

October 27, 1971

R.S. 17:48A-7.9, 21

LEGISLATIVE HISTORY OF R.S.17:48A-7.9; 17:48A-21

(Adjustment premium rates leased on experience-
group medical service plan) **COPY NO. 1**

This section was enacted for the first time in 1970.

L.1970 - chap.114 - S 410
Jan 20 - Introduced by Dumont.
No statement.
Not amended during passage.

(For clippings see Legislative History of R.S.17:48-6)

This bill listed as "Approved" in:

974.905 M49	The Journal of the Medical Society of New Jersey		
vol.67	no.4	April, 1970	p.189
vol.67	no.7	July, 1970	p.354

MG/EH

CHAPTER 114 LAWS OF N. J. 19 70
APPROVED JUNE 26, 1970
[OFFICIAL COPY REPRINT]
SENATE, No. 410

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 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).

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

1 1. Group contracts, covering at least 100 employees or members,
2 may provide for the adjustment of the rate of premium at the end
3 of the first year or any subsequent year of insurance thereunder
4 based on the experience thereunder both past and contemplated.
5 No medical service corporation shall use any form of experience
6 rating plan until it shall have filed with the commissioner the for-
7 mulas to be used and the classes of groups to which they are to
8 apply. The commissioner may disapprove the formulas or classes
9 at any time if he finds that the rates produced thereby are excessive,
10 inadequate or unfairly discriminatory or that the rates, formulas or
11 classes are such as to prejudice the interests of persons who are
12 eligible for medical services under contracts with the medical service
13 corporation which are not subject to experience. Excluding those
14 rating formulas applicable to groups the employees or members of
15 which are located in more than one state and which are underwritten
16 in participation with other corporation(s) of other state(s), no
17 rating formula shall be approved by the commissioner unless it
18 provides that the groups with better than average experience will
19 be assessed a reasonable community charge. Any such rating for-
20 mula may provide for the allowance of an equitable discount in the
21 event the policyholder agrees to perform certain administrative and
22 record keeping functions in connection with the routine maintenance
23 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 21 of the act of which this act is amendatory (C.
2 17:48A-21) is amended to read as follows:

3 21. 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
7 annual statement, \$20.00; for each copy of any paper filed in the
8 Department of ***[Banking and]*** Insurance, \$0.20 a sheet or folio
9 of 100 words and \$1.00 for certifying the same. *In addition, such*
10 *corporation shall pay on April 1 of each year a general supervisory*
11 *fee to the Commissioner of ***[Banking and]*** Insurance of \$0.02*
12 *per subscriber covered under subscription contracts, other than*
13 *group contracts, at the end of the preceding year plus \$0.02 per*
14 *member or employee covered under group contracts at the end of*
15 *the preceding year, and the first such general supervisory fee shall*
16 *be due as of December 31, 1970, payable April 1, 1971.*

1 3. This act shall take effect immediately.

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8 apply. The commissioner may disapprove the formulas or classes
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9 and \$1.00 for certifying the same. *In addition, such corporation*
10 *shall pay on April 1 of each year a general supervisory fee to the*
11 *Commissioner of Banking and Insurance of \$0.02 per subscriber*
12 *covered under subscription contracts, other than group contracts,*
13 *at the end of the preceding year plus \$0.02 per member or employee*
14 *covered under group contracts at the end of the preceding year, and*
15 *the first such general supervisory fee shall be due as of Decem-*
16 *ber 31, 1970, payable April 1, 1971.*

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SENATE COMMITTEE AMENDMENTS TO
SENATE, No. 410

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".

FISCAL NOTE TO
SENATE, No. 410

STATE OF NEW JERSEY

DATED: FEBRUARY 20, 1970

Senate Bill No. 410 is an amendatory act concerning medical service corporations, requiring such corporations to pay a general supervisory fee to the Commissioner of Banking and Insurance of \$0.02 per subscriber, plus \$0.02 per member or employee covered under group contracts at the end of the preceding year.

The Department of Banking and Insurance estimates that enactment of this legislation would cause a net surplus to accrue to the State of \$27,800.00 in fiscal 1970-71, \$28,600.00 in fiscal 1971-72 and \$29,400.00 in fiscal 1972-73. Thereafter, it is estimated revenues would continue to increase by \$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-410

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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