



LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1998

CHAPTER:143

NJSA:26:2-149

"Catastrophic Illness in Children Relief Fund -- eligibility"

BILL NO: S1399 (Substituted for A7)

SPONSOR(S):DiFrancesco and Bennett

DATE INTRODUCED: September 28, 1998

COMMITTEE:

ASSEMBLY: ~~~~

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE:No

DATE OF PASSAGE:

ASSEMBLY: December 17, 1998

SENATE:October 22, 1998

DATE OF APPROVAL: December 21, 1998

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: Original

S1399

SPONSORS STATEMENT: *Yes* (Begins on page 5 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY:*No*

SENATE:*Yes*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

A7

SPONSORS STATEMENT: *Yes* (Begins on page 5 of original bill)

(Bill and Sponsors Statement identical to S1399)

COMMITTEE STATEMENT:

ASSEMBLY: *Yes*

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *Yes*

(Identical to Fiscal Estimate for S1399)

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

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REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES: *No*

SENATE, No. 1399

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED SEPTEMBER 28, 1998

Sponsored by:

Senator DONALD T. DIFRANCESCO

District 22 (Middlesex, Morris, Somerset and Union)

Senator JOHN O. BENNETT

District 12 (Monmouth)

SYNOPSIS

Lowers eligibility threshold for assistance from "Catastrophic Illness in Children Relief Fund."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/16/1998)

S1399 DIFRANCESCO, BENNETT

2

1 AN ACT concerning the "Catastrophic Illness in Children Relief Fund"
2 and amending P.L.1987, c.370.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 2 of P.L.1987, c.370 (C.26:2-149) is amended to read
8 as follows:

9 2. As used in this act:

10 a. "Catastrophic illness" means any illness or condition the
11 medical expenses of which are not covered by any other State or
12 federal program or any insurance contract and exceed **[15%]** 10% of
13 the first \$100,000 of annual income of a family plus **[20%]** 15% of the
14 excess income over \$100,000.

15 b. "Child" means a person 18 years of age and under.

16 c. "Commission" means the Catastrophic Illness in Children Relief
17 Fund Commission.

18 d. "Family" means a child and the child's parent, parents or legal
19 guardian, as the case may be, who is legally responsible for the child's
20 medical expenses.

21 e. "Fund" means the Catastrophic Illness in Children Relief Fund.

22 f. "Income" means all income, from whatever source derived,
23 actually received by a family.

24 g. "Resident" means a person legally domiciled within the State
25 for a period of three months immediately preceding the date of
26 application for inclusion in the program. Mere seasonal or temporary
27 residence within the State, of whatever duration, does not constitute
28 domicile. Absence from this State for a period of 12 months or more
29 is prima facie evidence of abandonment of domicile. The burden of
30 establishing legal domicile within the State is upon the parent or legal
31 guardian of a child.

32 (cf: P.L.1993, c.103, s.1)

33

34 2. Section 4 of P.L.1987, c.370 (C.26:2-151) is amended to read
35 as follows:

36 4. There is established in, but not of, the State Department of
37 Human Services the Catastrophic Illness in Children Relief Fund
38 Commission. The commission shall consist of the Commissioner of the
39 State Department of Health and Senior Services, the Commissioner of
40 the Department of Human Services, the Commissioner of the
41 Department of Banking and Insurance, and the State Treasurer, who
42 shall be members ex officio, and seven public members who are
43 residents of this State, appointed by the Governor with the advice and

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

Matter underlined thus is new matter.

S1399 DIFRANCESCO, BENNETT

1 consent of the Senate for terms of five years, two of whom are
2 appointed upon the recommendation of the President of the Senate,
3 one of whom is a provider of health care services to children in this
4 State and two of whom are appointed upon the recommendation of the
5 Speaker of the General Assembly, one of whom is a provider of health
6 care services to children in this State. The five public members first
7 appointed by the Governor shall serve for terms of one, two, three,
8 four and five years, respectively.

9 Each member shall hold office for the term of his appointment and
10 until his successor has been appointed and qualified. A member of the
11 commission is eligible for reappointment.

12 Each ex officio member of the commission may designate an officer
13 or employee of his department to represent him at meetings of the
14 commission, and each designee may lawfully vote and otherwise act on
15 behalf of the member for whom he constitutes the designee. Any
16 designation shall be in writing delivered to the commission and filed
17 with the office of the Secretary of State and shall continue in effect
18 until revoked or amended in the same manner as provided for
19 designation.

20 (cf: P.L.1994, c.149, s.1)

21

22 3. Section 7 of P.L.1987, c.370 (C.26:2-154) is amended to read
23 as follows:

24 7. The commission has, but is not limited to, the following powers
25 and duties:

26 a. Establish in conjunction with the Special Child Health Services
27 program established pursuant to P.L.1948, c. 444 (C. 26:1A-2 et seq.)
28 a program for the purposes of this act, administer the fund and
29 authorize the payment or reimbursement of the medical expenses of
30 children with catastrophic illnesses;

31 b. Establish procedures for **enrollment in** application to the
32 program, determining the eligibility for the payment or reimbursement
33 of medical expenses for each child, processing claim disputes and
34 establish procedures to provide that, in the case of an illness or
35 condition for which the family, after receiving assistance pursuant to
36 this act, recovers damages for the child's medical expenses pursuant to
37 a settlement or judgment in a legal action, the family shall reimburse
38 the fund for the amount of assistance received, or that portion thereof
39 covered by the amount of the damages less the expense of recovery;

40 c. Establish the amount of reimbursement for the medical
41 expenses of each child using a sliding fee scale based on a family's
42 ability to pay for medical expenses which takes into account family
43 size, family income and assets and family medical expenses and adjust
44 the financial eligibility criteria established pursuant to subsection a. of
45 section 2 of this act based upon the moneys available in the fund;

S1399 DIFRANCESCO, BENNETT

4

- 1 d. Disseminate information on the fund and the program to the
2 public;
- 3 e. Adopt bylaws for the regulation of its affairs and the conduct
4 of its business, adopt an official seal and alter the same at pleasure,
5 maintain an office at the place within the State as it may designate, and
6 sue and be sued in its own name;
- 7 f. Employ professional and clerical assistance necessary to
8 perform its duties, and as may be within the limits of funds
9 appropriated or otherwise made available to it for its purposes;
- 10 g. Maintain confidential records on each child who applies for
11 assistance under the fund;
- 12 h. Do all other acts and things necessary or convenient to carry
13 out the purposes of this act; and
- 14 i. Adopt rules and regulations in accordance with the
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)
16 necessary to effectuate the purposes of this act.

17 (cf: P.L.1987, c.370, s.7)

18

19 4. Section 8 of P.L.1987, c.370 (C.26:2-155) is amended to read
20 as follows:

21 8. A child who is a resident of this State is eligible, through his
22 parent or legal guardian, to **[enroll in]** apply to the program
23 established pursuant to subsection a. of section 7 of this act.

24 (cf: P.L.1987, c.370, s.8)

25

26 5. Section 9 of P.L.1987, c.370 (26:2-156) is amended to read as
27 follows:

28 9. Whenever a child has a catastrophic illness and is **[enrolled in]**
29 eligible for the program, the child, through his parent or legal
30 guardian, **[is eligible for]** may receive financial assistance from
31 monies in the fund subject to the rules and regulations established by
32 the commission and the availability of monies in the fund. The
33 financial assistance shall include, but is not limited to, payments or
34 reimbursements for the cost of medical treatment, hospital care, drugs,
35 nursing care and physician services.

36 (cf: P.L.1987, c.370, s.9)

37

38 6. Section 12 of P.L.1987, c.370 (C.26:2-159) is amended to read
39 as follows:

40 12. The commission shall report annually to the Governor and **[the**
41 **Senate Institutions, Health and Welfare Committee and General**
42 **Assembly Health and Human Resources Committee]** to each Senate
43 and General Assembly committee with responsibility for issues
44 affecting children, health and human services on the status of the
45 program. The report shall include information about the number of
46 participants in the program, average expenditures per participant, the

1 nature and type of catastrophic illnesses for which the fund provided
2 financial assistance, and the average income and expenditures of
3 families who received financial assistance under the program. The
4 commission also may make recommendations for changes in the law
5 and regulations governing the fund.

6 (cf: P.L.1987, c.370, s.12)

7

8 7. This act shall take effect immediately and shall be retroactive to
9 January 1, 1998.

10

11

12

STATEMENT

13

14 This bill amends the "Catastrophic Illness in Children Relief Fund"
15 law by lowering the program eligibility threshold to allow additional
16 families to qualify for assistance from the fund. This bill defines a
17 "catastrophic illness" as any illness or condition the medical expenses
18 of which are not covered by any other State or federal program or any
19 insurance contract and exceed 10% of the first \$100,000 of annual
20 family income plus 15% of the excess income over \$100,000.

21 The bill also eliminates references to enrollment in the program to
22 clarify that participation in the program is subject to the eligibility
23 requirements established by the Catastrophic Illness in Children Relief
24 Fund Commission as well as the availability of funds, as opposed to
25 conferring an entitlement to participation in the program.

26 The bill also makes technical changes to the current law to reflect
27 the current names of the Department of Health and Senior Services
28 and the Department of Banking and Insurance.

29 Finally, technical amendments are made to reflect the commission's
30 obligation to report annually on the status of the program to the
31 Governor and the Legislature and, in the case of the latter, through the

32 Senate and General Assembly committees with responsibility for
33 issues affecting children, health and human services.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1399

STATE OF NEW JERSEY

DATED: OCTOBER 15, 1998

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1399.

The bill amends the "Catastrophic Illness in Children Relief Fund" law by lowering the medical expense threshold that families must meet to qualify for assistance from the fund.

The Fund was established in 1987 under the administration of the Catastrophic Illness in Children Relief Fund Commission. The Commission is authorized to pay or reimburse, from monies in the Fund, the medical expenses of children with catastrophic illness. Currently, a "catastrophic illness" for a child is any illness or condition incurring unreimbursed medical expenses in excess of 15% of the first \$100,000 of annual income and 20% of annual income over \$100,000. The bill would lower those unreimbursed expense thresholds to 10% and 15%, respectively, of the indicated income levels.

The bill also eliminates references to enrollment in the program to clarify that participation in the program is subject to the eligibility requirements established by the Catastrophic Illness in Children Relief Fund Commission as well as the availability of funds, as opposed to conferring an entitlement to participation in the program.

The bill makes technical changes in the text of the law to reflect the current names of the Department of Health and Senior Services and the Department of Banking and Insurance. It also includes language clarifying the commission's obligation to report annually on the status of the program to the Governor and the Legislature and, in the case of the latter, through the Senate and General Assembly committees with responsibility for issues affecting children, health and human services.

FISCAL IMPACT:

The Office of Legislative Services (OLS) notes that by lowering the medical expense threshold, the Catastrophic Illness in Children Relief Fund Commission should be able to provide more families with assistance from the fund. In 1993, the last time the threshold was lowered (more steeply than under the proposed reduction in S-1399), there was a 25% increase in the number of families served, according to the commission. In fiscal year 1998, 231 families were served. The

commission approved \$5.8 million in awards and, after negotiating provider discounts, paid out \$4.9 million to eligible families.

The Catastrophic Illness in Children Relief Fund is financed by a \$1.00 per employee payroll tax on each employer subject to the New Jersey "Unemployment Compensation Law." In recent years, close to \$6 million annually has been collected from some 200,000 employers. Total revenues, including investment earnings on balances in the fund, have averaged close to \$7 million. Payments to families, together with administrative expenses of the commission and the Department of Labor (the former collection agent; now Treasury), have ranged between \$6 million and \$7 million annually during the past three fiscal years. However, the fund continues to carry an average balance of \$17 million, due mainly to a large buildup in FY 1988-93, when revenues to the fund far exceeded payments to eligible families.

LEGISLATIVE FISCAL ESTIMATE

SENATE, No. 1399

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: NOVEMBER 10, 1998

Senate Bill No. 1399 of 1998 amends P.L.1987, c.370, the "Catastrophic Illness in Children Relief Fund" act, by lowering the medical expense threshold which must be met by families to become eligible for assistance. Currently, a catastrophic illness for a child is any illness or condition incurring unreimbursed family medical expenses in excess of 15% of the first \$100,000 of annual income, and 20% of excess income over \$100,000. The bill would lower these unreimbursed expense thresholds to 10% and 15%, respectively. The bill's provisions are retroactive to January 1, 1998.

The Office of Legislative Services (OLS) notes that by lowering the medical expense threshold, the Catastrophic Illness in Children Relief Fund Commission should be able to provide more families with assistance from the fund. In 1993, the last time the threshold was lowered (more steeply than the proposed reduction in S-1399), there was a 25% increase in the number of families served, according to the commission. In fiscal year 1998, 231 families were served. The commission approved \$5.8 million in awards, and after negotiating provider discounts, paid out \$4.9 million to eligible families.

The Catastrophic Illness in Children Relief Fund is financed by a \$1.00 per employee payroll tax on each employer subject to the New Jersey "Unemployment Compensation Law." In recent years, close to \$6 million annually has been collected from some 200,000 employers. Total revenues, including investment earnings on balances in the fund, have averaged close to \$7 million. Payments to families, together with administrative expenses of the commission and the Department of Labor (the former collection agent; now Treasury), have ranged between \$6 million and \$7 million annually during the past three fiscal years. However, the fund continues to carry an average balance of \$17 million due mainly to a large buildup in FY 1988-93, when revenues to the fund far exceeded payments to eligible families.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 7

STATE OF NEW JERSEY

208th LEGISLATURE

INTRODUCED SEPTEMBER 28, 1998

Sponsored by:

Assemblyman JACK COLLINS

District 3 (Salem, Cumberland and Gloucester)

Assemblyman KENNETH W. FAULKNER

District 7 (Burlington and Camden)

Co-Sponsored by:

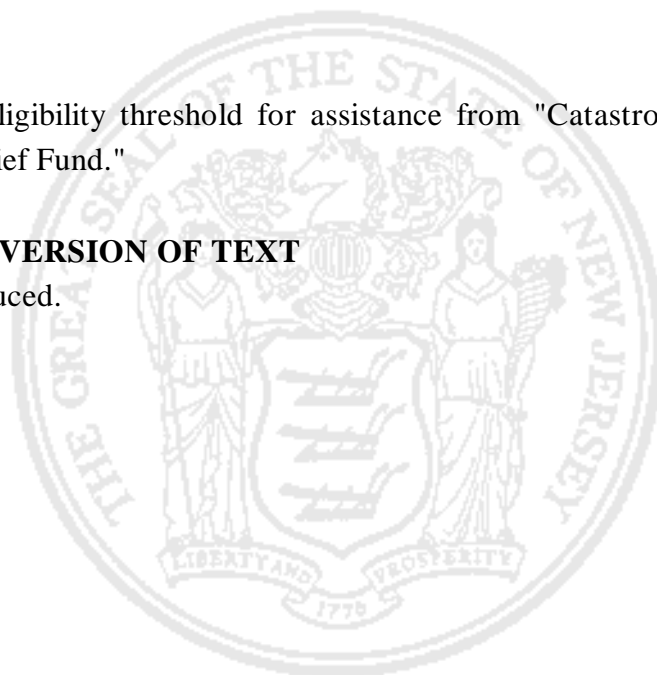
Assemblyman Felice, Assemblywoman Murphy, Assemblymen Arnone, Asselta, Augustine, Azzolina, Bagger, Bateman, Biondi, Blee, Bodine, Chatzidakis, Assemblywoman Watson Coleman, Assemblyman Cottrell, Assemblywoman Crecco, Assemblymen DiGaetano, Doria, Assemblywoman Farragher, Assemblymen Geist, Gibson, Gregg, Assemblywoman Heck, Assemblymen Holzapfel, Kramer, Lance, LeFevre, Luongo, Malone, Merkt, Moran, O'Toole, Talarico, Thompson, T.Smith, Stuhltrager, Assemblywomen Vandervalk, Wright and Previte

SYNOPSIS

Lowers eligibility threshold for assistance from "Catastrophic Illness in Children Relief Fund."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/18/1998)

1 AN ACT concerning the "Catastrophic Illness in Children Relief Fund"
2 and amending P.L.1987, c.370.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 2 of P.L.1987, c.370 (C.26:2-149) is amended to read
8 as follows:

9 2. As used in this act:

10 a. "Catastrophic illness" means any illness or condition the
11 medical expenses of which are not covered by any other State or
12 federal program or any insurance contract and exceed **[15%]** 10% of
13 the first \$100,000 of annual income of a family plus **[20%]** 15% of the
14 excess income over \$100,000.

15 b. "Child" means a person 18 years of age and under.

16 c. "Commission" means the Catastrophic Illness in Children Relief
17 Fund Commission.

18 d. "Family" means a child and the child's parent, parents or legal
19 guardian, as the case may be, who is legally responsible for the child's
20 medical expenses.

21 e. "Fund" means the Catastrophic Illness in Children Relief Fund.

22 f. "Income" means all income, from whatever source derived,
23 actually received by a family.

24 g. "Resident" means a person legally domiciled within the State
25 for a period of three months immediately preceding the date of
26 application for inclusion in the program. Mere seasonal or temporary
27 residence within the State, of whatever duration, does not constitute
28 domicile. Absence from this State for a period of 12 months or more
29 is prima facie evidence of abandonment of domicile. The burden of
30 establishing legal domicile within the State is upon the parent or legal
31 guardian of a child.

32 (cf: P.L.1993, c.103, s.1)

33
34 2. Section 4 of P.L.1987, c.370 (C.26:2-151) is amended to read
35 as follows:

36 4. There is established in, but not of, the State Department of
37 Human Services the Catastrophic Illness in Children Relief Fund
38 Commission. The commission shall consist of the Commissioner of the
39 State Department of Health and Senior Services, the Commissioner of
40 the Department of Human Services, the Commissioner of the
41 Department of Banking and Insurance, and the State Treasurer, who
42 shall be members ex officio, and seven public members who are
43 residents of this State, appointed by the Governor with the advice and

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

Matter underlined thus is new matter.

1 consent of the Senate for terms of five years, two of whom are
2 appointed upon the recommendation of the President of the Senate,
3 one of whom is a provider of health care services to children in this
4 State and two of whom are appointed upon the recommendation of the
5 Speaker of the General Assembly, one of whom is a provider of health
6 care services to children in this State. The five public members first
7 appointed by the Governor shall serve for terms of one, two, three,
8 four and five years, respectively.

9 Each member shall hold office for the term of his appointment and
10 until his successor has been appointed and qualified. A member of the
11 commission is eligible for reappointment.

12 Each ex officio member of the commission may designate an officer
13 or employee of his department to represent him at meetings of the
14 commission, and each designee may lawfully vote and otherwise act on
15 behalf of the member for whom he constitutes the designee. Any
16 designation shall be in writing delivered to the commission and filed
17 with the office of the Secretary of State and shall continue in effect
18 until revoked or amended in the same manner as provided for
19 designation.

20 (cf: P.L.1994, c.149, s.1)

21

22 3. Section 7 of P.L.1987, c.370 (C.26:2-154) is amended to read
23 as follows:

24 7. The commission has, but is not limited to, the following powers
25 and duties:

26 a. Establish in conjunction with the Special Child Health Services
27 program established pursuant to P.L.1948, c.444 (C.26:1A-2 et seq.)
28 a program for the purposes of this act, administer the fund and
29 authorize the payment or reimbursement of the medical expenses of
30 children with catastrophic illnesses;

31 b. Establish procedures for **enrollment in** application to the
32 program, determining the eligibility for the payment or reimbursement
33 of medical expenses for each child, processing claim disputes and
34 establish procedures to provide that, in the case of an illness or
35 condition for which the family, after receiving assistance pursuant to
36 this act, recovers damages for the child's medical expenses pursuant to
37 a settlement or judgment in a legal action, the family shall reimburse
38 the fund for the amount of assistance received, or that portion thereof
39 covered by the amount of the damages less the expense of recovery;

40 c. Establish the amount of reimbursement for the medical
41 expenses of each child using a sliding fee scale based on a family's
42 ability to pay for medical expenses which takes into account family
43 size, family income and assets and family medical expenses and adjust
44 the financial eligibility criteria established pursuant to subsection a. of
45 section 2 of this act based upon the moneys available in the fund;

- 1 d. Disseminate information on the fund and the program to the
2 public;
- 3 e. Adopt bylaws for the regulation of its affairs and the conduct
4 of its business, adopt an official seal and alter the same at pleasure,
5 maintain an office at the place within the State as it may designate, and
6 sue and be sued in its own name;
- 7 f. Employ professional and clerical assistance necessary to
8 perform its duties, and as may be within the limits of funds
9 appropriated or otherwise made available to it for its purposes;
- 10 g. Maintain confidential records on each child who applies for
11 assistance under the fund;
- 12 h. Do all other acts and things necessary or convenient to carry
13 out the purposes of this act; and
- 14 i. Adopt rules and regulations in accordance with the
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.)
16 necessary to effectuate the purposes of this act.

17 (cf: P.L.1987, c.370, s.7)

18

19 4. Section 8 of P.L.1987, c.370 (C.26:2-155) is amended to read
20 as follows:

21 8. A child who is a resident of this State is eligible, through his
22 parent or legal guardian, to **[enroll in]** apply to the program
23 established pursuant to subsection a. of section 7 of this act.

24 (cf: P.L.1987, c.370, s.8)

25

26 5. Section 9 of P.L.1987, c.370 (26:2-156) is amended to read as
27 follows:

28 9. Whenever a child has a catastrophic illness and is **[enrolled in]**
29 eligible for the program, the child, through his parent or legal
30 guardian, **[is eligible for]** may receive financial assistance from
31 monies in the fund subject to the rules and regulations established by
32 the commission and the availability of monies in the fund. The
33 financial assistance shall include, but is not limited to, payments or
34 reimbursements for the cost of medical treatment, hospital care, drugs,
35 nursing care and physician services.

36 (cf: P.L.1987, c.370, s.9)

37

38 6. Section 12 of P.L.1987, c.370 (C.26:2-159) is amended to read
39 as follows:

40 12. The commission shall report annually to the Governor and **[the**
41 **Senate Institutions, Health and Welfare Committee and General**
42 **Assembly Health and Human Resources Committee]** to each Senate
43 and General Assembly committee with responsibility for issues
44 affecting children, health and human services on the status of the
45 program. The report shall include information about the number of
46 participants in the program, average expenditures per participant, the

1 nature and type of catastrophic illnesses for which the fund provided
2 financial assistance, and the average income and expenditures of
3 families who received financial assistance under the program. The
4 commission also may make recommendations for changes in the law
5 and regulations governing the fund.

6 (cf: P.L.1987, c.370, s.12)

7

8 7. This act shall take effect immediately and shall be retroactive to
9 January 1, 1998.

10

11

12

STATEMENT

13

14 This bill amends the "Catastrophic Illness in Children Relief Fund"
15 law by lowering the program eligibility threshold to allow additional
16 families to qualify for assistance from the fund. This bill defines a
17 "catastrophic illness" as any illness or condition the medical expenses
18 of which are not covered by any other State or federal program or any
19 insurance contract and exceed 10% of the first \$100,000 of annual
20 family income plus 15% of the excess income over \$100,000.

21 The bill also eliminates references to enrollment in the program to
22 clarify that participation in the program is subject to the eligibility
23 requirements established by the Catastrophic Illness in Children Relief
24 Fund Commission as well as the availability of funds, as opposed to
25 conferring an entitlement to participation in the program.

26 The bill also makes technical changes to the current law to reflect
27 the current names of the Department of Health and Senior Services
28 and the Department of Banking and Insurance.

29 Finally, technical amendments are made to reflect the commission's
30 obligation to report annually on the status of the program to the
31 Governor and the Legislature and, in the case of the latter, through the
32 Senate and General Assembly committees with responsibility for issues
33 affecting children, health and human services.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 7

STATE OF NEW JERSEY

DATED: OCTOBER 5, 1998

The Assembly Appropriations Committee reports favorably Assembly Bill No. 7.

Assembly Bill No. 7 amends the "Catastrophic Illness in Children Relief Fund" law by lowering the program eligibility threshold to allow additional families to qualify for assistance from the fund. This bill defines a "catastrophic illness" as any illness or condition the medical expenses of which are not covered by any other State or federal program or any insurance contract and exceed 10% of the first \$100,000 of annual family income plus 15% of the excess income over \$100,000.

The bill also eliminates references to enrollment in the program to clarify that participation in the program is subject to the eligibility requirements established by the Catastrophic Illness in Children Relief Fund Commission as well as the availability of funds, as opposed to conferring an entitlement to participation in the program.

The bill also makes technical changes to the current law to reflect the current names of the Department of Health and Senior Services and the Department of Banking and Insurance.

FISCAL IMPACT:

By lowering the medical expense threshold, the Commission should be able to provide more families with assistance from the fund. In 1993, the last time the threshold was lowered, there was a 25% increase in the number of families served. In 1998, 231 families were assisted through the fund. The fund has carried a balance of approximately \$17 million due largely to a build up in FY 1988-1993. Using the average award of \$22,300 and anticipating a 25% increase in eligible families, this would amount to an estimated increase of \$1.2 million.

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 7

STATE OF NEW JERSEY

208th LEGISLATURE

DATED: OCTOBER 27, 1998

Assembly Bill No. 7 of 1998 amends P.L.1987, c.370, the "Catastrophic Illness in Children Relief Fund" act, by lowering the medical expense threshold which must be met by families to become eligible for assistance. Currently, a catastrophic illness for a child is any illness or condition incurring unreimbursed family medical expenses in excess of 15% of the first \$100,000 of annual income, and 20% of excess income over \$100,000. The bill would lower these unreimbursed expense thresholds to 10% and 15%, respectively. The bill's provisions are retroactive to January 1, 1998.

The Office of Legislative Services (OLS) notes that by lowering the medical expense threshold, the Catastrophic Illness in Children Relief Fund Commission should be able to provide more families with assistance from the fund. In 1993, the last time the threshold was lowered (more steeply than the proposed reduction in A-7), there was a 25% increase in the number of families served, according to the commission. In fiscal year 1998, 231 families were served. The commission approved \$5.8 million in awards, and after negotiating provider discounts, paid out \$4.9 million to eligible families.

The Catastrophic Illness in Children Relief Fund is financed by a \$1.00 per employee payroll tax on each employer subject to the New Jersey "Unemployment Compensation Law." In recent years, close to \$6 million annually has been collected from some 200,000 employers. Total revenues, including investment earnings on balances in the fund, have averaged close to \$7 million. Payments to families, together with administrative expenses of the commission and the Department of Labor (the former collection agent; now Treasury), have ranged between \$6 million and \$7 million annually during the past three fiscal years. However, the fund continues to carry an average balance of \$17 million due mainly to a large buildup in FY 1988-93, when revenues to the fund far exceeded payments to eligible families.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Wendi Patella
(609) 777-2600
Mary Ann Whiteman
(609) 292-0600

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Governor Signs Bill Expanding Eligibility for Catastrophic Illness in Children Relief Fund

Governor Christie Whitman today signed a bill easing the eligibility criteria for the Catastrophic Illness in Children Relief Fund. Families with uncovered medical expenses for a child which exceed 10 percent of the family income may now qualify for assistance.

"Today we are reminded of the difficulties that our New Jersey citizens endure in their effort to pay their child's medical bills, and we are proud that this fund is available. The illness of a child is a devastating event for any family, and expenses not fully covered by insurance or other programs add additional stress in what is already a traumatic time. This bill is intended to help the fund reach the greatest number of New Jersey families in need of such assistance," Gov. Whitman said.

At the bill signing at the State House. Gov. Whitman also announced recent awards from the fund and said the fund will allow the holiday season to shine brighter for New Jersey families overwhelmed with medical bills related to their child's illness.

S-1399 was sponsored by Senate President Don DiFrancesco (R-Middlesex/Morris/Somerset/Union), Senator John Bennett (Monmouth), Assembly Speaker Jack Collins (R-Salem/Cumberland/ Gloucester), and Assembly Member Ken Faulkner (R-Burlington/Camden).

"Several months ago the Commission identified its interest in reaching out to help a broader number of families and developed this recommendation for legislative change," said Jane Lorber, chairperson of the Commission. "Adequate funds exist to support this change, and the Commission is committed to utilizing the fund in accordance with its mandate."

Since September 1998, the Catastrophic Illness in Children Relief Fund Commission has approved awards totaling \$3.3 million to help 110 New Jersey families cope with uncovered expenses associated with a child's illness. Since its creation in 1988, through legislation sponsored by Senator DiFrancesco, the Commission has approved more than \$46 million in assistance for more than 2,000 families.

"The fund is a financial safety net for families," said Mary Ann Whiteman, executive director, of the Commission. "The Commission serves families of all incomes, but is acutely aware that families with very limited incomes and middle income families struggle greatly to pay their medical bills. This legislation enables families to apply for financial assistance at an earlier point in time as their expenses mount. thus easing their financial distress."

The fund does not limit coverage to specific diseases or diagnoses. Expenses as a result of prematurity, cerebral palsy, mental health conditions, diabetes, or congenital birth defects are examples of medical expenses that have been paid by the fund. Eligible medical and related expenses are those not covered by insurance, state or federal programs, or other sources. Expenses may include hospital and physician bills, medications, medical equipment, transportation for treatment, psychiatric. home health care and specialized home and vehicle modifications.

"We define catastrophic in terms of the economic impact the child's illness has on the family," explained Mary Ann Whiteman. "A family may have health insurance, but coverage can be inadequate when a child has a serious, expensive illness or injury. With the help of the fund, families can avoid a financial crisis and return to the routine responsibilities of their lives."

The range of awards reflects this approach. In the most recent group of award recipients, families received grants starting at \$1,254 and reaching as high as \$522,252. A range of all years extends from a low of \$476 to a high of \$566,804.

The fund is collected from an annual surcharge of \$1 per employee levied on all employers who are subject to the New Jersey Unemployment Compensation Law.

Under the new eligibility criteria, a New Jersey family who earns up to \$100,000 is eligible if a child's unreimbursed medical bills exceed 10 percent of the family's income. For families who earn more than \$100,000, the eligibility is 10 percent of the first \$100,000 in income plus 15 percent of the remaining income. The child must be 18 years or younger when the medical bills were incurred, and expenses must have been incurred during a prior 12-month period.

Previously, the eligibility threshold was established at 15 percent of the first \$100,000 of income, plus 20 percent of excess income over \$100,000.

Families who want more information about the Catastrophic Illness in Children Relief Fund, should call the Family Information Line at 1-800-335-FUND (3863).

A list of families who benefited from the fund and who attended the bill signing ceremony is attached.

Isaac and Margalie Johnson of Kendall Park, Middlesex County, were insured through Isaac's employer. Their eldest son Joel, who was eight years old at the time, was hospitalized on Christmas in 1995 for an emergency caused by his sickle cell anemia. This hospitalization, however, occurred one week prior to the effective date of health insurance coverage for Joel. A pre-existing condition exclusion in their health insurance contract left this family responsible for hospitalization bills of over \$9,000. The parents were only recently referred to the fund after being faced with garnishment of wages for this three year old bill. They were elated to learn that the Commission approved an award to cover this expense. Since their health insurance for Joel became effective, the Johnsons have also struggled with additional costs for copayments and other out-of-pocket expenses for his follow-up medical appointments. Thanks to the legislative amendment signed into law today, which lowers the program eligibility requirements, the family may apply again for relief of Joel's uncovered medical expenses incurred in 1996 and 1997.

Robert and Lynda Height of Tabernacle, Burlington County, have health insurance through Robert's employer. Their teenage daughter, Christine, was seven years old when she was diagnosed with a progressive neurological disorder, which impedes her coordination and ability to walk. She uses a wheelchair for mobility 95% of the time. The family purchased a medically modified vehicle which includes hand controls and a wheelchair lift system that enables their daughter to drive independently to her medical appointments and to school. The Heights were pleased to hear that the commission would now assist them with the expense of the vehicle and other medically related expenses. A total of \$33,000 was approved to help offset those expenses. This is the family's second application approved for a financial award. Last year the family received relief from the fund for medically related modifications to their home which they had completed in order to accommodate their daughter's special needs.

Donald and Patricia Wristbridge of Lindwood, Atlantic County, were uninsured when their son, Jake, who was six years old, was hospitalized to have his tonsils removed. Following the tonsillectomy, further examinations revealed their son also had cancer. Over the course of the year, he had three hospitalizations and numerous outpatient visits for chemotherapy. The family faced extraordinary medical expenses. This self-employed family was ineligible for other state programs. Although local

fundraising efforts helped, the family was relieved to hear that the commission approved an award that covers more than \$94,000 of their son's outstanding medical expenses.

Stephen and Arianne Hegeman of Pilesgrove, Salem County, had insurance coverage for their daughter Victoria when she was born in July 1997 with multiple heart defects. She required corrective surgery at two weeks of age. After the hospitalization she was carefully monitored by her pediatrician and cardiologist and had several outpatient tests. A temporary lapse in insurance coverage after Victoria was a month old resulted in high, uncovered medical expenses. The family was pleased with Victoria's progress, but they struggled with the medical debt. The commission approved an award of over \$13,000 to cover those expenses.