Jersey.
Public hearing held September - December 1960.
Trenton, 1960.

KBG:pp

STATE OF NEW JERSEY

INTRODUCED JANUARY 20, 1970

By Senator DUMONT

Referred to Committee on Insurance

AN ACT to amend and supplement "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. Any group contract, covering at least 100 employees of mem-
2 bers, may provide for the adjustment of the rate of premium at the
3 end of the first year or any subsequent year of insurance thereunder
4 based on the experience thereunder both past and contemplated. No
5 hospital service corporation shall use any form of experience rating
6 plan until it shall have filed with the commissioner the formulas to
7 be used and the classes of groups to which they are to apply. The
8 commissioner may disapprove the formulas or classes at any time
9 if he finds that the rates produced thereby are excessive, inadequate
10 or unfairly discriminatory or that the formulas or classes are such
11 as to prejudice the interests of persons who are eligible for hospital
12 services under contracts with the hospital service corporation which
13 are not subject to experience rating.

14 Excluding those rating formulas applicable to groups the employ-
15 ees or members of which are located in more than one state and
16 which are underwritten in participation with other corporation(s)
17 of other state(s), no rating formula shall be approved by the com-
18 missioner unless it provides that the experience rated groups will
19 be assessed a reasonable community charge. Any such rating
20 formula may provide for the allowance of an equitable discount in
21 the event the policyholder agrees to perform certain administrative
22 and record keeping functions in connection with the routine main-
23 tenance of the group account.

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

1 2. Section 14 of the act of which this act is amendatory
2 (C. 17:48-14) is amended to read as follows:

3 14. Every corporation to which this chapter shall be applicable
4 shall pay the following fees to the Commissioner of ***[Banking**
5 **and]*** Insurance for enforcement of the provisions of this chapter,
6 viz.: for filing its application and charter, \$10.00; for filing each an-
7 nual statement, \$20.00; for each copy of any paper filed in the
8 Department of ***[Banking and]*** Insurance, \$0.20 a sheet or folio of
9 100 words and \$1.00 for certifying the same. *In addition, such cor-*
10 *poration shall pay on April 1 of each year a general supervisory fee*
11 *to the Commissioner of ***[Banking and insurance]*** *Insurance**
12 *of \$0.02 per subscriber covered under subscription contracts, other*
13 *than group contracts, at the end of the preceding year plus \$0.02*
14 *per member or employee covered under group contracts at the end*
15 *of the preceeding year, and the first such general supervisory fee*
16 *shall be due as of December 31, 1970, payable April 1, 1971.*

1 3. This act shall take effect immediately.

SENATE, No. 405

STATE OF NEW JERSEY

INTRODUCED JANUARY 20, 1970

By Senator DUMONT

Referred to Committee on Insurance

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SENATE COMMITTEE AMENDMENTS TO
SENATE, No. 405

STATE OF NEW JERSEY

ADOPTED MARCH 23, 1970

Amend page 2, section 2, line 4, omit "Banking and".

Amend page 2, section 2, line 8, omit "Banking and".

Amend page 2, section 2, line 11, omit "Banking and"; omit "insurance", insert "Insurance".

FISCAL NOTE TO
SENATE, No. 405

STATE OF NEW JERSEY

DATED: FEBRUARY 19, 1970

Senate Bill No. 405 is an amendatory act requiring hospital service corporations to pay to the State a \$0.02 per subscriber supervisory fee.

The Department of Banking and Insurance estimates that enactment of this legislation would cause a net revenue to accrue to the State of \$28,600.00 in fiscal 1970-71, \$29,400.00 in fiscal 1971-72 and \$30,200.00 in fiscal 1972-73. Thereafter, it is estimated the revenue would increase \$800.00 per year.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

S-405

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.

(more)

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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