

October 27, 1971

R.S. 52: 14 - 17.26 et seq

LEGISLATIVE NOTES ON R.S.52:14-17.26 et seq.

(Increases Major Medical Coverage-State employees)

(1970 amendment)

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1970 - chap.231 - A 728.

Mar.9 - Introduced by Schluter and Weidel.

Bill had statement. (copy enclosed)

Amended by Assembly. (copy enclosed)

No clippings located at:

V.F.--N.J.--Insurance, Health

V.F.--N.J.--Government employees

Bill listed as "Approved" in:

974.905 League of New Jersey Municipalities.

M95

Legislative Bulletin

no.8

June 4, 1970

p.3

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Encl.

CHAPTER 231 LAWS OF N. J. 19 70

APPROVED 10/22/70

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ASSEMBLY, No. 728

STATE OF NEW JERSEY

INTRODUCED MARCH 9, 1970

By Assemblymen SCHLUTER and WEIDEL

Referred to Committee on State Government

AN ACT to amend and supplement "An act concerning hospital, medical, surgical and major medical expense benefits for public and school employees and providing for the procuring of such benefits," approved June 2, 1961 (P. L. 1961, c. 49) as said title was amended by chapter 125 of the laws of 1964.

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

1 1. Section 2 of chapter 49 of the laws of 1961 (C. 52:14-17.26) is
2 amended to read as follows:

3 2. As used in this act

4 (a) The term "State" means the State of New Jersey.

5 (b) The term "commission" means the State Health Benefits
6 Commission, created by section 3 of this act.

7 (c) The term "employee" means an appointive or elective officer
8 or full-time employee of the State of New Jersey. For the purposes
9 of this act an employee of Rutgers, The State University of New
10 Jersey, shall be deemed to be an employee of the State. For the
11 purposes of this act the term "employee" shall not include per-
12 sons employed on a short-term, seasonal, intermittent or emergency
13 basis, persons compensated on a fee basis, persons having less than
14 **[3]** 2 months of continuous service or persons whose compensation
15 from the State is limited to reimbursement of necessary expenses
16 actually incurred in the discharge of their official duties. *An em-*
17 *ployee paid on a 10-month basis, pursuant to an annual contract,*
18 *will be deemed to have satisfied the 2-month waiting period if he*
19 *begins employment at the beginning of the contract year.* The term
20 "employee" shall also not include persons, active or retired, who
21 are otherwise eligible for benefits under this act but who, although
22 they meet the age eligibility requirement of the Federal Medicare
23 program, are not covered by the complete Federal program. A

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 determination by the commission that a person is an eligible em-
 25 ployee within the meaning of this act shall be final and shall be
 26 binding on all parties.

27 (d) The term "dependents" means an employee's spouse and
 28 the employee's unmarried children under the age of 23 years who
 29 live with the employee in a regular parent-child relationship.
 30 "Children" shall include stepchildren, legally adopted children
 31 and foster children provided they are reported for coverage and
 32 are wholly dependent upon the employee for support and mainte-
 33 nance. A spouse or child enlisting or inducted into military service
 34 shall not be considered a dependent during such military service.
 35 The term "dependents" shall not include spouses of persons, active
 36 or retired, who are otherwise eligible for the benefits under this act
 37 but who, although they meet the age eligibility requirement of the
 38 Federal Medicare program, are not covered by the complete
 39 Federal program.

40 (e) The term "carrier" means a voluntary association, corpora-
 41 tion or other organization which is lawfully engaged in providing
 42 or paying for or reimbursing the cost of, personal health services,
 43 including hospitalization, medical and surgical services, under in-
 44 surance policies or contracts, membership or subscription contracts,
 45 or the like, in consideration of premiums or other periodic charges
 46 payable to the carrier.

1 2. Section 3 of chapter 49 of the laws of 1961 (C. 52:14-17.27) is
 2 amended to read as follows:

3 3. There is hereby created a State Health Benefits Commission,
 4 consisting of the State Treasurer, the Commissioner of [Banking
 5 and] Insurance and the President of the Civil Service Commission.
 6 The treasurer shall be chairman of the commission and the health
 7 benefits program authorized by this act shall be administered in the
 8 Treasury Department. The Director of the Division of Pensions
 9 shall be the secretary of the commission. The commission shall
 10 establish a health benefits program for the employees of the State,
 11 the cost of which shall be paid as specified in section 6 of this act.
 12 [The program shall commence at the earliest date in the fiscal
 13 year ending June 30, 1962, consistent with available appropria-
 14 tions.] The commission shall establish rules and regulations as
 15 may be deemed reasonable and necessary for the administration
 16 of this act.

17 The Attorney General shall be the legal advisor of the
 18 commission.

1 3. Section 5 of chapter 49 of the laws of 1961 (C. 52:14-17.29) is
 2 amended to read as follows:

3 5. (A) The contract or contracts purchased by the commission
4 pursuant to section 4 shall [as a minimum] provide [2] separate
5 coverages or policies as follows:

6 (1) Basic benefits which shall include

7 (a) Hospital benefits, including out-patient,

8 (b) Surgical benefits,

9 (c) In-patient medical benefits, and

10 (d) Obstetrical benefits, in the case of family contracts.

11 Basic benefits shall be substantially equivalent to those available
12 on a group remittance basis to employees of the State and their
13 dependents under the subscription contracts of the New Jersey
14 "Blue Cross" and "Blue Shield" Plans. [in effect on the effective
15 date of this act, provided however, within a 6-month period after
16 the effective date of this amendatory act, such] Such basic benefits
17 shall [be increased to] include benefits for

18 (i) Additional days of in-patient medical service;

19 (ii) Surgery elsewhere than in a hospital;

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

21 (iv) Physical therapy services;

22 (v) Radium or radon therapy services;

23 and the [increased] extended basic benefits shall be subject to the
24 same conditions and limitations, applicable to such benefits, as are
25 set forth in "Extended Out-patient Hospital Benefits Rider,"
26 Form 1500.71 (9-66), and in "Extended Benefit Rider" (as
27 amended), Form MS 7050J (9-66) issued by the New Jersey "Blue
28 Cross" and "Blue Shield" Plans, respectively, and as the same
29 may be amended or superseded, subject to filing by the Commis-
30 sioner of [Banking and] Insurance; and

31 (2) Major medical expense benefits which shall provide benefit
32 payments for reasonable and necessary eligible medical expenses
33 for hospitalization, surgery, medical treatment and other related
34 services and supplies to the extent they are not covered by basic
35 benefits. The commission may, by regulation, determine what types
36 of services and supplies shall be included as "eligible medical
37 services" under the major medical expense benefits coverage as
38 well as those which shall be excluded from or limited under such
39 coverage. Benefit payments for major medical expense benefits
40 shall be equal to a percentage of the reasonable charges for eligible
41 medical services incurred by a covered employee or an employee's
42 covered dependent, during a calendar year as exceed a deductible
43 for such calendar year of \$100.00 subject to the maximums herein-
44 after provided and to the other terms and conditions authorized by

45 this act. The percentage shall be 80%, except that it shall be 50%
 46 in the case of charges for eligible medical services for the treat-
 47 ment of mental or nervous disorders in the out-patient department
 48 of a hospital or on an out-of-hospital basis. There shall be a
 49 separate deductible for each calendar year for (a) each enrolled
 50 employee and (b) all enrolled dependents of such employee. Not
 51 more than ~~[\$10,000.00]~~ \$25,000.00 shall be paid for major medical
 52 expense benefits with respect to any one person for any one calen-
 53 dar year and not more than ~~[\$20,000.00]~~ \$100,000.00 shall be paid
 54 for such benefits with respect to any one person for the entire
 55 period of such person's coverage under the plan, whether contin-
 56 uous or interrupted, except that ~~[the]~~ these maximums ~~[of~~
 57 \$10,000.00 and \$20,000.00] may be reapplied to a covered person
 58 *in amounts not to exceed \$2,000.00 a year. Maximums of \$10,000.00*
 59 *per calendar year and \$20,000.00 for the entire period of the per-*
 60 *sons' coverage under the plan shall apply to eligible expenses in-*
 61 *curred because of mental illness or functional nervous disorders,*
 62 *and such may be reapplied to a covered person. For retired em-*
 63 *ployees, the maximum lifetime benefit for each person shall be the*
 64 *unused balance of the lifetime maximum remaining while in active*
 65 *service *~~[and]~~* *or* \$20,000.00*~~;~~* * ,* whichever is less, with a*
 66 *minimum benefit of \$5,000.00.* Under the conditions agreed upon
 67 by the commission and the carriers as set forth in the contract, the
 68 deductible for a calendar year may be satisfied in whole or in part
 69 by eligible charges incurred during the last 3 months of the prior
 69A calendar year.

70 ~~[(3)]~~ Any service determined by regulation of the commission
 71 to be an "eligible medical service" under the major medical ex-
 72 pense benefits coverage which is performed by a duly licensed
 73 practicing psychologist within the lawful scope of his practice shall
 74 be recognized for reimbursement under the same conditions as
 75 would apply were such service performed by a physician.

76 (B) Benefits under the contract or contracts purchased as au-
 77 thorized by this act may be subject to such limitations, exclusions,
 78 or waiting periods as the commission finds to be necessary or
 79 desirable to avoid inequity, unnecessary utilization, duplication of
 80 services or benefits otherwise available, including coverage afforded
 81 under the laws of the United States, such as the Federal Medicare
 82 program, or for other reasons.

83 (C) The rates charged for any contract purchased under the au-
 84 thority of this act shall reasonably and equitably reflect the cost
 85 of the benefits provided based on principles which in the judgment
 86 of the commission are actuarially sound. The rates charged shall

87 be determined by the carrier on accepted group rating principles
88 with due regard to the experience, both past and contemplated,
89 under the contract. The commission shall have the right to par-
90 ticularize subgroups for experience purposes and rates. No in-
91 crease in rates shall be retroactive.

92 (D) The initial term of any contract purchased by the commis-
93 sion under the authority of this act shall be for such period[, not
94 extending beyond June 30, 1962] to which the commission and the
95 carrier may agree, but permission may be made for automatic
96 renewal in the absence of notice of termination by the State. Sub-
97 sequent terms for which any contract may be renewed as herein
98 provided shall each be limited to a period not to exceed 1 year.

99-100 (E) The contract shall contain a provision that if basic benefits
101 of an employee or of an eligible dependent under the contract, after
102 having been in effect for at least 1 month, is terminated, other than
103 by voluntary cancellation of enrollment, there shall be a 31-day
104 period following the effective date of termination during which such
105 employee or dependent may exercise the option to convert, without
106 evidence of good health, to left-group conversion coverage issued
107 by the carrier on a direct payment basis. Such conversion coverage
108 shall include benefits of the type classified as "basic benefits" in
109 subsection A hereof. The provision shall further stipulate that the
110 employee or dependent exercising the option to convert shall pay
111 the full periodic charges for the left-group coverage which shall be
112 subject to such terms and conditions as are normally prescribed by
113 the carrier for this type of coverage.

1 4. Section 6 of chapter 49 of the laws of 1961 (C. 52:14-17.30) is
2 amended to read as follows:

3 6. (A) For each active covered *State* employee the State, from
4 funds appropriated therefor, shall pay the premium or periodic
5 charges for the benefits provided under the contract in amounts
6 equal to the premium or periodic charges for the benefits provided
7 under such a contract covering the employee alone and shall
8 reimburse the active employee for his premium charges under
9 Part B of the Federal Medicare program covering the employee
10 [alone] and the employee's spouse.

11 (B) An employee may, on an optional basis, enroll his dependents
12 for coverage under the contract subject to such regulations and
13 conditions as the commission and the carrier may prescribe. The
14 amount of the total premium or periodic charge for such contract in
15 excess of the amount paid by the State under subsection (A) of this
16 section shall be the sole responsibility of the employee who, at the

17 time of such enrollment, shall authorize the State to withhold the
18 amount of such excess, on an advance basis, from his wages or
19 salary. There is hereby created a health benefits fund consisting
20 of all such withholdings from wages or salaries of employees. All
21 such withholdings shall be remitted to such fund. Said fund shall
22 be used to pay the portions of the premiums or periodic charges
23 for which the employee is responsible under this act. Whenever
24 any dividend or retrospective rate credit is declared or allowed by a
25 carrier under a contract, the commission shall determine, in an
26 equitable manner, the amount thereof attributable to the depend-
27 ents coverage and shall credit said fund with such amount.

1 5. Section 7 of chapter 49 of the laws of 1961 (C. 52:14-17.31) is
2 amended to read as follows:

3 7. The coverage provided solely for employees shall, subject to
4 the provisions below, automatically become effective for all eligible
5 employees from the first day on or after the effective date of the
6 program on which they satisfy the definition of "employee" con-
7 tained in this act. The commission shall establish such rules and
8 regulations governing the enrollment and effective dates of cover-
9 age of dependents of employees as it deems are necessary or
10 desirable. Such rules and regulations shall not defer the insurance
11 with respect to any qualified dependent an employee has on the
12 date the employee's employer becomes a participating employer,
13 provided the employee was, immediately prior to said date, in-
14 sured with respect to such dependent under a group major medical
15 insurance plan of such employer which was in effect immediately
16 prior to said date. Under the rules and regulations established by
17 the commission, each employee shall be given the opportunity to
18 enroll for coverage for his dependents as of the earliest date he
19 becomes eligible for such enrollment. An employee may elect to
20 enroll his dependents for both basic coverage and major medical
21 expense coverage but may not enroll for either coverage alone.

22 If, on the date coverage for an employee would become effective,
23 he is not actively at work on full time at his customary place of
24 employment or other location to which his employment requires
25 him to travel, he shall not be covered until he is so actively at work,
26 except such employee shall be covered, if on the date the employee's
27 employer becomes a participating employer, said employee was,
28 immediately prior to said date, insured under a group major
29 medical insurance plan of such employer which was in effect im-
30 mediately prior to said date.

31 In the event that the group major medical plan which covered

32 an employee or his dependents immediately prior to the date the
33 employee's employer becomes a participating employer provides,
34 after termination of coverage thereunder, any continuation of
35 benefits for medical expenses for hospitalization, surgery, medical
36 treatment or any related service or supply, or would so provide in
37 the absence of coverage pursuant to this act, no coverage shall be
38 afforded pursuant to this act for any such expenses (i) which are
39 covered, or which would be covered in the absence of coverage pur-
40 suant to this act, in whole or in part, by such prior insurance plan
41 or (ii) which may be used in satisfaction of any deductible require-
42 ment under such prior insurance plan to establish entitlement to
43 such continuation of benefits.

44 Each employee shall furnish the **[commission]** *Division of*
45 *Pensions*, in such form as is prescribed, such information as is
46 necessary on account of his own coverage and as necessary to en-
47 roll his dependents. Any employee not desiring coverage at the
48 time he first becomes eligible, shall give the **[commission]** *division*
49 written notice of that fact in such form as the **[commission]**
50 *division* may prescribe. Such employee may not enroll thereafter
51 except at such times and under such conditions as the commission
52 may prescribe.

53 If an employee eligible for coverage has a spouse who is also an
54 employee eligible for coverage, the spouse may elect to forego
55 coverage as an employee and to enroll for both basic benefits and
56 the major medical expense benefits as a dependent, in which event
57 no coverage shall be provided for such spouse as an employee while
58 covered as a dependent. The employee, who has enrolled such
59 spouse, may receive a refund from the State equivalent in amount
60 to the employer's cost for an employee's coverage. When both
61 husband and wife are covered as employees, only one may enroll
62 for their children as dependents.

1 6. Section 7 of chapter 125 of the laws of 1964 (C. 52:14-17.38)
2 is amended to read as follows:

3 7. The **[commission]** *Division of Pensions* shall certify to the
4 certifying agent of each employer electing participation under the
5 program the premium rates and periodic charges applicable to the
6 coverage provided for employees and dependents. The participat-
7 ing employer shall remit to the **[State Treasury]** *division* all con-
8 tributions to premiums and periodic charges in advance of their
9 due dates, subject to the rules and regulations of the commission.

10 The employer shall reimburse the active employee for his
11 premium charges under Part B of the Federal Medicare program
12 covering the employee **[alone]** and the employee's spouse.

1 7. Section 12 of chapter 125 of the laws of 1964 (C. 52:14-17.43)
2 is amended to read as follows:

3 12. The certifying agent of each participating employer shall
4 submit to the **[commission]** *Division of Pensions* such information
5 and shall cause to be performed in respect to each of the employees
6 of such employer such duties as would be performed by the State
7 in connection with the program. The **[commission]** *division* shall
8 have the power and authority to make such verification of the em-
9 ployment and other records of any participating employer as the
10 **[commission]** *division* may deem necessary in connection with the
11 program.

1 8. The cessation of active full-time employment shall be deemed
2 to occur on the last day of the coverage period for which premiums
3 have been paid and such premiums will be required if the employee
4 receives payment for any service rendered in the coverage period.

1 9. For purposes of State and local employer coverage, an em-
2 ployee paid on a 10-month basis, pursuant to an annual contract,
3 and who terminates his service with the employer at the end of the
4 contract year, having served during all of the months of the year
5 as prescribed by his contract, shall be entitled to coverage com-
6 parable to that of an employee paid on a 12-month basis. Coverage
7 for these employees and their dependents will continue during the
8 2 months of the year in which they are not paid provided that
9 proper payment is made for dependent coverage as may be re-
10 quired by the State or participating employer.

1 10. This act shall take effect ***[on the first day of the fiscal year**
2 **following its enactment]*** **immediately**.

ASSEMBLY, No. 728

STATE OF NEW JERSEY

INTRODUCED MARCH 9, 1970

By Assemblymen SCHLUTER and WEIDEL

Referred to Committee on State Government

AN ACT to amend and supplement "An act concerning hospital, medical, surgical and major medical expense benefits for public and school employees and providing for the procuring of such benefits," approved June 2, 1961 (P. L. 1961, c. 49) as said title was amended by chapter 125 of the laws of 1964.

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

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8 or full-time employee of the State of New Jersey. For the purposes
9 of this act an employee of Rutgers, The State University of New
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11 purposes of this act the term "employee" shall not include per-
12 sons employed on a short-term, seasonal, intermittent or emergency
13 basis, persons compensated on a fee basis, persons having less than
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15 from the State is limited to reimbursement of necessary expenses
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17 *ployee paid on a 10-month basis, pursuant to an annual contract,*
18 *will be deemed to have satisfied the 2-month waiting period if he*
19 *begins employment at the beginning of the contract year.* The term
20 "employee" shall also not include persons, active or retired, who
21 are otherwise eligible for benefits under this act but who, although
22 they meet the age eligibility requirement of the Federal Medicare
23 program, are not covered by the complete Federal program. A

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24 determination by the commission that a person is an eligible em-
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 28 the employee's unmarried children under the age of 23 years who
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 9 shall be the secretary of the commission. The commission shall
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 13 year ending June 30, 1962, consistent with available appropria-
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1 3. Section 5 of chapter 49 of the laws of 1961 (C. 52:14-17.29) is
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14 "Blue Cross" and "Blue Shield" Plans. [in effect on the effective
15 date of this act, provided however, within a 6-month period after
16 the effective date of this amendatory act, such] *Such* basic benefits
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37 services" under the major medical expense benefits coverage as
38 well as those which shall be excluded from or limited under such
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83 (C) The rates charged for any contract purchased under the au-
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85 of the benefits provided based on principles which in the judgment
86 of the commission are actuarially sound. The rates charged shall

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95 carrier may agree, but permission may be made for automatic
96 renewal in the absence of notice of termination by the State. Sub-
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98 provided shall each be limited to a period not to exceed 1 year.

99-100 (E) The contract shall contain a provision that if basic benefits
101 of an employee or of an eligible dependent under the contract, after
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103 by voluntary cancellation of enrollment, there shall be a 31-day
104 period following the effective date of termination during which such
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112 subject to such terms and conditions as are normally prescribed by
113 the carrier for this type of coverage.

1 4. Section 6 of chapter 49 of the laws of 1961 (C. 52:14-17.30) is
2 amended to read as follows:

3 6. (A) For each active covered *State* employee the State, from
4 funds appropriated therefor, shall pay the premium or periodic
5 charges for the benefits provided under the contract in amounts
6 equal to the premium or periodic charges for the benefits provided
7 under such a contract covering the employee alone and shall
8 reimburse the active employee for his premium charges under
9 Part B of the Federal Medicare program covering the employee
10 **[alone]** and the employee's spouse.

11 (B) An employee may, on an optional basis, enroll his dependents
12 for coverage under the contract subject to such regulations and
13 conditions as the commission and the carrier may prescribe. The
14 amount of the total premium or periodic charge for such contract in
15 excess of the amount paid by the State under subsection (A) of this
16 section shall be the sole responsibility of the employee who, at the

17 time of such enrollment, shall authorize the State to withhold the
18 amount of such excess, on an advance basis, from his wages or
19 salary. There is hereby created a health benefits fund consisting
20 of all such withholdings from wages or salaries of employees. All
21 such withholdings shall be remitted to such fund. Said fund shall
22 be used to pay the portions of the premiums or periodic charges
23 for which the employee is responsible under this act. Whenever
24 any dividend or retrospective rate credit is declared or allowed by a
25 carrier under a contract, the commission shall determine, in an
26 equitable manner, the amount thereof attributable to the depend-
27 ents coverage and shall credit said fund with such amount.

1 5. Section 7 of chapter 49 of the laws of 1961 (C. 52:14-17.31) is
2 amended to read as follows:

3 7. The coverage provided solely for employees shall, subject to
4 the provisions below, automatically become effective for all eligible
5 employees from the first day on or after the effective date of the
6 program on which they satisfy the definition of "employee" con-
7 tained in this act. The commission shall establish such rules and
8 regulations governing the enrollment and effective dates of cover-
9 age of dependents of employees as it deems are necessary or
10 desirable. Such rules and regulations shall not defer the insurance
11 with respect to any qualified dependent an employee has on the
12 date the employee's employer becomes a participating employer,
13 provided the employee was, immediately prior to said date, in-
14 sured with respect to such dependent under a group major medical
15 insurance plan of such employer which was in effect immediately
16 prior to said date. Under the rules and regulations established by
17 the commission, each employee shall be given the opportunity to
18 enroll for coverage for his dependents as of the earliest date he
19 becomes eligible for such enrollment. An employee may elect to
20 enroll his dependents for both basic coverage and major medical
21 expense coverage but may not enroll for either coverage alone.

22 If, on the date coverage for an employee would become effective,
23 he is not actively at work on full time at his customary place of
24 employment or other location to which his employment requires
25 him to travel, he shall not be covered until he is so actively at work,
26 except such employee shall be covered, if on the date the employee's
27 employer becomes a participating employer, said employee was,
28 immediately prior to said date, insured under a group major
29 medical insurance plan of such employer which was in effect im-
30 mediately prior to said date.

31 In the event that the group major medical plan which covered

32 an employee or his dependents immediately prior to the date the
33 employee's employer becomes a participating employer provides,
34 after termination of coverage thereunder, any continuation of
35 benefits for medical expenses for hospitalization, surgery, medical
36 treatment or any related service or supply, or would so provide in
37 the absence of coverage pursuant to this act, no coverage shall be
38 afforded pursuant to this act for any such expenses (i) which are
39 covered, or which would be covered in the absence of coverage pur-
40 suant to this act, in whole or in part, by such prior insurance plan
41 or (ii) which may be used in satisfaction of any deductible require-
42 ment under such prior insurance plan to establish entitlement to
43 such continuation of benefits.

44 Each employee shall furnish the **[commission]** *Division of*
45 *Pensions*, in such form as is prescribed, such information as is
46 necessary on account of his own coverage and as necessary to en-
47 roll his dependents. Any employee not desiring coverage at the
48 time he first becomes eligible, shall give the **[commission]** *division*
49 written notice of that fact in such form as the **[commission]**
50 *division* may prescribe. Such employee may not enroll thereafter
51 except at such times and under such conditions as the commission
52 may prescribe.

53 If an employee eligible for coverage has a spouse who is also an
54 employee eligible for coverage, the spouse may elect to forego
55 coverage as an employee and to enroll for both basic benefits and
56 the major medical expense benefits as a dependent, in which event
57 no coverage shall be provided for such spouse as an employee while
58 covered as a dependent. The employee, who has enrolled such
59 spouse, may receive a refund from the State equivalent in amount
60 to the employer's cost for an employee's coverage. When both
61 husband and wife are covered as employees, only one may enroll
62 for their children as dependents.

1 6. Section 7 of chapter 125 of the laws of 1964 (C. 52:14-17.38)
2 is amended to read as follows:

3 7. The **[commission]** *Division of Pensions* shall certify to the
4 certifying agent of each employer electing participation under the
5 program the premium rates and periodic charges applicable to the
6 coverage provided for employees and dependents. The participat-
7 ing employer shall remit to the **[State Treasury]** *division* all con-
8 tributions to premiums and periodic charges in advance of their
9 due dates, subject to the rules and regulations of the commission.

10 The employer shall reimburse the active employee for his
11 premium charges under Part B of the Federal Medicare program
12 covering the employee **[alcne]** *and the employee's spouse.*

1 7. Section 12 of chapter 125 of the laws of 1964 (C. 52:14-17.43)
2 is amended to read as follows:

3 12. The certifying agent of each participating employer shall
4 submit to the **commission** *Division of Pensions* such information
5 and shall cause to be performed in respect to each of the employees
6 of such employer such duties as would be performed by the State
7 in connection with the program. The **commission** *division* shall
8 have the power and authority to make such verification of the em-
9 ployment and other records of any participating employer as the
10 **commission** *division* may deem necessary in connection with the
11 program.

1 8. The cessation of active full-time employment shall be deemed
2 to occur on the last day of the coverage period for which premiums
3 have been paid and such premiums will be required if the employee
4 receives payment for any service rendered in the coverage period.

1 9. For purposes of State and local employer coverage, an em-
2 ployee paid on a 10-month basis, pursuant to an annual contract,
3 and who terminates his service with the employer at the end of the
4 contract year, having served during all of the months of the year
5 as prescribed by his contract, shall be entitled to coverage com-
6 parable to that of an employee paid on a 12-month basis. Coverage
7 for these employees and their dependents will continue during the
8 2 months of the year in which they are not paid provided that
9 proper payment is made for dependent coverage as may be re-
10 quired by the State or participating employer.

1 10. This act shall take effect on the first day of the fiscal year
2 following its enactment.

STATEMENT

This legislation liberalizes the provisions of the State Health Benefits Program as follows:

1. It raises the annual and lifetime maximums under the major medical coverage from \$10,000 and \$20,000 to \$25,000 and \$100,000 respectively, and likewise raises the maximum applicable to retired employees.

2. It equalizes the coverage provided to 10-month employees with those paid on a 12-month basis.

The act does not take effect until the first day of the fiscal year following its enactment.

ASSEMBLY COMMITTEE AMENDMENTS TO
ASSEMBLY, No. 728

—◆—
STATE OF NEW JERSEY
—◆—

ADOPTED SEPTEMBER 17, 1970

Amend page 4, section 4, line 65, before "\$20,000.00", omit "and", insert "or" after "\$20,000.00", omit ";", insert a comma.

Amend page 8, section 10, lines 1 and 2, omit "on the first day of the fiscal year following its enactment", insert "immediately".

FISCAL NOTE TO
ASSEMBLY, No. 728

STATE OF NEW JERSEY

DATED: JULY 20, 1970

Assembly Bill No. 728 increases from \$10,000.00 and \$20,000.00 to \$25,000.00 and \$100,000.00 the annual and lifetime maximums under major medical coverage for State employees. It further equalizes the coverage provided to 10 month employees with those paid to employees on a 12 month basis; effective on the first day of the fiscal year following enactment.

The Division of Pensions estimates that enactment of this legislation would require an additional expenditure of State funds in the amount of \$20,000.00 in fiscal 1971-72 and \$22,000.00 in fiscal 1972-73. It is further estimated by the Division that local governments would be required to expend an additional \$30,000.00 in fiscal 1971-72 and \$35,000.00 in fiscal 1972-73.

It is thought costs will increase slightly each year as reflected in experience of the State Health Benefits Program.

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

FROM THE OFFICE OF THE GOVERNOR

OCTOBER 22, 1970

FOR RELEASE:
IMMEDIATE

Governor William T. Cahill today signed Assembly 728 and Senate 890 into law providing additional employee benefits for State workers.

Assembly Bill 728, sponsored by Assemblymen William Schluter and Karl Weidel, Republicans of Mercer County, increases the major medical coverage for all State employees from \$10,000 and \$20,000 to \$25,000 and \$100,000.

Senate Bill 890, sponsored by Senators Harry L. Sears, Raymond H. Bateman, Sido L. Ridolfi, and Richard J. Coffee, provides that the State will pay for the increased cost of hospital and medical benefits for dependents of State employees. The Bill provides for a \$1.3 million appropriation.

The Governor pointed out in signing the bills that this was another step in the Cahill administration's continuing efforts to improve the working conditions for the State's 41,000 employees. It also completes implementation of recommendations made in the modified Hay Report.

The implementation of the \$30 million salary program earlier this year has brought the average salary of State employees on July 1 to \$8,202 as compared to an average salary of \$7,428 one year earlier.

In signing the two bills this morning, the Governor said that "in today's society, no working man or woman should be saddled with a worry about the cost of providing medical or surgical care for members of their family". This increase will be extremely

-more-

important to individual State employees whose families have incurred major medical claims in any one year or over a period of years. Under the old limits (\$10,000 - \$20,000) if a family incurred expenses where the total cost was \$15,000, the annual maximum could be easily exceeded. Also, in this period of high medical expenses and sophisticated medical equipment the \$100,000 lifetime limit is indeed reassurance to families who have the misfortune of severe chronic and extended illnesses occur.

Salary adjustments recommended under the report were put into effect with the July 1st pay period and were designed to put the State employees on a par with workers in private industry.

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