

52:14-17.25

LEGISLATIVE HISTORY CHECKLIST
Compiled by the NJ State Law Library

NJSA: 52:14-17.25

("New Jersey
State Health
Benefits Program
Act")

LAWS OF: 1972

CHAPTER: 75

Bill No: S989

Sponsor(s): Schluter

Date Introduced: May 4, 1972

Committee: Assembly: State Government

Senate: -----

Amended during passage: No

Date of Passage: Assembly: June 15, 1972

Senate: May 18, 1972

Date of Approval: June 27, 1972

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: No

Fiscal Note: No

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

DEPOSITED
IN THE
NEW JERSEY
STATE LAW LIBRARY

SENATE, No. 989

STATE OF NEW JERSEY

INTRODUCED MAY 4, 1972

By Senators SCHLUTER, BATEMAN, MERLINO, CRABIEL,
CAFIERO, PARKER, MARAZITI and DUMONT

(Without Reference)

AN ACT to amend the short title of the "Public and School Employees' Health Benefits Act," approved June 3, 1961 (P. L. 1961, c. 49), as said short title was amended by P. L. 1964, c. 125, so that the same shall read the "New Jersey State Health Benefits Program Act," and revising said act and P. L. 1964, c. 125.

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

1 1. Section 1 of P. L. 1961, c. 49 (C. 52:14-17.25) is amended to
2 read as follows:

3 1. This act shall be known and may be cited as the **["Public and**
4 **School Employees' Health Benefits Act."]** "*New Jersey State*
5 *Health Benefits Program Act.*"

1 2. Section 2 of P. L. 1961, c. 49 (C. 52:14-17.26) is amended to
2 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 persons
12 employed on a short-term, seasonal, intermittent or emergency
13 basis, persons compensated on a fee basis, persons having less than
14 2 months of continuous service or persons whose compensation from
15 the State is limited to reimbursement of necessary expenses actually
16 incurred in the discharge of their official duties. An employee paid
17 on a 10-month basis, pursuant to an annual contract, will be deemed

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

18 to have satisfied the 2-month waiting period if he begins employ-
19 ment at the beginning of the contract year. The term "employee"
20 shall also not include persons, active or retired, who are otherwise
21 eligible for benefits under this act but who, although they meet
22 the age eligibility requirement of the Federal medicare program,
23 are not covered by the complete Federal program. A determination
24 by the commission that a person is an eligible employee within the
25 meaning of this act shall be final and shall be binding on all parties.

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

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

46 (f) *The term "hospital" means (1) an institution operated*
47 *pursuant to law which is primarily engaged in providing on its own*
48 *premises, for compensation from its patients, medical diagnostic*
49 *and major surgical facilities for the care and treatment of sick and*
50 *injured persons on an inpatient basis, and which provides such*
51 *facilities under the supervision of a staff of physicians and with 24*
52 *hour a day nursing service by registered graduate nurses, or (2)*
53 *an institution not meeting all of the requirements of (1) but which*
54 *is accredited as a hospital by the Joint Commission on Accredita-*
55 *tion of Hospitals. In no event shall the term "hospital" include*
56 *a convalescent nursing home or any institution or part thereof*
57 *which is used principally as a convalescent facility, residential*
58 *center for the treatment and education of children with mental dis-*
59 *orders, rest facility, nursing facility or facility for the aged or for*
60 *the care of drug addicts or alcoholics.*

1 3. Section 3 of P. L. 1961, c. 49 (C. 52:14-17.27) is amended to
2 read as follows:

3 3. There is hereby created a State Health Benefits Commission,
4 consisting of the State Treasurer, the Commissioner of Insurance,
5 and the President of the Civil Service Commission. The treasurer
6 shall be chairman of the commission and the health benefits program
7 authorized by this act shall be administered in the Treasury Depart-
8 ment. The Director of the Division of Pensions shall be the secre-
9 tary of the commission. The commission shall establish a health
10 benefits program for the employees of the State, the cost of which
11 shall be paid as specified in section 6 of this act. The commission
12 shall establish rules and regulations as may be deemed reasonable
13 and necessary for the administration of this act.

14 The Attorney General shall be the legal advisor of the com-
15 mission.

16 *The commission shall publish annually a report showing the fiscal*
17 *transactions of the program for the preceding year and stating*
18 *other facts pertaining to the plan. The commission shall submit the*
19 *report to the Governor and furnish a copy to every employer for*
20 *use of the participants and the public.*

1 4. Section 5 of P. L. 1961, c. 49 (C. 52:14-17.29) is amended to
2 read as follows:

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

6 (1) Basic benefits which shall include

7 (a) Hospital benefits, including outpatient,

8 (b) Surgical benefits,

9 (c) Inpatient medical benefits, **[and]**

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

11 *(e) Post-hospital services rendered by an extended care*
12 *facility or by a home health agency and for specified medical*
13 *care visits by a physician during an eligible period of such*
14 *post-hospital services, to the extent and subject to the condi-*
15 *tions and limitations agreed to by the commission and the*
16 *carrier or carriers.*

17 Basic benefits shall be substantially equivalent to those available
18 on a group remittance basis to employees of the State and their
19 dependents under the subscription contracts of the New Jersey
20 "Blue Cross" and "Blue Shield" Plans. Such basic benefits shall
21 include benefits for

22 (i) Additional days of inpatient medical service;

23 (ii) Surgery elsewhere than in a hospital;

24 (iii) X-ray, radioactive isotope therapy and pathology ser-
 25 vices;

26 (iv) Physical therapy services;

27 (v) Radium or radon therapy services;

28 and the extended basic benefits shall be subject to the same con-
 29 ditions and limitations, applicable to such benefits, as are set forth
 30 in "Extended Outpatient Hospital Benefits Rider," Form 1500,
 31 71 (9-66), and in "Extended Benefit Rider" (as amended), Form
 32 MS 7050J (9-66) issued by the New Jersey "Blue Cross" and
 33 "Blue Shield" Plans, respectively, and as the same may be
 33A amended or superseded, subject to filing by the Commissioner of
 33B Insurance; and

34 (2) Major medical expense benefits which shall provide benefit
 35 payments for reasonable and necessary eligible medical expenses
 36 for hospitalization, surgery, medical treatment and other related
 37 services and supplies to the extent they are not covered by basic
 38 benefits. The commission may, by regulation, determine what
 39 types of services and supplies shall be included as "eligible medical
 40 services" under the major medical expense benefits coverage as
 41 well as those which shall be excluded from or limited under such
 42 coverage. Benefit payments for major medical expense benefits
 43 shall be equal to a percentage of the reasonable charges for eligible
 44 medical services incurred by a covered employee or an employee's
 45 covered dependent, during a calendar year as exceed a deductible
 46 for such calendar year of \$100.00 subject to the maximums herein-
 47 after provided and to the other terms and conditions authorized by
 48 this act. The percentage shall be 80% of the first \$2,000.00 of
 49 charges, except that it shall be 50% in the case of charges for
 50 eligible medical services [for the treatment of mental or nervous
 51 disorders in the outpatient department of a hospital or on an out-of-
 52 hospital basis] incurred subsequent to satisfaction of the deductible
 53 and 100% thereafter. There shall be a separate deductible for each
 54 calendar year for (a) each enrolled employee and (b) all enrolled
 55 dependents of such employee. Not more than \$25,000.00 shall be
 56 paid for major medical expense benefits with respect to any one
 57 person for any 1 calendar year and not more than \$100,000.00
 58 shall be paid for such benefits with respect to any one person for
 59 the entire period of such person's coverage under the plan, whether
 60 continuous or interrupted except that these maximums may be re-
 61 applied to a covered person in amounts not to exceed \$2,000.00 a
 62 year. Maximums of \$10,000.00 per calendar year and \$20,000.00
 63 for the entire period of the person's coverage under the plan shall
 64 apply to eligible expenses incurred because of mental illness or

65 functional nervous disorders, and such may be reapplied to a cov-
66 ered person. For retired employees, the maximum lifetime benefit
67 for each person shall be the unused balance of the lifetime maxi-
68 mum remaining while in active service or \$20,000.00, whichever is
69 less, with a minimum benefit of \$5,000.00. Under the conditions
70 agreed upon by the commission and the carriers as set forth in the
71 contract, the deductible for a calendar year may be satisfied in
72 whole or in part by eligible charges incurred during the last 3
73 months of the prior calendar year.

74 Any service determined by regulation of the commission to be
75 an "eligible medical service" under the major medical expense
76 benefits coverage which is performed by a duly licensed practicing
77 psychologist within the lawful scope of his practice shall be recog-
78 nized for reimbursement under the same conditions as would apply
79 were such service performed by a physician.

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

87 (C) The rates charged for any contract purchased under the
88 authority of this act shall reasonably and equitably reflect the cost
89 of the benefits provided based on principles which in the judgment
90 of the commission are actuarially sound. The rates charged shall
91 be determined by the carrier on accepted group rating principles
92 with due regard to the experience, both past and contemplated,
93 under the contract. The commission shall have the right to par-
94 ticularize subgroups for experience purposes and rates. No in-
95 crease in rates shall be retroactive.

96 (D) The initial term of any contract purchased by the commis-
97 sion under the authority of this act shall be for such period to which
98 the commission and the carrier may agree, but permission may
99 be made for automatic renewal in the absence of notice of termi-
100 nation by the State. Subsequent terms for which any contract may
101 be renewed as herein provided shall each be limited to a period
102 not to exceed 1 year.

103 (E) The contract shall contain a provision that if basic benefits
104 of an employee or of an eligible dependent under the contract,
105 after having been in effect for at least 1 month, is terminated,
106 other than by voluntary cancellation of enrollment, there shall be
107 a 31-day period following the effective date of termination during

108 which such employee or dependent may exercise the option to con-
 109 vert, without evidence of good health, to left-group conversion
 110 coverage issued by the carrier on a direct payment basis. Such
 111 conversion coverage shall include benefits of the type classified as
 112 "basic benefits" in subsection (A) hereof. The provision shall
 113 further stipulate that the employee or dependent exercising the
 114 option to convert shall pay the full periodic charges for the left-
 115 group coverage which shall be subject to such terms and conditions
 116 as are normally prescribed by the carrier for this type of coverage.

1 5. Section 6 of P. L. 1961, c. 49 (C. 52:14-17.30) is amended to
 2 read as follows:

3 6. (A) For each active covered State employee *and for his eligi-*
 4 *ble dependents as the employee may have enrolled at his option*
 5 the State, from funds appropriated therefor, shall pay the pre-
 6 mium or periodic charges for the benefits provided under the con-
 7 tract in amounts equal to the premium or periodic charges for the
 8 benefits provided under such a contract covering the employee
 9 [alone plus the amounts equal to any increase in the premiums
 10 or periodic charges for dependent coverage effective on or after
 11 August 1, 1970] *and his enrolled dependents* and shall reimburse
 12 the active employee for his premium charges under Part B of the
 13 Federal medicare program covering the employee and the em-
 14 ployee's spouse.

15 (B) An employee may, on an optional basis, enroll his depen-
 16 dents for coverage under the contract subject to such regulations
 17 and conditions as the commission and the carrier may prescribe.
 18 [The amount of the total premium or periodic charge for such
 19 contract in excess of the amount paid by the State under subsection
 20 (A) of this section shall be the sole responsibility of the employee
 21 who, at the time of such enrollment, shall authorize the State to
 22 withhold the amount of such excess, on an advance basis, from
 23 his wages or salary.] There is hereby created a health benefits fund
 24 [consisting of all such withholdings from wages or salaries of
 25 employees]. [All such withholdings shall be remitted to such
 26 fund.] Said fund shall be used to pay [the portions of] the pre-
 27 miums or periodic charges for which the [employee] State is re-
 28 sponsible under this act. [Whenever any dividend or retrospective
 29 rate credit is declared or allowed by a carrier under a contract,
 30 the commission shall determine, in an equitable manner, the amount
 31 thereof attributable to the dependents coverage and shall credit
 32 said fund with such amount.]

1 6. Section 7 of P. L. 1961, c. 49 (C. 52:14-17.31) is amended to
2 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, insured
14 with respect to such dependent under a group major medical in-
15 surance plan of such employer which was in effect immediately
16 prior to said date. Under the rules and regulations established
17 by 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
26 work, except such employee shall be covered, if on the date the
27 employee's employer becomes a participating employer, said em-
28 ployee was, immediately prior to said date, insured under a group
29 major medical insurance plan of such employer which was in effect
30 immediately 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 bene-
35 fits for medical expenses for hospitalization, surgery, medical
36 treatment or any related service or supply, or would so provide
37 in the absence of coverage pursuant to this act, no coverage shall
38 be afforded pursuant to this act for any such expenses (i) which
39 are covered, or which could be covered in the absence of coverage
40 pursuant to this act, in whole or in part, by such prior insurance
41 plan or (ii) which may be used in satisfaction of any deductible
42 requirement under such prior insurance plan to establish entitle-
43 ment to such continuation of benefits.

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

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

65 A similar refund shall be authorized pursuant to such rules and
 66 regulations as the commission deems necessary or desirable in the
 67 case of an employee of an employer other than the State who is
 68 paying the full cost of dependent coverage for a spouse who is an
 69 employee of the State and eligible for coverage.

1 7. Section 8 of P. L. 1961, c. 49 (C. 52:14-17.32) is amended to
 2 read as follows:

3 8. The basic coverage and the major medical coverage of any
 4 employee, and of his dependents, if any, shall cease upon the discon-
 5 tinuance of his term of office or employment or upon cessation of
 6 active full-time employment subject to such regulations as may
 7 be prescribed by the commission for limited continuance of basic
 8 coverage and major medical coverage during disability, part-time
 9 employment, leave of absence or lay off, and for continuance of
 10 basic coverage and major medical coverage after retirement, any
 11 such continuance after retirement to be provided at such rates and
 12 under such conditions as shall be prescribed by the commission,
 13 subject, however, to the requirements hereinafter set forth in this
 14 section. The commission may also establish regulations prescribing
 15 an extension of coverage when an employee or dependent is totally
 16 disabled at termination of coverage.

17 Rates payable by retired employees for themselves and their
 18 dependents, by active employees for dependents covered by medi-
 19 care benefits, and by the State or other employer for an active
 20 employee alone covered by medicare benefits, shall be determined
 21 on the basis of utilization experienced according to classifications
 22 determined by the commission, provided, however, that the total
 23 rate payable by such retired employee for himself and his de-
 24 pendents, or by such active employee for his dependents and the
 25 State or other employer for such active employee alone, for
 26 coverage hereunder and for Part B of medicare, shall not exceed
 27 by more than 25%, as determined by the commission, the total
 28 amount which would have been required to have been paid by him
 29 and by the State or other employer for the coverage maintained
 30 had he continued in office or active employment and he and his
 31 dependents were not eligible for medicare benefits. "Medicare"
 32 as used in this act means the coverage provided under Title XVIII
 33 of the Social Security Act as amended in 1965, or its successor plan
 34 or plans.

35 *From funds appropriated therefor, the State shall pay the*
 36 *premium or periodic charges for the benefits provided to a retired*
 37 *State employee and his dependents covered under the program,*
 38 *but not including survivors, if such employee retired from a State-*
 39 *administered retirement system effective on or after July 1, 1972,*
 40 *on a benefit based on 25 years or more of service credited in such*
 41 *retirement system, excepting the employee who elected deferred*
 42 *retirement, but including the employee who retired on a disability*
 43 *pension based on fewer years of service credited in such retirement*
 44 *system and shall also reimburse such retired employee for his*
 45 *premium charges under Part B of the Federal medicare program*
 46 *covering the retired employee and the employee's spouse.*

1 8. Section 3 of P. L. 1964, c. 125 (C. 52:14-17.34) is amended to
 2 read as follows:

3 3. In order that the *New Jersey State* **【Employees'】** Health
 4 *Benefits Program Act* may be extended to include other public and
 5 school employees, participation by counties, municipalities, school
 6 districts, public agencies or organizations as defined in section 71
 7 of P. L. 1954, c. 84, *including* the New Jersey Turnpike Authority,
 8 the New Jersey Highway Authority, **【the Palisades Interstate Park**
 9 **Commission,】** the Interstate Sanitation Commission, the Delaware
 10 River Basin Commission, *New Jersey Housing Finance Agency,*
 11 *New Jersey Educational Facilities Authority, Hackensack Meadow-*
 12 *lands Development Commission* and the **【Delaware River Joint**

13 Toll Bridge Commission,] *Compensation Rating and Inspection*
14 *Bureau*, hereinafter defined as employers, is hereby authorized.

1 9. Section 4 of P. L. 1964, c. 125 (C. 52:14-17.35) is amended to
2 read as follows:

3 4. As used in this act and in the act to which this act is a supple-
4 ment:

5 (a) The term "employer" means a county, municipality, school
6 district, public agency or organization as defined in section 71 of
7 P. L. 1954, c. 84, *including* the New Jersey Turnpike
8 Authority, the New Jersey Highway Authority, [the Palisades
9 Interstate Park Commission,] the Interstate Sanitation Commis-
10 sion, the Delaware River Basin Commission, *New Jersey Housing*
11 *Finance Agency*, *New Jersey Educational Facilities Authority*,
12 *Hackensack Meadowlands Development Commission* and the
13 [Delaware River Joint Toll Bridge Commission] *Compensation*
14 *Rating and Inspection Bureau*.

15 (b) The term "State Treasury" means the State agency respon-
16 sible for the administration of the [Public and School Employees']
17 *New Jersey State Health Benefits Program Act* which is to be
18 located in the Division of Pensions in the Department of the
19 Treasury.

1 10. Section 8 of P. L. 1964, c. 125 (C. 52:14-17.39) is amended to
2 read as follows:

3 8. The rates charged for any contract purchased under the
4 authority of the [Public and School Employees'] *New Jersey State*
5 *Health Benefits Program Act* shall be established in accordance
6 with the provisions of subsection (C) of section 5 of P. L. 1961, c. 49;
7 provided, however, that the commission may, in its discretion,
8 prescribe that the rates for employee coverage and for dependents
9 coverage be determined separately for State employees and em-
10 ployees of participating employers.

1 11. This act shall take effect immediately, or as otherwise pro-
2 vided for in this act, except that section 5 of this act shall take
3 effect on the first of a biweekly or monthly pay period on or after
4 January 1, 1973.

STATEMENT

This legislation would amend the act governing the State Health Benefits Program altering the benefit schedules and making some administrative changes.

In the benefit area, the coverage provided under the major medical expense coverage is liberalized to delimit any employee's

cost under that program, and likewise eliminates any differentiation in treatment of the percentage of reimbursement as between expenses related to mental illnesses and all other covered expenses. Coverage for service rendered by extended care facilities and home health agencies would be covered for the first time.

Administrative changes include the addition of the definition of hospital and provision for refunds among local government employees as contained in the regulations of the commission, provision for an annual report for the information of the participants and the public, and a change in the name of the plan to avoid a popular misunderstanding.

Finally, this legislation would implement the Governor's recommendations to (1) have the State effective January 1, 1973 assume 100% of the cost of the coverage provided by State employees for their eligible enrolled dependents and (2) have the State also pay the cost of the health insurance and medicare premiums for State employees and their dependents for all who retire on or after July 1, 1972 after establishing 25 years or more of service in a State retirement program, except those who elect deferred retirement but including those who retire on a disability pension on the basis of fewer years of service.

FROM THE OFFICE OF THE GOVERNOR

JUNE 27, 1972

FOR RELEASE:
IMMEDIATE

Governor William T. Cahill today signed two pieces of legislation providing approximately \$10 million in annual benefits for state employees.

The Governor signed Senate bill 371, which was introduced by Senator Barry T. Parker (R., Burlington). The bill grants three days administrative leave of absence to employees in the classified service of the state including employees of Rutgers University, Newark College of Engineering, New Jersey College of Medicine and Dentistry and the New Jersey state colleges. This time will be in addition to vacation and sick leave and can be used for personal business and religious observances.

The Governor also signed Senate bill 989, introduced by Senator William Schluter (R., Mercer). It provides for the state to pay 100% of the cost of health insurance coverage for dependents of state employees beginning January 1, 1973. In addition, the state will pay the cost of health insurance benefits, including premium charges, under Part B of the federal Medicare plan for state employees who retire on and after July 1, 1972 after having completed 25 or more years of service. Major medical expense coverage will also be increased to 80% of the first \$2,000 expenses incurred and 100% of any expenses in excess of \$2,000. A deductible amount of \$100 must first be paid by the employee.

"These benefits will help insure needed health insurance coverage for state employees and their dependents and retired state employees," Governor Cahill said. He added, "The provision for administrative leave will permit state employees to attend to personal business and religious observances without using their vacation and sick leave."