

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

IS 3/17/08

§1 - C.17:48-6.19
§2 - C.17:48A-7.13
§3 - C.17:48E-30.1
§4 - C.17B:27-30.5
§5 -
C.17B:27A-19.16
§6 - C.26:2J-10.3
§7 - C.52:14-17.29k
§8 - Note to §§1-7

P.L. 2005, CHAPTER 375, *approved January 12, 2006*
Assembly, No. 3759 (*Fourth Reprint*)

1 AN ACT concerning ⁴[extended]⁴ health ⁴[benefits] insurance⁴
2 coverage for certain dependents and supplementing various parts of
3 the statutory law.

4

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

7

8 1. ⁴[An individual or group] a. As used in this section,
9 "dependent" means a subscriber's child by blood or by law who:

10 (1) is less than 30 years of age;

11 (2) is unmarried;

12 (3) has no dependent of his own;

13 (4) is a resident of this State or is enrolled as a full-time student at
14 an accredited public or private institution of higher education; and

15 (5) is not actually provided coverage as a named subscriber,
16 insured, enrollee, or covered person under any other group or
17 individual health benefits plan, group health plan, church plan or health
18 benefits plan, or entitled to benefits under Title XVIII of the Social
19 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

20 b. (1) A⁴ hospital service corporation contract that provides
21 ⁴[hospital or medical expense benefits that] coverage for a
22 subscriber's dependent under which coverage of the dependent
23 terminates at a specific age before the dependent's 30th birthday, and⁴
24 is delivered, issued, executed or renewed in this State pursuant to
25 P.L.1938, c.366 (C.17:48-1 et seq.), or approved for issuance or
26 renewal in this State by the Commissioner of Banking and Insurance
27 on or after the effective date of this ¹[act] section¹, ⁴[under which
28 coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the
29 option of the insured, continue to] upon application of the dependent
30 as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a]
31 the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified]

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly floor amendments adopted February 24, 2005.

² Assembly floor amendments adopted May 16, 2005.

³ Assembly floor amendments adopted June 20, 2005.

⁴ Senate SCM committee amendments adopted December 5, 2005.

1 specific⁴ age, ⁴[provided that the dependent is under the age of 30
2 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her
3 own ¹and is not eligible for coverage under a group health benefits
4 plan, group health plan, governmental plan, church plan, or Part A or
5 Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et
6 seq.) ²or any health benefits plan, other than an individual health
7 benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until
8 the dependent's 30th birthday.

9 (2) Nothing herein shall be construed to require:

10 (a) coverage for services provided to a dependent before the
11 effective date of this section; or

12 (b) that an employer pay all or part of the cost of coverage for a
13 dependent as provided pursuant to this section⁴ .

14 ⁴[An insured may exercise this option for coverage of a dependent
15 eligible pursuant to this section ²within 20 months of the effective date
16 of this section or thereafter,² only during an open enrollment period,
17 except that the insured may exercise this option at any time that the
18 dependent becomes eligible as a result of termination from
19 employment and loss of group health coverage with the terminating
20 employer¹. ²The hospital service corporation may require as a
21 condition of providing this coverage that the insured elect the
22 coverage for the dependent for a period of at least one year.²

23 ³[The hospital service corporation may assess the insured an
24 additional premium, and a service charge not to exceed 3% of the
25 premium, for the coverage for the dependent, if the insured elects the
26 coverage required to be offered by the hospital service corporation
27 pursuant to this section ²,which additional premium and service charge
28 shall be paid by payroll deduction if the insured currently pays the
29 premium contribution by payroll deduction. If the hospital service
30 corporation does not assess the insured an additional premium,
31 coverage shall be provided to a dependent under 30 pursuant to this
32 section on the same basis and for the same service charge as for any
33 other covered dependent. If the hospital service corporation assesses
34 the insured an additional premium, then either that premium shall be
35 equal to or less than 50% of the average charge assessed for a single
36 insured, or the hospital service corporation shall file the premium to
37 be charged when dependent coverage is elected pursuant to this
38 section with the Commissioner of Banking and Insurance, along with
39 a justification by a qualified actuary of the reasonableness of the
40 premium. The commissioner shall disapprove the premium if it is not
41 reasonable in relation to the premium for coverage of other insureds
42 or their dependents²] The hospital service corporation may request
43 approval from the commissioner for an additional premium to be
44 assessed on the insured if the insured elects coverage pursuant to this
45 section, but the commissioner shall disapprove the request for an
46 additional premium if the premium for coverage pursuant to this

1 section exceeds 100% of the premium for any other dependent from
2 birth to age 30 under the policy or contract.

3 If the insured elects the coverage for a dependent pursuant to this
4 section and the insured obtains coverage through the insured's
5 employer, the employer may assess the insured a service charge not to
6 exceed 3% of the premium for the coverage of the dependent.
7 Nothing in this section shall obligate an insured's employer to pay the
8 premium for an insured who elects coverage for a dependent pursuant
9 to this section³]

10 c. (1) A dependent covered by a subscriber's contract, which
11 coverage under the contract terminates at a specific age before the
12 dependent's 30th birthday, may make a written election for coverage
13 as a dependent pursuant to this section, until the dependent's 30th
14 birthday:

15 (a) within 30 days prior to the termination of coverage at the
16 specific age provided in the contract;

17 (b) within 30 days after meeting the requirements for dependent
18 status as set forth in subsection a. of this section, when coverage for
19 the dependent under the contract previously terminated; or

20 (c) during an open enrollment period, as provided pursuant to the
21 contract, if the dependent meets the requirements for dependent status
22 as set forth in subsection a. of this section during the open enrollment
23 period.

24 (2) For 12 months after the effective date of this section, a
25 dependent who qualifies for dependent status as set forth in subsection
26 a. of this section, but whose coverage as a dependent under a
27 subscriber's contract terminated under the terms of the contract prior
28 to the effective date of this section, may make a written election to
29 reinstate coverage under that contract as a dependent pursuant to this
30 section.

31 d. (1) Coverage for a dependent who makes a written election for
32 coverage pursuant to subsection c. of this section shall consist of
33 coverage which is identical to the coverage provided to that dependent
34 prior to the termination of coverage at the specific age provided in the
35 contract. If coverage is modified under the contract for any similarly
36 situated dependents for coverage prior to the termination of coverage
37 at the specific age provided in the contract, the coverage shall also be
38 modified in the same manner for the dependent.

39 (2) Coverage for a dependent who makes a written election for
40 coverage pursuant to subsection c. of this section shall not be
41 conditioned upon, or discriminate on the basis of, lack of evidence of
42 insurability.

43 e. (1) The subscriber's contract may require payment of a premium
44 by the subscriber or dependent, as appropriate, subject to the approval
45 of the Commissioner of Banking and Insurance, for any period of
46 coverage relating to a dependent's written election for coverage

1 pursuant to subsection c. of this section. The payment shall not
2 exceed 102% of the applicable portion of the premium previously paid
3 for that dependent's coverage under the contract prior to the
4 termination of coverage at the specific age provided in the contract.

5 (2) The applicable portion of the premium previously paid for the
6 dependent's coverage under the contract shall be determined pursuant
7 to regulations promulgated by the Commissioner of Banking and
8 Insurance, based upon the difference between the contract's rating tiers
9 for adult and dependent coverage or family coverage, as appropriate,
10 and single coverage, or based upon any other formula or dependent
11 rating tier deemed appropriate by the commissioner which provides a
12 substantially similar result.

13 (3) Payments of the premium may, at the election of the payor, be
14 made in monthly installments.

15 f. Coverage for a dependent provided pursuant to this section shall
16 be provided until the earlier of the following:

17 (1) the dependent is disqualified for dependent status as set forth in
18 subsection a. of this section;

19 (2) the date on which coverage ceases under the contract by reason
20 of a failure to make a timely payment of any premium required under
21 the contract by the subscriber or dependent for coverage provided
22 pursuant to this section. The payment of any premium shall be
23 considered to be timely if made within 30 days after the due date or
24 within a longer period as may be provided for by the contract; or

25 (3) the date upon which the employer under whose contract
26 coverage is provided to a dependent ceases to provide coverage to the
27 subscriber.

28 Nothing herein shall be construed to permit a hospital service
29 corporation to refuse a written election for coverage by a dependent
30 pursuant to subsection c. of this section, based upon the dependent's
31 prior disqualification pursuant to paragraph (1) of this subsection.

32 g. Notice regarding coverage for a dependent as provided pursuant
33 to this section shall be provided to a subscriber:

34 (1) in the certificate of coverage prepared for subscribers by the
35 hospital service corporation on or about the date of commencement of
36 coverage; and

37 (2) by the subscriber's employer:

38 (a) on or before the coverage of a subscriber's dependent terminates
39 at the specific age as provided in the contract;

40 (b) at the time coverage of the dependent is no longer provided
41 pursuant to this section because the dependent is disqualified for
42 dependent status as set forth in subsection a. of this section, except
43 this employer notice shall not be required when a dependent no longer
44 qualifies based upon paragraphs (1) or (3) of subsection a. of this
45 section;

46 (c) before any open enrollment period permitting a dependent to
47 make a written election for coverage pursuant to subsection c. of this

1 section; and

2 (d) immediately following the effective date of this section, with
3 respect to information concerning a dependent's opportunity, for 12
4 months after the effective date of the section, to make a written
5 election to reinstate coverage under a contract pursuant to paragraph
6 (2) of subsection c. of this section⁴.

7 ⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all]
8 those⁴ contracts in which the hospital service corporation has reserved
9 the right to change the premium.

10

11 2. ⁴[An individual or group] a. As used in this section,
12 "dependent" means a subscriber's child by blood or by law who:

13 (1) is less than 30 years of age;

14 (2) is unmarried;

15 (3) has no dependent of his own;

16 (4) is a resident of this State or is enrolled as a full-time student at
17 an accredited public or private institution of higher education; and

18 (5) is not actually provided coverage as a named subscriber,
19 insured, enrollee, or covered person under any other group or
20 individual health benefits plan, group health plan, church plan or health
21 benefits plan, or entitled to benefits under Title XVIII of the Social
22 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

23 b. (1) A⁴ medical service corporation contract that provides
24 ⁴[hospital or medical expense benefits that] coverage for a
25 subscriber's dependent under which coverage of the dependent
26 terminates at a specific age before the dependent's 30th birthday, and⁴
27 is delivered, issued, executed or renewed in this State pursuant to
28 P.L.1940, c.74 (C.17:48A-1 et seq.), or approved for issuance or
29 renewal in this State by the Commissioner of Banking and Insurance
30 on or after the effective date of this ¹[act] section¹, ⁴[under which
31 coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the
32 option of the insured, continue to] upon application of the dependent
33 as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a]
34 the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified]
35 specific⁴ age, ⁴[provided that the dependent is under the age of 30
36 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her
37 own ¹and is not eligible for coverage under a group health benefits
38 plan, group health plan, governmental plan, church plan, or Part A or
39 Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et
40 seq.) ²or any health benefits plan, other than an individual health
41 benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until
42 the dependent's 30th birthday.

43 (2) Nothing herein shall be construed to require:

44 (a) coverage for services provided to a dependent before the
45 effective date of this section; or

46 (b) that an employer pay all or part of the cost of coverage for a
47 dependent as provided pursuant to this section⁴ .

1 ⁴[An insured may exercise this option for coverage of a dependent
2 eligible pursuant to this section ²within 20 months of the effective date
3 of this section, or thereafter, ²only during an open enrollment period,
4 except that the insured may exercise this option at any time that the
5 dependent becomes eligible as a result of termination from
6 employment and loss of group health coverage with the terminating
7 employer¹. ²The medical service corporation may require as a
8 condition of providing this coverage that the insured elect the
9 coverage for the dependent for a period of at least one year.²

10 ³[The medical service corporation may assess the insured an
11 additional premium, and a service charge not to exceed 3% of the
12 premium, for the coverage for the dependent, if the insured elects the
13 coverage required to be offered by the medical service corporation
14 pursuant to this section ², which additional premium and service charge
15 shall be paid by payroll deduction if the insured currently pays his
16 premium contribution by payroll deduction. If the medical service
17 corporation does not assess the insured an additional premium,
18 coverage shall be provided to a dependent under 30 pursuant to this
19 section on the same basis and for the same service charge as for any
20 other covered dependent. If the medical service corporation assesses
21 the insured an additional premium, then either that premium shall be
22 equal to or less than 50% of the average charge assessed for a single
23 insured, or the medical service corporation shall file the premium to be
24 charged when dependent coverage is elected pursuant to this section
25 with the Commissioner of Banking and Insurance, along with a
26 justification by a qualified actuary of the reasonableness of the
27 premium. The commissioner shall disapprove the premium if it is not
28 reasonable in relation to the premiums for coverage of other insureds
29 or their dependents²] The medical service corporation may request
30 approval from the commissioner for an additional premium to be
31 assessed on the insured if the insured elects coverage pursuant to this
32 section, but the commissioner shall disapprove the request for an
33 additional premium if the premium for coverage pursuant to this
34 section exceeds 100% of the premium for any other dependent from
35 birth to age 30 under the policy or contract.

36 If the insured elects the coverage for a dependent pursuant to this
37 section and the insured obtains coverage through the insured's
38 employer, the employer may assess the insured a service charge not to
39 exceed 3% of the premium for the coverage of the dependent.
40 Nothing in this section shall obligate an insured's employer to pay the
41 premium for an insured who elects coverage for a dependent pursuant
42 to this section³]

43 c. (1) A dependent covered by a subscriber's contract, which
44 coverage under the contract terminates at a specific age before the
45 dependent's 30th birthday, may make a written election for coverage
46 as a dependent pursuant to this section, until the dependent's 30th
47 birthday:

- 1 (a) within 30 days prior to the termination of coverage at the
2 specific age provided in the contract;
- 3 (b) within 30 days after meeting the requirements for dependent
4 status as set forth in subsection a. of this section, when coverage for
5 the dependent under the contract previously terminated; or
- 6 (c) during an open enrollment period, as provided pursuant to the
7 contract, if the dependent meets the requirements for dependent status
8 as set forth in subsection a. of this section during the open enrollment
9 period.
- 10 (2) For 12 months after the effective date of this section, a
11 dependent who qualifies for dependent status as set forth in subsection
12 a. of this section, but whose coverage as a dependent under a
13 subscriber's contract terminated under the terms of the contract prior
14 to the effective date of this section, may make a written election to
15 reinstate coverage under that contract as a dependent pursuant to this
16 section.
- 17 d. (1) Coverage for a dependent who makes a written election for
18 coverage pursuant to subsection c. of this section shall consist of
19 coverage which is identical to the coverage provided to that dependent
20 prior to the termination of coverage at the specific age provided in the
21 contract. If coverage is modified under the contract for any similarly
22 situated dependents for coverage prior to the termination of coverage
23 at the specific age provided in the contract, the coverage shall also be
24 modified in the same manner for the dependent.
- 25 (2) Coverage for a dependent who makes a written election for
26 coverage pursuant to subsection c. of this section shall not be
27 conditioned upon, or discriminate on the basis of, lack of evidence of
28 insurability.
- 29 e. (1) The subscriber's contract may require payment of a premium
30 by the subscriber or dependent, as appropriate, subject to the approval
31 of the Commissioner of Banking and Insurance, for any period of
32 coverage relating to a dependent's written election for coverage
33 pursuant to subsection c. of this section. The premium shall not
34 exceed 102% of the applicable portion of the premium previously paid
35 for that dependent's coverage under the contract prior to the
36 termination of coverage at the specific age provided in the contract.
- 37 (2) The applicable portion of the premium previously paid for the
38 dependent's coverage under the contract shall be determined pursuant
39 to regulations promulgated by the Commissioner of Banking and
40 Insurance, based upon the difference between the contract's rating tiers
41 for adult and dependent coverage or family coverage, as appropriate,
42 and single coverage, or based upon any other formula or dependent
43 rating tier deemed appropriate by the commissioner which provides a
44 substantially similar result.
- 45 (3) Payments of the premium may, at the election of the payor, be
46 made in monthly installments.
- 47 f. Coverage for a dependent provided pursuant to this section shall

1 be provided until the earlier of the following:

2 (1) the dependent is disqualified for dependent status as set forth in
3 subsection a. of this section;

4 (2) the date on which coverage ceases under the contract by reason
5 of a failure to make a timely payment of any premium required under
6 the contract by the subscriber or dependent for coverage provided
7 pursuant to this section. The payment of any premium shall be
8 considered to be timely if made within 30 days after the due date or
9 within a longer period as may be provided for by the contract; or

10 (3) the date upon which the employer under whose contract
11 coverage is provided to a dependent ceases to provide coverage to the
12 subscriber.

13 Nothing herein shall be construed to permit a medical service
14 corporation to refuse a written election for coverage by a dependent
15 pursuant to subsection c. of this section, based upon the dependent's
16 prior disqualification pursuant to paragraph (1) of this subsection.

17 g. Notice regarding coverage for a dependent as provided pursuant
18 to this section shall be provided to a subscriber:

19 (1) in the certificate of coverage prepared for subscribers by the
20 medical service corporation on or about the date of commencement of
21 coverage; and

22 (2) by the subscriber's employer:

23 (a) on or before the coverage of a subscriber's dependent terminates
24 at the specific age as provided in the contract;

25 (b) at the time coverage of the dependent is no longer provided
26 pursuant to this section because the dependent is disqualified for
27 dependent status as set forth in subsection a. of this section, except
28 this employer notice shall not be required when a dependent no longer
29 qualifies based upon paragraphs (1) or (3) of subsection a. of this
30 section;

31 (c) before any open enrollment period permitting a dependent to
32 make a written election for coverage pursuant to subsection c. of this
33 section; and

34 (d) immediately following the effective date of this section, with
35 respect to information concerning a dependent's opportunity, for 12
36 months after the effective date of the section, to make a written
37 election to reinstate coverage under a contract pursuant to paragraph
38 (2) of subsection c. of this section⁴.

39 ⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all]
40 those⁴ contracts in which the medical service corporation has reserved
41 the right to change the premium.

42
43 3. ⁴[An individual or group] a. As used in this section,
44 "dependent" means a subscriber's child by blood or by law who:

45 (1) is less than 30 years of age;

46 (2) is unmarried;

47 (3) has no dependent of his own;

1 (4) is a resident of this State or is enrolled as a full-time student at
2 an accredited public or private institution of higher education; and

3 (5) is not actually provided coverage as a named subscriber,
4 insured, enrollee, or covered person under any other group or
5 individual health benefits plan, group health plan, church plan or health
6 benefits plan, or entitled to benefits under Title XVIII of the Social
7 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

8 b. (1) A⁴ health service corporation contract that provides
9 ⁴[hospital or medical expense benefits that] coverage for a
10 subscriber's dependent under which coverage of the dependent
11 terminates at a specific age before the dependent's 30th birthday, and⁴
12 is delivered, issued, executed or renewed in this State pursuant to
13 P.L.1985, c.236 (C.17:48E-1 et seq.), or approved for issuance or
14 renewal in this State by the Commissioner of Banking and Insurance
15 on or after the effective date of this ¹[act] section¹, ⁴[under which
16 coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the
17 option of the insured, continue to] upon application of the dependent
18 as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a]
19 the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified]
20 specific⁴ age, ⁴[provided that the dependent is under the age of 30
21 ¹[and],¹ ² is a resident of the State,² has no dependent of his or her
22 own ¹and is not eligible for coverage under a group health benefits
23 plan, group health plan, governmental plan, church plan, or Part A or
24 Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et
25 seq.) ²or any health benefits plan, other than an individual health
26 benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until
27 the dependent's 30th birthday.

28 (2) Nothing herein shall be construed to require:

29 (a) coverage for services provided to a dependent before the
30 effective date of this section; or

31 (b) that an employer pay all or part of the cost of coverage for a
32 dependent as provided pursuant to this section⁴ .

33 ⁴[An insured may exercise this option for coverage of a dependent
34 eligible pursuant to this section ²within 20 months of the effective
35 date of this section, or thereafter,² only during an open enrollment
36 period, except that the insured may exercise this option at any time
37 that the dependent becomes eligible as a result of termination from
38 employment and loss of group health coverage with the terminating
39 employer¹ . ²The health service corporation may require as a condition
40 of providing this coverage that the insured elect the coverage for the
41 dependent for a period of at least one year.²

42 ³[The health service corporation may assess the insured an
43 additional premium, and a service charge not to exceed 3% of the
44 premium, for the coverage for the dependent, if the insured elects the
45 coverage required to be offered by the health service corporation
46 pursuant to this section ², which additional premium and service charge

1 shall be paid by payroll deduction if the insured currently pays his
2 premium contribution by payroll deduction. If the health service
3 corporation does not assess the insured an additional premium,
4 coverage shall be provided to a dependent under 30 pursuant to this
5 section on the same basis and for the same service charge as for any
6 other covered dependent. If the health service corporation assesses the
7 insured an additional premium, then either that premium shall be equal
8 to or less than 50% of the average charge assessed for a single insured,
9 or the health service corporation shall file the premium to be charged
10 when dependent coverage is elected pursuant to this section with the
11 Commissioner of Banking and Insurance, along with a justification by
12 a qualified actuary of the reasonableness of the premium. The
13 commissioner shall disapprove the premium if it is not reasonable in
14 relation to the premium for coverage of other insureds or their
15 dependents²] The health service corporation may request approval
16 from the commissioner for an additional premium to be assessed on the
17 insured if the insured elects coverage pursuant to this section, but the
18 commissioner shall disapprove the request for an additional premium
19 if the premium for coverage pursuant to this section exceeds 100% of
20 the premium for any other dependent from birth to age 30 under the
21 policy or contract.

22 If the insured elects coverage for a dependent pursuant to this
23 section and the insured obtains coverage through the insured's
24 employer, the employer may assess the insured a service charge not to
25 exceed 3% of the premium for the coverage of the dependent. Nothing
26 in this section shall obligate an insured's employer to pay the premium
27 for an insured who elects coverage for a dependent pursuant to this
28 section³]

29 c. (1) A dependent covered by a subscriber's contract, which
30 coverage under the contract terminates at a specific age before the
31 dependent's 30th birthday, may make a written election for coverage
32 as a dependent pursuant to this section, until the dependent's 30th
33 birthday:

34 (a) within 30 days prior to the termination of coverage at the
35 specific age provided in the contract;

36 (b) within 30 days after meeting the requirements for dependent
37 status as set forth in subsection a. of this section, when coverage for
38 the dependent under the contract previously terminated; or

39 (c) during an open enrollment period, as provided pursuant to the
40 contract, if the dependent meets the requirements for dependent status
41 as set forth in subsection a. of this section during the open enrollment
42 period.

43 (2) For 12 months after the effective date of this section, a
44 dependent who qualifies for dependent status as set forth in subsection
45 a. of this section, but whose coverage as a dependent under a
46 subscriber's contract terminated under the terms of the contract prior
47 to the effective date of this section, may make a written election to

1 reinstate coverage under that contract as a dependent pursuant to this
2 section.

3 d. (1) Coverage for a dependent who makes a written election for
4 coverage pursuant to subsection c. of this section shall consist of
5 coverage which is identical to the coverage provided to that dependent
6 prior to the termination of coverage at the specific age provided in the
7 contract. If coverage is modified under the contract for any similarly
8 situated dependents for coverage prior to the termination of coverage
9 at the specific age provided in the contract, the coverage shall also be
10 modified in the same manner for the dependent.

11 (2) Coverage for a dependent who makes a written election for
12 coverage pursuant to subsection c. of this section shall not be
13 conditioned upon, or discriminate on the basis of, lack of evidence of
14 insurability.

15 e. (1) The subscriber's contract may require payment of a premium
16 by the subscriber or dependent, as appropriate, subject to the approval
17 of the Commissioner of Banking and Insurance, for any period of
18 coverage relating to a dependent's written election for coverage
19 pursuant to subsection c. of this section. The premium shall not
20 exceed 102% of the applicable portion of the premium previously paid
21 for that dependent's coverage under the contract prior to the
22 termination of coverage at the specific age provided in the contract.

23 (2) The applicable portion of the premium previously paid for the
24 dependent's coverage under the contract shall be determined pursuant
25 to regulations promulgated by the Commissioner of Banking and
26 Insurance, based upon the difference between the contract's rating tiers
27 for adult and dependent coverage or family coverage, as appropriate,
28 and single coverage, or based upon any other formula or dependent
29 rating tier deemed appropriate by the commissioner which provides a
30 substantially similar result.

31 (3) Payments of the premium may, at the election of the payor, be
32 made in monthly installments.

33 f. Coverage for a dependent provided pursuant to this section shall
34 be provided until the earlier of the following:

35 (1) the dependent is disqualified for dependent status as set forth in
36 subsection a. of this section;

37 (2) the date on which coverage ceases under the contract by reason
38 of a failure to make a timely payment of any premium required under
39 the contract by the subscriber or dependent for coverage provided
40 pursuant to this section. The payment of any premium shall be
41 considered to be timely if made within 30 days after the due date or
42 within a longer period as may be provided for by the contract; or

43 (3) the date upon which the employer under whose contract
44 coverage is provided to a dependent ceases to provide coverage to the
45 subscriber.

46 Nothing herein shall be construed to permit a health service
47 corporation to refuse a written election for coverage by a dependent

1 pursuant to subsection c. of this section, based upon the dependent's
2 prior disqualification pursuant to paragraph (1) of this subsection.

3 g. Notice regarding coverage for a dependent as provided pursuant
4 to this section shall be provided to a subscriber:

5 (1) in the certificate of coverage prepared for subscribers by the
6 health service corporation on or about the date of commencement of
7 coverage; and

8 (2) by the subscriber's employer:

9 (a) on or before the coverage of a subscriber's dependent terminates
10 at the specific age as provided in the contract;

11 (b) at the time coverage of the dependent is no longer provided
12 pursuant to this section because the dependent is disqualified for
13 dependent status as set forth in subsection a. of this section, except
14 this employer notice shall not be required when a dependent no longer
15 qualifies based upon paragraphs (1) or (3) of subsection a. of this
16 section;

17 (c) before any open enrollment period permitting a dependent to
18 make a written election for coverage pursuant to subsection c. of this
19 section; and

20 (d) immediately following the effective date of this section, with
21 respect to information concerning a dependent's opportunity, for 12
22 months after the effective date of the section, to make a written
23 election to reinstate coverage under a contract pursuant to paragraph
24 (2) of subsection c. of this section⁴ .

25 ⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all]
26 those⁴ contracts in which the health service corporation has reserved
27 the right to change the premium.

28
29 ⁴[4. An individual health insurance policy that provides hospital or
30 medical expense benefits that is delivered, issued, executed or renewed
31 in this State pursuant to chapter 26 of Title 17B of the New Jersey
32 Statutes, or approved for issuance or renewal in this State by the
33 Commissioner of Banking and Insurance on or after the effective date
34 of this ¹[act] section, under which coverage of a dependent terminates
35 at a specified age,¹ shall, at the option of the insured, continue to
36 provide coverage to a dependent of the insured beyond that specified
37 age, provided that the dependent is under the age of 30 ¹[and],¹ ²is
38 a resident of the State,² has no dependent of his or her own ¹and is
39 not eligible for coverage under a group health benefits plan, group
40 health plan, governmental plan, church plan, or Part A or Part B of
41 Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or
42 any health benefits plan, other than an individual health benefits plan
43 pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)² .

44 An insured may exercise this option for coverage of a dependent
45 eligible pursuant to this section ²within 20 months of the effective
46 date of this section, or thereafter,² only during an open enrollment
47 period, except that the insured may exercise this option at any time

1 that the dependent becomes eligible as a result of termination from
2 employment and loss of group health coverage with the terminating
3 employer¹. ²The insurer may require as a condition of providing this
4 coverage that the insured elect the coverage for the dependent for a
5 period of at least one year.²

6 ³[The insurer may assess the insured an additional premium, and a
7 service charge not to exceed 3% of the premium, for the coverage for
8 the dependent, if the insured elects the coverage required to be offered
9 by the insurer pursuant to this section ²,which additional premium and
10 service charge shall be paid by payroll deduction if the insured
11 currently pays his premium contribution by payroll deduction. If the
12 insurer does not assess the insured an additional premium, coverage
13 shall be provided to a dependent under 30 pursuant to this section on
14 the same basis and for the same service charge as for any other
15 covered dependent. If the insurer assesses the insured an additional
16 premium, then either that premium shall be equal to or less than 50%
17 of the average charge assessed for a single insured, or the insurer shall
18 file the premium to be charged when dependent coverage is elected
19 pursuant to this section with the Commissioner of Banking and
20 Insurance, along with a justification by a qualified actuary of the
21 reasonableness of the premium. The commissioner shall disapprove the
22 premium if it is not reasonable in relation to the premium for coverage
23 of other insureds or their dependents²] The insurer may request
24 approval from the commissioner for an additional premium to be
25 assessed on the insured if the insured elects coverage pursuant to this
26 section, but the commissioner shall disapprove the request for an
27 additional premium if the premium for coverage pursuant to this
28 section exceeds 100% of the premium for any other dependent from
29 birth to age 30 under the policy or contract.

30 If the insured elects the coverage for a dependent pursuant to this
31 section and the insured obtains coverage through the insured's
32 employer, the employer may assess the insured a service charge not to
33 exceed 3% of the premium for the coverage of the dependent. Nothing
34 in this section shall obligate an insured's employer to pay the premium
35 for an insured who elects coverage for a dependent pursuant to this
36 section³.

37 The provisions of this section shall apply to all policies in which the
38 insurer has reserved the right to change the premium.]⁴

39

40 ⁴[5.] 4. a. As used in this section, "dependent" means an
41 insured's child by blood or by law who:

42 (1) is less than 30 years of age;

43 (2) is unmarried;

44 (3) has no dependent of his own;

45 (4) is a resident of this State or is enrolled as a full-time student at
46 an accredited public or private institution of higher education; and

47 (5) is not actually provided coverage as a named subscriber,

1 insured, enrollee, or covered person under any other group or
2 individual health benefits plan, group health plan, church plan or health
3 benefits plan, or entitled to benefits under Title XVIII of the Social
4 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

5 b. (1)⁴ A group health insurance policy that provides ⁴[hospital or
6 medical expense benefits that] coverage for an insured's dependent
7 under which coverage of the dependent terminates at a specific age
8 before the dependent's 30th birthday, and⁴ is delivered, issued,
9 executed or renewed in this State pursuant to chapter 27 of Title 17B
10 of the New Jersey Statutes, or approved for issuance or renewal in this
11 State by the Commissioner of Banking and Insurance on or after the
12 effective date of this ¹[act] section¹, ⁴[under which coverage of a
13 dependent terminates at a specified age,]⁴ shall, ⁴[at the option of the
14 insured, continue to] upon application of the dependent as set forth in
15 subsection c. of this section,⁴ provide coverage to ⁴[a] the⁴ dependent
16 ⁴[of the insured beyond] after⁴ that ⁴[specified] specific ⁴age,
17 ⁴[provided that the dependent is under the age of 30 ¹[and],¹ ²is a
18 resident of the State,² has no dependent of his or her own ¹and is not
19 eligible for coverage under a group health benefits plan, group health
20 plan, governmental plan, church plan, or Part A or Part B of Title
21 XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any
22 health benefits plan, other than an individual health benefits plan
23 pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the
24 dependent's 30th birthday.

25 (2) Nothing herein shall be construed to require:

26 (a) coverage for services provided to a dependent before the
27 effective date of this section; or

28 (b) that an employer pay all or part of the cost of coverage for a
29 dependent as provided pursuant to this section⁴ .

30 ⁴[An insured may exercise this option for coverage of a dependent
31 eligible pursuant to this section ²within 20 months of the effective
32 date of this section, or thereafter,² only during an open enrollment
33 period, except that the insured may exercise this option at any time
34 that the dependent becomes eligible as a result of termination from
35 employment and loss of group health coverage with the terminating
36 employer¹. ²The insurer may require as a condition of providing this
37 coverage that the insured elect the coverage for the dependent for a
38 period of at least one year.²

39 ³[The insurer may assess the insured an additional premium, and a
40 service charge not to exceed 3% of the premium, for the coverage for
41 the dependent, if the insured elects the coverage required to be offered
42 by the insurer pursuant to this section ², which additional premium and
43 service charge shall be paid by payroll deduction if the insured
44 currently pays his premium contribution by payroll deduction. If the
45 insurer does not assess the insured an additional premium, coverage
46 shall be provided to a dependent under 30 pursuant to this section on

1 the same basis and for the same service charge as for any other
2 covered dependent. If the insurer assesses the insured an additional
3 premium, then either that premium shall be equal to or less than 50%
4 of the average charge assessed for a single insured, or the insurer shall
5 file the premium to be charged when dependent coverage is elected
6 pursuant to this section with the Commissioner of Banking and
7 Insurance, along with a justification by a qualified actuary of the
8 reasonableness of the premium. The commissioner shall disapprove the
9 premium if it is not reasonable in relation to the premium for coverage
10 of other insureds or their dependents²] The insurer may request
11 approval from the commissioner for an additional premium to be
12 assessed on the insured if the insured elects coverage pursuant to this
13 section, but the commissioner shall disapprove the request for an
14 additional premium if the premium for coverage pursuant to this
15 section exceeds 100% of the premium for any other dependent from
16 birth to age 30 under the policy or contract.

17 If the insured elects the coverage for a dependent pursuant to this
18 section and the insured obtains coverage through the insured's
19 employer, the employer may assess the insured a service charge not to
20 exceed 3% of the premium for the coverage of the dependent. Nothing
21 in this section shall obligate an insured's employer to pay the premium
22 for an insured who elects coverage for a dependent pursuant to this
23 section³]

24 c. (1) A dependent covered by an insured's policy, which coverage
25 under the policy terminates at a specific age before the dependent's
26 30th birthday, may make a written election for coverage as a
27 dependent pursuant to this section, until the dependent's 30th birthday:

28 (a) within 30 days prior to the termination of coverage at the
29 specific age provided in the policy;

30 (b) within 30 days after meeting the requirements for dependent
31 status as set forth in subsection a. of this section, when coverage for
32 the dependent under the policy previously terminated; or

33 (c) during an open enrollment period, as provided pursuant to the
34 policy, if the dependent meets the requirements for dependent status
35 as set forth in subsection a. of this section during the open enrollment
36 period.

37 (2) For 12 months after the effective date of this section, a
38 dependent who qualifies for dependent status as set forth in subsection
39 a. of this section, but whose coverage as a dependent under an
40 insured's policy terminated under the terms of the policy prior to the
41 effective date of this section, may make a written election to reinstate
42 coverage under that policy as a dependent pursuant to this section.

43 d. (1) Coverage for a dependent who makes a written election for
44 coverage pursuant to subsection c. of this section shall consist of
45 coverage which is identical to the coverage provided to that dependent
46 prior to the termination of coverage at the specific age provided in the
47 policy. If coverage is modified under the policy for any similarly

1 situated dependents for coverage prior to the termination of coverage
2 at the specific age provided in the policy, the coverage shall also be
3 modified in the same manner for the dependent.

4 (2) Coverage for a dependent who makes a written election for
5 coverage pursuant to subsection c. of this section shall not be
6 conditioned upon, or discriminate on the basis of, lack of evidence of
7 insurability.

8 e. (1) The insured's policy may require payment of a premium by
9 the insured or dependent, as appropriate, subject to the approval of the
10 Commissioner of Banking and Insurance, for any period of coverage
11 relating to a dependent's written election for coverage pursuant to
12 subsection c. of this section. The premium shall not exceed 102% of
13 the applicable portion of the premium previously paid for that
14 dependent's coverage under the policy prior to the termination of
15 coverage at the specific age provided in the policy.

16 (2) The applicable portion of the premium previously paid for the
17 dependent's coverage under the policy shall be determined pursuant to
18 regulations promulgated by the Commissioner of Banking and
19 Insurance, based upon the difference between the policy's rating tiers
20 for adult and dependent coverage or family coverage, as appropriate,
21 and single coverage, or based upon any other formula or dependent
22 rating tier deemed appropriate by the commissioner which provides a
23 substantially similar result.

24 (3) Payments of the premium may, at the election of the payor, be
25 made in monthly installments.

26 f. Coverage for a dependent provided pursuant to this section shall
27 be provided until the earlier of the following:

28 (1) the dependent is disqualified for dependent status as set forth in
29 subsection a. of this section;

30 (2) the date on which coverage ceases under the policy by reason
31 of a failure to make a timely payment of any premium required under
32 the policy by the insured or dependent for coverage provided pursuant
33 to this section. The payment of any premium shall be considered to be
34 timely if made within 30 days after the due date or within a longer
35 period as may be provided for by the policy; or

36 (3) the date upon which the employer under whose policy coverage
37 is provided to a dependent ceases to provide coverage to the insured.

38 Nothing herein shall be construed to permit an insurer to refuse a
39 written election for coverage by a dependent pursuant to subsection
40 c. of this section, based upon the dependent's prior disqualification
41 pursuant to paragraph (1) of this subsection.

42 g. Notice regarding coverage for a dependent as provided pursuant
43 to this section shall be provided to an insured:

44 (1) in the certificate of coverage prepared for insureds by the
45 insurer on or about the date of commencement of coverage; and

46 (2) by the insured's employer:

47 (a) on or before the coverage of an insured's dependent terminates

1 at the specific age as provided in the policy;

2 (b) at the time coverage of the dependent is no longer provided
3 pursuant to this section because the dependent is disqualified for
4 dependent status as set forth in subsection a. of this section, except
5 this employer notice shall not be required when a dependent no longer
6 qualifies based upon paragraphs (1) or (3) of subsection a. of this
7 section;

8 (c) before any open enrollment period permitting a dependent to
9 make a written election for coverage pursuant to subsection c. of this
10 section; and

11 (d) immediately following the effective date of this section, with
12 respect to information concerning a dependent's opportunity, for 12
13 months after the effective date of the section, to make a written
14 election to reinstate coverage under a policy pursuant to paragraph (2)
15 of subsection c. of this section⁴ .

16 ⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all]
17 those⁴ policies in which the insurer has reserved the right to change
18 the premium.

19
20 ⁴[6. An individual health benefits plan that provides hospital or
21 medical expense benefits that is delivered, issued, executed or renewed
22 in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.) or
23 approved for issuance or renewal in this State by the Commissioner of
24 Banking and Insurance on or after the effective date of this ¹[act]
25 section¹, under which coverage of a dependent terminates at a
26 specified age, shall, at the option of the insured, continue to provide
27 coverage to a dependent of the insured beyond that specified age,
28 provided that the dependent is under the age of 30 ¹[and],¹ ²is a
29 resident of the State,² has no dependent of his or her own ¹and is not
30 eligible for coverage under a group health benefits plan, group health
31 plan, governmental plan, church plan, or Part A or Part B of Title
32 XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any
33 health benefits plan, other than an individual health benefits plan
34 pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)² .

35 An insured may exercise this option for coverage of a dependent
36 eligible pursuant to this section ²within 20 months of the effective
37 date of this section, or thereafter, ² only during an open enrollment
38 period, except that the insured may exercise this option at any time
39 that the dependent becomes eligible as a result of termination from
40 employment and loss of group health coverage with the terminating
41 employer¹. ²The carrier may require as a condition of providing this
42 coverage that the insured elect the coverage for the dependent for a
43 period of at least one year.²

44 ³[The carrier may assess the insured an additional premium, and a
45 service charge not to exceed 3% of the premium, for the coverage for
46 the dependent, if the insured elects the coverage required to be offered
47 by the carrier pursuant to this section ²,which additional premium and

1 service charge shall be paid by payroll deduction if the insured
2 currently pays his premium contribution by payroll deduction. If the
3 carrier does not assess the insured an additional premium, coverage
4 shall be provided to a dependent under 30 pursuant to this section on
5 the same basis and for the same service charge as for any other
6 covered dependent. If the carrier assesses the insured an additional
7 premium, then either that premium shall be equal to or less than 50%
8 of the average charge assessed for a single insured, or the carrier shall
9 file the premium to be charged when dependent coverage is elected
10 pursuant to this section with the Commissioner of Banking and
11 Insurance, along with a justification by a qualified actuary of the
12 reasonableness of the premium. The commissioner shall disapprove the
13 premium if it is not reasonable in relation to the premium for coverage
14 of other insureds or their dependents²] The carrier may request
15 approval from the commissioner for an additional premium to be
16 assessed on the insured if the insured elects coverage pursuant to this
17 section, but the commissioner shall disapprove the request for an
18 additional premium if the premium for coverage pursuant to this
19 section exceeds 100% of the premium for any other dependent from
20 birth to age 30 under the policy or contract.

21 If the insured elects the coverage for a dependent pursuant to this
22 section and the insured obtains coverage through the insured's
23 employer, the employer may assess the insured a service charge not to
24 exceed 3% of the premium for the coverage of the dependent. Nothing
25 in this section shall obligate an insured's employer to pay the premium
26 for an insured who elects coverage for a dependent pursuant to this
27 section³.

28 The provisions of this section shall apply to all individual health
29 benefits plans in which the carrier has reserved the right to change the
30 premium.]⁴

31
32 ⁴[7.] 5. a. As used in this section, "dependent" means a covered
33 person's child by blood or by law who:

34 (1) is less than 30 years of age;

35 (2) is unmarried;

36 (3) has no dependent of his own;

37 (4) is a resident of this State or is enrolled as a full-time student at
38 an accredited public or private institution of higher education; and

39 (5) is not actually provided coverage as a named subscriber,
40 insured, enrollee, or covered person under any other group or
41 individual health benefits plan, group health plan, church plan or health
42 benefits plan, or entitled to benefits under Title XVIII of the Social
43 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

44 b. (1)⁴ A small employer health benefits plan that provides
45 ⁴[hospital or medical expense benefits that] coverage for a covered
46 person's dependent under which coverage of the dependent terminates
47 at a specific age before the dependent's 30th birthday, and⁴ is

1 delivered, issued, executed or renewed in this State pursuant to
2 P.L.1992, c.162 (C.17B:27A-17 et seq.) or approved for issuance or
3 renewal in this State by the Commissioner of Banking and Insurance
4 on or after the effective date of this ¹[act] section¹, ⁴[under which
5 coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the
6 option of the insured, continue to] upon application of the dependent
7 as set forth in subsection c. of this section.⁴ provide coverage to ⁴[a
8 the⁴ dependent ⁴[of the insured beyond] after ⁴that ⁴[specified]
9 specific⁴ age, ⁴[provided that the dependent is under the age of 30
10 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her
11 own ¹and is not eligible for coverage under a group health benefits
12 plan, group health plan, governmental plan, church plan, or Part A or
13 Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et
14 seq.) ²or any health benefits plan, other than an individual health
15 benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)² until
16 the dependent's 30th birthday.

17 (2) Nothing herein shall be construed to require:

18 (a) coverage for services provided to a dependent before the
19 effective date of this section; or

20 (b) that an employer pay all or part of the cost of coverage for a
21 dependent as provided pursuant to this section⁴ .

22 ⁴[An insured may exercise this option for coverage of a dependent
23 eligible pursuant to this section ²within 20 months of the effective
24 date of this section, or thereafter,² only during an open enrollment
25 period, except that the insured may exercise this option at any time
26 that the dependent becomes eligible as a result of termination from
27 employment and loss of group health coverage with the terminating
28 employer¹ . ²The carrier may require as a condition of providing this
29 coverage that the insured elect the coverage for the dependent for a
30 period of at least one year.²

31 ³[The carrier may assess the insured an additional premium, and a
32 service charge not to exceed 3% of the premium, for the coverage for
33 the dependent, if the insured elects the coverage required to be offered
34 by the carrier pursuant to this section ², which additional premium and
35 service charge shall be paid by payroll deduction if the insured
36 currently pays his premium contribution by payroll deduction. If the
37 carrier does not assess the insured an additional premium, coverage
38 shall be provided to a dependent under 30 pursuant to this section on
39 the same basis and for the same service charge as any other covered
40 dependent. If the carrier assesses the insured an additional premium,
41 then either that premium shall be equal to or less than 50% of the
42 average charge assessed for a single insured, or the carrier shall file the
43 premium to be charged when dependent coverage is elected pursuant
44 to this section with the Commissioner of Banking and Insurance, along
45 with a justification by a qualified actuary of the reasonableness of the
46 premium. The commissioner shall disapprove the premium if it is not

1 reasonable in relation to the premium for coverage of other insureds
2 or their dependents²]. The carrier may request approval from the
3 commissioner for an additional premium to be assessed on the insured
4 if the insured elects coverage pursuant to this section, but the
5 commissioner shall disapprove the request for an additional premium
6 if the premium for coverage pursuant to this section exceeds 100% of
7 the premium for any other dependent from birth to age 30 under the
8 policy or contract.

9 If the insured elects the coverage for a dependent pursuant to this
10 section and the insured obtains coverage through the insured's
11 employer, the employer may assess the insured a service charge not to
12 exceed 3% of the premium for the coverage of the dependent. Nothing
13 in this section shall obligate an insured's employer to pay the premium
14 for an insured who elects coverage for a dependent pursuant to this
15 section³]

16 c. (1) A dependent covered by a covered person's plan, which
17 coverage under the plan terminates at a specific age before the
18 dependent's 30th birthday, may make a written election for coverage
19 as a dependent pursuant to this section, until the dependent's 30th
20 birthday:

21 (a) within 30 days prior to the termination of coverage at the
22 specific age provided in the plan;

23 (b) within 30 days after meeting the requirements for dependent
24 status as set forth in subsection a. of this section, when coverage for
25 the dependent under the plan previously terminated; or

26 (c) during a 30 day period in each year following the year coverage
27 terminates at the specific age as provided in the plan, which period
28 shall begin on the anniversary date on which the dependent's coverage
29 terminates at the specific age as provided in the plan, if the dependent
30 meets the requirements for dependent status as set forth in subsection
31 a. of this section during the 30 day period.

32 (2) For 12 months after the effective date of this section, a
33 dependent who qualifies for dependent status as set forth in subsection
34 a. of this section, but whose coverage as a dependent under a covered
35 person's plan terminated under the terms of the plan prior to the
36 effective date of this section, may make a written election to reinstate
37 coverage under that plan as a dependent pursuant to this section.

38 d. (1) Coverage for a dependent who makes a written election for
39 coverage pursuant to subsection c. of this section shall consist of
40 coverage which is identical to the coverage provided to that dependent
41 prior to the termination of coverage at the specific age provided in the
42 plan. If coverage is modified under the plan for any similarly situated
43 dependents for coverage prior to the termination of coverage at the
44 specific age provided in the plan, the coverage shall also be modified
45 in the same manner for the dependent.

46 (2) Coverage for a dependent who makes a written election for
47 coverage pursuant to subsection c. of this section shall not be

1 conditioned upon, or discriminate on the basis of, lack of evidence of
2 insurability.

3 e. (1) The covered person's plan may require payment of a
4 premium by the covered person or dependent, as appropriate, subject
5 to the approval of the Commissioner of Banking and Insurance, for
6 any period of coverage relating to a dependent's written election for
7 coverage pursuant to subsection c. of this section. The premium shall
8 not exceed 102% of the applicable portion of the premium previously
9 paid for that dependent's coverage under the plan prior to the
10 termination of coverage at the specific age provided in the plan.

11 (2) The applicable portion of the premium previously paid for the
12 dependent's coverage under the plan shall be determined pursuant to
13 regulations promulgated by the Commissioner of Banking and
14 Insurance, based upon the difference between the plan's rating tiers for
15 adult and dependent coverage or family coverage, as appropriate, and
16 single coverage, or based upon any other formula or dependent rating
17 tier deemed appropriate by the commissioner which provides a
18 substantially similar result.

19 (3) Payments of the premium may, at the election of the payor, be
20 made in monthly installments.

21 f. Coverage for a dependent provided pursuant to this section shall
22 be provided until the earlier of the following:

23 (1) the dependent is disqualified for dependent status as set forth in
24 subsection a. of this section;

25 (2) the date on which coverage ceases under the plan by reason of
26 a failure to make a timely payment of any premium required under the
27 plan by the covered person or dependent for coverage provided
28 pursuant to this section. The payment of any premium shall be
29 considered to be timely if made within 30 days after the due date or
30 within a longer period as may be provided for by the plan; or

31 (3) the date upon which the employer under whose plan coverage
32 is provided to a dependent ceases to provide coverage to the covered
33 person.

34 Nothing herein shall be construed to permit a carrier to refuse a
35 written election for coverage by a dependent pursuant to subsection
36 c. of this section, based upon the dependent's prior disqualification
37 pursuant to paragraph (1) of this subsection.

38 g. Notice regarding coverage for a dependent as provided pursuant
39 to this section shall be provided to a covered person:

40 (1) in the certificate of coverage prepared for covered persons by
41 the carrier on or about the date of commencement of coverage; and

42 (2) by the covered person's employer:

43 (a) on or before the coverage of a covered person's dependent
44 terminates at the specific age as provided in the plan;

45 (b) at the time coverage of the dependent is no longer provided
46 pursuant to this section because the dependent is disqualified for
47 dependent status as set forth in subsection a. of this section, except

1 this employer notice shall not be required when a dependent no longer
 2 qualifies based upon paragraphs (1) or (3) of subsection a. of this
 3 section;

4 (c) before the 30 day period in each year following the year
 5 coverage terminates at the specific age as provided in the plan,
 6 permitting a dependent to make a written election for coverage
 7 pursuant to subsection c. of this section; and

8 (d) immediately following the effective date of this section, with
 9 respect to information concerning a dependent's opportunity, for 12
 10 months after the effective date of the section, to make a written
 11 election to reinstate coverage under a plan pursuant to paragraph (2)
 12 of subsection c. of this section⁴ .

13 ⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all small
 14 employer health benefits] those⁴ plans in which the carrier has
 15 reserved the right to change the premium.

16
 17 ⁴[8. A certificate of authority to establish and operate a] 6. a. As
 18 used in this section, "dependent" means an enrollee's child by blood or
 19 by law who:

20 (1) is less than 30 years of age;

21 (2) is unmarried;

22 (3) has no dependent of his own;

23 (4) is a resident of this State or is enrolled as a full-time student at
 24 an accredited public or private institution of higher education; and

25 (5) is not actually provided coverage as a named subscriber,
 26 insured, enrollee, or covered person under any other group or
 27 individual health benefits plan, group health plan, church plan or health
 28 benefits plan, or entitled to benefits under Title XVIII of the Social
 29 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

30 b. (1) A⁴ health maintenance organization ⁴contract that provides
 31 coverage for an enrollee's dependent under which coverage of the
 32 dependent terminates at a specific age before the dependent's 30th
 33 birthday, and is delivered, issued, executed or renewed⁴ in this State
 34 ⁴[shall not be issued or continued]⁴ pursuant to P.L.1973, c.337
 35 (C.26:2J-1 et seq.) ⁴[by the Commissioner of Health and Senior
 36 Services]⁴ on or after the effective date of this ¹[act] section¹ ⁴[for
 37 a health maintenance organization that provides health care services
 38 pursuant to a contract, under which coverage of a dependent
 39 terminates at a specified age unless the contract provides, at the option
 40 of the insured, continued coverage to a dependent of the insured
 41 beyond] , shall, upon the application of the dependent as set forth in
 42 subsection c. of this section, provide coverage to the dependent after⁴
 43 that ⁴[specified] specific⁴ age, ⁴[provided that the dependent is under
 44 the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent
 45 of his or her own ¹, and is not eligible for coverage under a group
 46 health benefits plan, group health plan, governmental plan, church

1 plan, or Part A or Part B of Title XVIII of the Social Security Act (42
2 U.S.C. s.1395 et seq.)² or any health benefits plan, other than an
3 individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-
4 2 et seq.)²] until the dependent's 30th birthday.

5 (2) Nothing herein shall be construed to require:

6 (a) coverage for services provided to a dependent before the
7 effective date of this section; or

8 (b) that an employer pay all or part of the cost of coverage for a
9 dependent as provided pursuant to this section⁴ .

10 ⁴[An insured may exercise this option for coverage of a dependent
11 eligible pursuant to this section² within 20 months of the effective
12 date of this section, or thereafter,² only during an open enrollment
13 period, except that the insured may exercise this option at any time
14 that the dependent becomes eligible as a result of termination from
15 employment and loss of group health coverage with the terminating
16 employer¹ .²The health maintenance organization may require as a
17 condition of providing this coverage that the insured elect the
18 coverage for the dependent for a period of at least one year.²

19 ³[The health maintenance organization may assess the enrollee an
20 additional premium, and a service charge not to exceed 3% of the
21 premium, for the coverage for the dependent, if the enrollee elects the
22 coverage required to be offered by the health maintenance
23 organization pursuant to this section², which additional premium and
24 service charge shall be paid by payroll deduction if the insured
25 currently pays his premium contribution by payroll deduction. If the
26 health maintenance organization does not assess the insured an
27 additional premium, coverage shall be provided to a dependent under
28 30 pursuant to this section on the same basis and for the same service
29 charge as for any other covered dependent. If the health maintenance
30 organization assesses the insured an additional premium, then either
31 that premium shall be equal to or less than 50% of the average charge
32 assessed for a single insured, or the health maintenance organization
33 shall file the premium to be charged when dependent coverage is
34 elected pursuant to this section with the Commissioner of Banking and
35 Insurance, along with a justification by a qualified actuary of the
36 reasonableness of the premium. The commissioner shall disapprove the
37 premium if it is not reasonable in relation to the premium for coverage
38 of other insureds or their dependents²] The health maintenance
39 organization may request approval from the commissioner for an
40 additional premium to be assessed on the insured if the insured elects
41 coverage pursuant to this section, but the commissioner shall
42 disapprove the request for an additional premium if the premium for
43 coverage pursuant to this section exceeds 100% of the premium for
44 any other dependent from birth to age 30 under the policy or contract.

45 If the insured elects the coverage for a dependent pursuant to this
46 section and the insured obtains coverage through the insured's
47 employer, the employer may assess the insured a service charge not to

1 exceed 3% of the premium for the coverage of the dependent. Nothing
2 in this section shall obligate an insured's employer to pay the premium
3 for an insured who elects coverage for a dependent pursuant to this
4 section³]

5 c. (1) A dependent covered by an enrollee's contract, which
6 coverage under the contract terminates at a specific age before the
7 dependent's 30th birthday, may make a written election for coverage
8 as a dependent pursuant to this section, until the dependent's 30th
9 birthday:

10 (a) within 30 days prior to the termination of coverage at the
11 specific age provided in the contract;

12 (b) within 30 days after meeting the requirements for dependent
13 status as set forth in subsection a. of this section, when coverage for
14 the dependent under the contract previously terminated; or

15 (c) during an open enrollment period, as provided pursuant to the
16 contract, if the dependent meets the requirements for dependent status
17 as set forth in subsection a. of this section during the open enrollment
18 period.

19 (2) For 12 months after the effective date of this section, a
20 dependent who qualifies for dependent status as set forth in subsection
21 a. of this section, but whose coverage as a dependent under an
22 enrollee's contract terminated under the terms of the contract prior to
23 the effective date of this section, may make a written election to
24 reinstate coverage under that contract as a dependent pursuant to this
25 section.

26 d. (1) Coverage for a dependent who makes a written election for
27 coverage pursuant to subsection c. of this section shall consist of
28 coverage which is identical to the coverage provided to that dependent
29 prior to the termination of coverage at the specific age provided in the
30 contract. If coverage is modified under the contract for any similarly
31 situated dependents for coverage prior to the termination of coverage
32 at the specific age provided in the contract, the coverage shall also be
33 modified in the same manner for the dependent.

34 (2) Coverage for a dependent who makes a written election for
35 coverage pursuant to subsection c. of this section shall not be
36 conditioned upon, or discriminate on the basis of, lack of evidence of
37 insurability.

38 e. (1) The enrollee's contract may require payment under the
39 schedule of charges by the enrollee or dependent, as appropriate,
40 subject to the approval of the Commissioner of Banking and
41 Insurance, for any period of coverage relating to a dependent's written
42 election for coverage pursuant to subsection c. of this section. The
43 payment shall not exceed 102% of the applicable portion of the
44 schedule of charges previously paid for that dependent's coverage
45 under the contract prior to the termination of coverage at the specific
46 age provided in the contract.

47 (2) The applicable portion of the schedule of charges previously

1 paid for the dependent's coverage under the contract shall be
2 determined pursuant to regulations promulgated by the Commissioner
3 of Banking and Insurance, based upon the difference between the
4 contract's rating tiers for adult and dependent coverage or family
5 coverage, as appropriate, and single coverage, or based upon any
6 other formula or dependent rating tier deemed appropriate by the
7 commissioner which provides a substantially similar result.

8 (3) Payments under the schedule of charges may, at the election of
9 the payor, be made in monthly installments.

10 f. Coverage for a dependent provided pursuant to this section shall
11 be provided until the earlier of the following:

12 (1) the dependent is disqualified for dependent status as set forth in
13 subsection a. of this section;

14 (2) the date on which coverage ceases under the contract by reason
15 of a failure to make a timely payment under any schedule of charges
16 required under the contract by the enrollee or dependent for coverage
17 provided pursuant to this section. The payment under any schedule of
18 charges shall be considered to be timely if made within 30 days after
19 the due date or within a longer period as may be provided for by the
20 contract; or

21 (3) the date upon which the employer under whose contract
22 coverage is provided to a dependent ceases to provide coverage to the
23 enrollee.

24 Nothing herein shall be construed to permit a health maintenance
25 organization to refuse a written election for coverage by a dependent
26 pursuant to subsection c. of this section, based upon the dependent's
27 prior disqualification pursuant to paragraph (1) of this subsection.

28 g. Notice regarding coverage for a dependent as provided pursuant
29 to this section shall be provided to an enrollee:

30 (1) in the certificate of coverage prepared for enrollees by the
31 health maintenance organization on or about the date of
32 commencement of coverage; and

33 (2) by the enrollee's employer:

34 (a) on or before the coverage of an enrollee's dependent terminates
35 at the specific age as provided in the contract;

36 (b) at the time coverage of the dependent is no longer provided
37 pursuant to this section because the dependent is disqualified for
38 dependent status as set forth in subsection a. of this section, except
39 this employer notice shall not be required when a dependent no longer
40 qualifies based upon paragraphs (1) or (3) of subsection a. of this
41 section;

42 (c) before any open enrollment period permitting a dependent to
43 make a written election for coverage pursuant to subsection c. of this
44 section; and

45 (d) immediately following the effective date of this section, with
46 respect to information concerning a dependent's opportunity, for 12
47 months after the effective date of the section, to make a written

1 election to reinstate coverage under a contract pursuant to paragraph
 2 (2) of subsection c. of this section⁴.

3 ⁴[The provisions of this] h. This⁴ section shall apply to [all
 4 those⁴ contracts ⁴[for health care services by] in which the⁴ health
 5 maintenance ⁴[organizations under which] organization has reserved⁴
 6 the right to change the schedule of charges ⁴[for enrollee coverage is
 7 reserved]⁴.

8
 9 ⁴[9.] 7. a. As used in this section, "dependent" means a covered
 10 person's child by blood or by law who:

11 (1) is less than 30 years of age;

12 (2) is unmarried;

13 (3) has no dependent of his own;

14 (4) is a resident of this State or is enrolled as a full-time student at
 15 an accredited public or private institution of higher education; and

16 (5) is not actually provided coverage as a named subscriber,
 17 insured, enrollee, or covered person under any other group or
 18 individual health benefits plan, group health plan, church plan or health
 19 benefits plan, or entitled to benefits under Title XVIII of the Social
 20 Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

21 b.⁴ The State Health Benefits Commission shall ensure that every
 22 contract purchased ⁴or renewed⁴ by the commission on or after the
 23 effective date of ⁴[this ¹[act] section¹ that provides dependent
 24 coverage shall not terminate coverage of ¹[the] an¹ unmarried
 25 dependent child ¹[who has a dependent of his or her own before his
 26 or her 30th birthday by reason of his or her age] provided that the
 27 unmarried dependent child is under the age of 30, ²is a resident of the
 28 State,² has no dependent of his or her own and is not eligible for
 29 coverage under a group health benefits plan, group health plan,
 30 governmental plan, church plan, or Part A or Part B of Title XVIII of
 31 the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health
 32 benefits plan, other than an individual health benefits plan pursuant to
 33 P.L.1992, c.161 (C.17:27A-2 et seq.).²

34 An insured may exercise this option for coverage of a dependent
 35 eligible pursuant to this section ²within 20 months of the effective
 36 date of this section, or thereafter,² only during an open enrollment
 37 period, except that the insured may exercise this option at any time
 38 that the dependent becomes eligible as a result of termination from
 39 employment and loss of group health coverage with the terminating
 40 employer¹. ²The State Health Benefits Commission may require as a
 41 condition of providing this coverage that the insured elect the
 42 coverage for the dependent for a period of at least one year.²]
 43 P.L. , c. (C.) (pending before the Legislature as this bill),
 44 prohibits the termination of coverage of a dependent before the
 45 dependent's 23rd birthday by reason of age, and complies with the
 46 provisions of P.L. , c. (C.) (pending before the Legislature as

1 this bill) concerning the coverage of a dependent by written election
2 until the dependent's 30th birthday.⁴ The cost of coverage pursuant
3 to this section shall be reimbursed by the employee to the New Jersey
4 State Health Benefits Program, in accordance with a rate to be
5 determined by the commission.

6 ⁴c. Nothing within this section shall be construed to : (1) prevent
7 any contract purchased or renewed by the commission from providing
8 coverage for a dependent which terminates at a specific age after the
9 dependent child's 23rd birthday; or (2) require coverage for services
10 provided to a dependent before the effective date of P.L. _____, c.
11 (C. _____) (pending before the Legislature as this bill).⁴

12
13 ⁴[10.] §.⁴ This act shall take effect on the ¹[90th] ²[150th¹]
14 120th² day after enactment ⁴, and shall apply to all contracts, policies,
15 or plans that are delivered, issued, executed or renewed, or approved
16 for issuance or renewal in this State on or after the effective date⁴.

17
18
19 _____
20
21 Requires health insurers and SHBP providing dependent coverage to
22 provide for election of coverage by certain dependents until their 30th
23 birthday.

ASSEMBLY, No. 3759

STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 7, 2005

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman LORETTA WEINBERG

District 37 (Bergen)

Assemblyman PATRICK DIEGNAN, JR.

District 18 (Middlesex)

Co-Sponsored by:

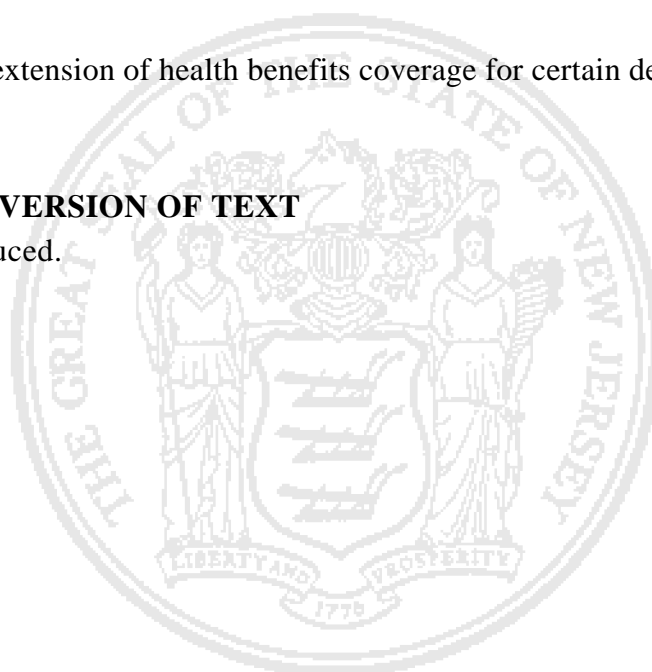
Assemblyman Manzo

SYNOPSIS

Requires extension of health benefits coverage for certain dependents up to age 30.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/15/2005)

1 AN ACT concerning extended health benefits coverage for certain
2 dependents and supplementing various parts of the statutory law.

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

6
7 1. An individual or group hospital service corporation contract that
8 provides hospital or medical expense benefits that is delivered, issued,
9 executed or renewed in this State pursuant to P.L.1938, c.366
10 (C.17:48-1 et seq.), or approved for issuance or renewal in this State
11 by the Commissioner of Banking and Insurance on or after the
12 effective date of this act, under which coverage of a dependent
13 terminates at a specified age, shall, at the option of the insured,
14 continue to provide coverage to a dependent of the insured beyond
15 that specified age, provided that the dependent is under the age of 30
16 and has no dependent of his or her own. The hospital service
17 corporation may assess the insured an additional premium, and a
18 service charge not to exceed 3% of the premium, for the coverage for
19 the dependent, if the insured elects the coverage required to be offered
20 by the hospital service corporation pursuant to this section.

21 The provisions of this section shall apply to all contracts in which
22 the hospital service corporation has reserved the right to change the
23 premium.

24
25 2. An individual or group medical service corporation contract that
26 provides hospital or medical expense benefits that is delivered, issued,
27 executed or renewed in this State pursuant to P.L.1940, c.74
28 (C.17:48A-1 et seq.), or approved for issuance or renewal in this State
29 by the Commissioner of Banking and Insurance on or after the
30 effective date of this act, under which coverage of a dependent
31 terminates at a specified age, shall, at the option of the insured,
32 continue to provide coverage to a dependent of the insured beyond
33 that specified age, provided that the dependent is under the age of 30
34 and has no dependent of his or her own. The medical service
35 corporation may assess the insured an additional premium, and a
36 service charge not to exceed 3% of the premium, for the coverage for
37 the dependent, if the insured elects the coverage required to be offered
38 by the medical service corporation pursuant to this section.

39 The provisions of this section shall apply to all contracts in which
40 the medical service corporation has reserved the right to change the
41 premium.

42
43 3. An individual or group health service corporation contract that
44 provides hospital or medical expense benefits that is delivered, issued,
45 executed or renewed in this State pursuant to P.L.1985, c.236
46 (C.17:48E-1 et seq.), or approved for issuance or renewal in this State

1 by the Commissioner of Banking and Insurance on or after the
2 effective date of this act, under which coverage of a dependent
3 terminates at a specified age, shall, at the option of the insured,
4 continue to provide coverage to a dependent of the insured beyond
5 that specified age, provided that the dependent is under the age of 30
6 and has no dependent of his or her own. The health service
7 corporation may assess the insured an additional premium, and a
8 service charge not to exceed 3% of the premium, for the coverage for
9 the dependent, if the insured elects the coverage required to be offered
10 by the health service corporation pursuant to this section.

11 The provisions of this section shall apply to all contracts in which
12 the health service corporation has reserved the right to change the
13 premium.

14

15 4. An individual health insurance policy that provides hospital or
16 medical expense benefits that is delivered, issued, executed or renewed
17 in this State pursuant to chapter 26 of Title 17B of the New Jersey
18 Statutes, or approved for issuance or renewal in this State by the
19 Commissioner of Banking and Insurance on or after the effective date
20 of this act, shall, at the option of the insured, continue to provide
21 coverage to a dependent of the insured beyond that specified age,
22 provided that the dependent is under the age of 30 and has no
23 dependent of his or her own. The insurer may assess the insured an
24 additional premium, and a service charge not to exceed 3% of the
25 premium, for the coverage for the dependent, if the insured elects the
26 coverage required to be offered by the insurer pursuant to this section.

27 The provisions of this section shall apply to all policies in which the
28 insurer has reserved the right to change the premium.

29

30 5. A group health insurance policy that provides hospital or
31 medical expense benefits that is delivered, issued, executed or renewed
32 in this State pursuant to chapter 27 of Title 17B of the New Jersey
33 Statutes, or approved for issuance or renewal in this State by the
34 Commissioner of Banking and Insurance on or after the effective date
35 of this act, under which coverage of a dependent terminates at a
36 specified age, shall, at the option of the insured, continue to provide
37 coverage to a dependent of the insured beyond that specified age,
38 provided that the dependent is under the age of 30 and has no
39 dependent of his or her own. The insurer may assess the insured an
40 additional premium, and a service charge not to exceed 3% of the
41 premium, for the coverage for the dependent, if the insured elects the
42 coverage required to be offered by the insurer pursuant to this section.

43 The provisions of this section shall apply to all policies in which the
44 insurer has reserved the right to change the premium.

45

46 6. An individual health benefits plan that provides hospital or
47 medical expense benefits that is delivered, issued, executed or renewed

1 in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.) or
2 approved for issuance or renewal in this State by the Commissioner of
3 Banking and Insurance on or after the effective date of this act, under
4 which coverage of a dependent terminates at a specified age, shall, at
5 the option of the insured, continue to provide coverage to a dependent
6 of the insured beyond that specified age, provided that the dependent
7 is under the age of 30 and has no dependent of his or her own. The
8 carrier may assess the insured an additional premium, and a service
9 charge not to exceed 3% of the premium, for the coverage for the
10 dependent, if the insured elects the coverage required to be offered by
11 the carrier pursuant to this section.

12 The provisions of this section shall apply to all individual health
13 benefits plans in which the carrier has reserved the right to change the
14 premium.

15

16 7. A small employer health benefits plan that provides hospital or
17 medical expense benefits that is delivered, issued, executed or renewed
18 in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) or
19 approved for issuance or renewal in this State by the Commissioner of
20 Banking and Insurance on or after the effective date of this act, under
21 which coverage of a dependent terminates at a specified age, shall, at
22 the option of the insured, continue to provide coverage to a dependent
23 of the insured beyond that specified age, provided that the dependent
24 is under the age of 30 and has no dependent of his or her own. The
25 carrier may assess the insured an additional premium, and a service
26 charge not to exceed 3% of the premium, for the coverage for the
27 dependent, if the insured elects the coverage required to be offered by
28 the carrier pursuant to this section.

29 The provisions of this section shall apply to all small employer
30 health benefits plans in which the carrier has reserved the right to
31 change the premium.

32

33 8. A certificate of authority to establish and operate a health
34 maintenance organization in this State shall not be issued or continued
35 pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.) by the Commissioner
36 of Health and Senior Services on or after the effective date of this act
37 for a health maintenance organization that provides health care
38 services pursuant to a contract, under which coverage of a dependent
39 terminates at a specified age unless the contract provides, at the option
40 of the insured, continued coverage to a dependent of the insured
41 beyond that specified age, provided that the dependent is under the
42 age of 30 and has no dependent of his or her own. The health
43 maintenance organization may assess the enrollee an additional
44 premium, and a service charge not to exceed 3% of the premium, for
45 the coverage for the dependent, if the enrollee elects the coverage
46 required to be offered by the health maintenance organization pursuant
47 to this section.

1 The provisions of this section shall apply to all contracts for health
2 care services by health maintenance organizations under which the
3 right to change the schedule of charges for enrollee coverage is
4 reserved.

5
6 9. The State Health Benefits Commission shall ensure that every
7 contract purchased by the commission on or after the effective date of
8 this act that provides dependent coverage shall not terminate coverage
9 of the unmarried dependent child who has a dependent of his or her
10 own before his or her 30th birthday by reason of his or her age. The
11 cost of coverage pursuant to this section shall be reimbursed by the
12 employee to the New Jersey State Health Benefits Program, in
13 accordance with a rate to be determined by the commission.

14
15 10. This act shall take effect on the 90th day after enactment.

16
17 STATEMENT

18
19 This bill extends up to age 30 the coverage provided to certain
20 dependents under health benefits plans issued by health insurers,
21 including hospital service corporations, medical service corporations,
22 health service corporations, commercial insurers, health maintenance
23 organizations and health benefits plans issued pursuant to the New
24 Jersey Individual Health Coverage Program, the New Jersey Small
25 Employer Health Benefits Program and the New Jersey State Health
26 Benefits Program.

27 Generally, under the majority of health benefits plans, health
28 benefits coverage for a dependent terminates at age 19. The New
29 Jersey State Health Benefits Program provides coverage for certain
30 dependents up to age 23. However, dependents may need coverage
31 past the ages of 19 and 23, as they may be unable to afford their own
32 coverage, given the rising costs of health care coverage.

33 This bill addresses that situation by requiring that insurers extend
34 these benefits, at the option of the insured, to a dependent of the
35 insured, provided that the dependent is under the age of 30 and has no
36 dependents of his or her own. Health benefits plans providing this
37 additional coverage may assess an additional premium to the insured
38 for the coverage, and a service charge not to exceed 3% of the
39 premium.

40 The bill requires the State Health Benefits Commission to ensure
41 that every contract purchased by the commission on or after the
42 effective date of the bill that provides dependent coverage shall not
43 terminate coverage of an unmarried dependent child before his or her
44 30th birthday by reason of his or her age. The public sector employee
45 must reimburse the cost of this coverage to the New Jersey State
46 Health Benefits Program, in accordance with a rate to be determined
47 by the commission.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3759

STATE OF NEW JERSEY

DATED: FEBRUARY 7, 2005

The Assembly Financial Institutions and Insurance Committee reports favorably Assembly Bill No. 3759.

This bill extends up to age 30 the coverage provided to certain dependents under health benefits plans issued by health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Individual Health Coverage Program, the New Jersey Small Employer Health Benefits Program and the New Jersey State Health Benefits Program.

Generally, under the majority of health benefits plans, health benefits coverage for a dependent terminates at age 19. The New Jersey State Health Benefits Program provides coverage for certain dependents up to age 23. However, dependents may need coverage past the ages of 19 and 23, as they may be unable to afford their own coverage, given the rising costs of health care coverage.

This bill addresses that situation by requiring that insurers extend these benefits, at the option of the insured, to a dependent of the insured, provided that the dependent is under the age of 30 and has no dependents of his or her own. Health benefits plans providing this additional coverage may assess an additional premium to the insured for the coverage, and a service charge not to exceed 3% of the premium.

The bill requires the State Health Benefits Commission to ensure that every contract purchased by the commission on or after the effective date of the bill that provides dependent coverage shall not terminate coverage of an unmarried dependent child, who has no dependent of his or her own, before his or her 30th birthday by reason of his or her age. The employee must reimburse the cost of this coverage to the New Jersey State Health Benefits Program, in accordance with a rate to be determined by the commission.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[Third Reprint]

ASSEMBLY, No. 3759

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 5, 2005

The Senate Commerce Committee reports favorably and with committee amendments Assembly Bill No. 3759 (3R).

This bill, as amended by the committee, requires health insurers to provide for an election of continued coverage by certain dependents, following the termination of dependent coverage at the time the dependents "age-out" of coverage, until their 30th birthday, under health benefits plans issued by health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Small Employer Health Benefits Program, and the New Jersey State Health Benefits Program. Nothing within the provisions of the bill would require an employer to pay all or part of the cost of coverage for any election of this continued coverage.

In order to qualify as a "dependent" for purposes of electing coverage pursuant to the bill, the individual must be: (1) less than 30 years of age; (2) unmarried; (3) without a dependent of his own; (4) a resident of this State or enrolled as a full-time student at an accredited institution of higher education; and (5) not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.). The intent of the phrase "actually provided coverage" concerning a dependent's coverage under another plan as the named subscriber, insured, enrollee, or covered person, is to only remove a dependent from coverage as provided under the bill once the individual can receive immediate services under another plan, and not when merely eligible to obtain coverage under another plan.

A dependent may elect coverage within 30 days prior to "aging-out" of plan coverage so that coverage immediately continues beyond the specific age set forth in the applicable plan. Alternatively, a dependent who previously "aged-out" of a plan and does not receive

coverage may, so long as the dependent meets the bill's requirements for dependent status, subsequently elect coverage under that plan, notwithstanding the gap in coverage, during specified time periods as provided in the bill.

In addition, a dependent previously provided continuation coverage under a plan pursuant to the bill, whose coverage subsequently terminates prior to the dependent's 30th birthday, may again elect coverage under that plan until the dependent's 30th birthday. As such, a health insurer is prohibited from refusing a written election for coverage based only upon the fact that the dependent previously elected and lost coverage under the applicable plan.

Any coverage provided to a dependent pursuant to an election of coverage under the bill must consist of coverage which is identical to the coverage provided to that dependent prior to the dependent "aging-out" of the plan. This coverage cannot be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

The applicable plan covering the dependent may require payment of a premium by either the named insured or the dependent for any period of elected coverage. This premium cannot exceed 102% of "the applicable portion" of the premium previously paid for that dependent's coverage under the plan prior to the dependent aging out of the contract. The formula to determine this applicable portion will be established by regulation, and, similar to dependent continuation coverage premiums calculated pursuant to federal COBRA, based upon the difference between the plan's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage; or the formula may be based upon some other formulation or dependent rating tier which provides a substantially similar result.

Any period of elected coverage by a dependent will terminate upon: 1) the dependent no longer meeting the bill's requirements for dependent status; 2) the failure to make a timely payment for any applicable premium; or 3) the plan's named insured losing coverage under the contract.

Finally, with respect to the State Health Benefits Program, the State Health Benefits Commission must ensure that, on or after the effective date of the bill, every contract purchased by the commission that provides dependent coverage does not terminate such coverage by reason of age before the dependent's 23th birthday, and otherwise complies with the provisions of the bill for elections of coverage until the dependent's 30th birthday. Public employees must reimburse the cost of the coverage provided pursuant to the bill to the New Jersey State Health Benefits Program, in accordance with a rate to be determined by the commission.

STATEMENT TO
ASSEMBLY, No. 3759

with Assembly Floor Amendments
(Proposed By Assemblyman COHEN)

ADOPTED: FEBRUARY 24, 2005

These amendments provide that eligibility for continued coverage under health benefits plans for an insured's dependent is available only if the dependent is not eligible for coverage under a group health benefits plan, a government plan, or a church plan. An insured may exercise this option for coverage of an eligible dependent only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer. The amendments also extend the effective date of the bill from 90 days to 150 days.

STATEMENT TO
[First Reprint]
ASSEMBLY, No. 3759

with Assembly Floor Amendments
(Proposed By Assemblyman COHEN)

ADOPTED: MAY 16, 2005

These amendments add to the bill's eligibility requirements for continued coverage for an insured's dependents under the age of 30 by requiring that: (1) the dependent be a resident of the State; and (2) the insured exercise the option for dependent coverage within 20 months of the effective date of the bill, subject to certain exceptions as contained in the bill.

The amendments also provide that the health insurer may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.

The amendments further provide that any additional premium and service charge must be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. Except as to the New Jersey State Health Benefits Program, the amendments provide that if the insurer does not assess the insured an additional premium for the dependent coverage extended by the bill, coverage must be provided to the dependent on the same basis and for the same charge as for any other covered dependent. If the health insurer assesses an additional premium that exceeds the limit provided in the amendments, the premium will be disapproved if it does not meet the requirements of the Commissioner of Banking and Insurance.

In addition, the amendments change the bill's effective date to 120 days, instead of 150 days, from time of enactment.

STATEMENT TO
[Second Reprint]
ASSEMBLY, No. 3759

with Assembly Floor Amendments
(Proposed By Assemblyman COHEN)

ADOPTED: JUNE 20, 2005

In order to ensure that the premiums for continued coverage for dependents under 30 are the same as premiums for dependents currently covered under the policy or contract, these amendments clarify that the insurer may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects the coverage for a dependent under 30, but the commissioner must disapprove the request if the additional premium exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

The amendments also provide that if the insured obtains coverage through a health benefits plan provided by the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium, for the coverage for the dependent. In addition, the amendments clarify that nothing in the bill's provisions obligate an insured's employer to pay the premium for an insured who elects the continued coverage for the dependent.

FISCAL NOTE
 [Third Reprint]
ASSEMBLY, No. 3759
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: JULY 15, 2005

SUMMARY

Synopsis: Requires extension of health benefits coverage for certain dependents up to age 30.

Type of Impact: No Impact.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits.

Executive Estimate

Fiscal Impact	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
State Cost	No Impact-See Comments Below.		

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate and assumes that the commission would impose administrative costs in addition to any health insurance premiums that would be imposed on the employee.
- ! Requires extension of health benefits coverage for dependents up to age 30. Requires the employee to reimburse the cost of this coverage to the State Health Benefits Program (SHBP), in accordance with a rate to be determined by the commission.
- ! This fiscal note reflects potential costs associated with the SHBP only. Thus, the costs to local governments that contract with a commercial health benefit provider, for example, are not reflected in this fiscal note. OLS is not able to estimate the number of local agencies that contract with a commercial health benefit provider and the cumulative amount of premiums paid by local governments due to a lack of data.
- ! The OLS notes that this bill would not be considered a State mandate under Article VIII, Section II, paragraph 4 of the New Jersey State Constitution because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

BILL DESCRIPTION

Assembly Bill No. 3759 (3R) of 2005 requires the extension of health benefits coverage for certain dependents up to age 30 under health benefits plans issued by health insurers, including

hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Individual Health Coverage Program, the New Jersey Small Employer Health Benefits Program and the SHBP.

This bill requires such dependents to be residents of the State and the insured to exercise the option for dependent coverage within 20 months of the effective date of the bill.

This bill would take effect on the 120th day after enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Pensions and Benefits in the Department of the Treasury noted that the "Consolidated Omnibus Budget Reconciliation Act" (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102 percent of the cost to the plan.

The COBRA generally requires that group health plans sponsored by employers with 20 or more employees in the prior year offer employees and their families the opportunity for a temporary extension of health coverage (called continuation coverage) in certain instances where coverage under the plan would otherwise end.

The COBRA outlines how employees and family members may elect continuation coverage. It also requires employers and plans to provide notice.

Under current State Health Benefits Program (SHBP) regulations, dependent children are covered until the end of the year in which they turn age 23, or older if physically and/or mentally disabled. The COBRA can provide dependents with an additional 36 months worth of health benefits coverage, which would allow the dependent coverage until age 26.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the provisions of this legislation will have not fiscal impact on the State because the employee must reimburse the cost of this coverage to the SHBP, in accordance with a rate to be determined by the commission.

The OLS notes that this fiscal note reflects potential costs associated with the State and local government employers that participate in the SHBP. The OLS cannot estimate costs to local government employers that do not participate in the SHBP due to a lack of data. According to the FY 2004 annual report of the State Health Benefits Commission, as of July 2004, local SHBP participation included five counties, 302 school districts, 311 municipalities, and 286 authorities, commissions and State autonomous agencies and 23 charter schools.

The OLS notes that this bill would not be considered a State mandate under Article VIII, Section II, paragraph 4 of the New Jersey State Constitution because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

Section: *State Government*

Analyst: *James F. Vari*
Senior Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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

FISCAL NOTE
 [Fourth Reprint]
ASSEMBLY, No. 3759
STATE OF NEW JERSEY
211th LEGISLATURE

DATED: FEBRUARY 14, 2006

SUMMARY

Synopsis: Requires health insurers and State Health Benefits Program providing dependent coverage to provide for election coverage by certain dependents until their 30th birthday.

Type of Impact: None.

Agencies Affected: Department of the Treasury, Division of Pensions and Benefits.

Executive Estimate

Fiscal Impact	FY 2006	FY 2007	FY 2008
State Cost	No Impact - See Comments Below		

- ! The Office of Legislative Services (OLS) **concurs** with the Executive estimate and assumes that the commission would impose administrative costs in addition to any health insurance premiums that would be imposed on the employee.
- ! Requires extension of health benefits coverage for dependents up to age 30. Requires the employee to reimburse the cost of this coverage to the State Health Benefits Program (SHBP), in accordance with a rate to be determined by the commission.
- ! This fiscal note reflects potential costs associated with the SHBP only. Thus, the costs to local governments that contract with a commercial health benefit provider, for example, are not reflected in this fiscal note. OLS is not able to estimate the number of local agencies that contract with a commercial health benefit provider and the cumulative amount of premiums paid by local governments due to a lack of data.
- ! The OLS notes that this bill would not be considered a State mandate under Article VIII, Section II, paragraph 4 of the New Jersey State Constitution because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

BILL DESCRIPTION

Assembly Bill No. 3759 (4R) of 2005 requires the extension of health benefits coverage for certain dependents until their 30th birthday under health benefits plans issued by health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Small Employer Health Benefits Program and the SHBP.

This bill requires such dependents to be unmarried residents of the State and the dependent may exercise the option for dependent coverage: (1) within 30 days prior to the scheduled termination of dependent coverage at the specific age provided in the contract; (2) within 30 days after meeting the requirements for dependent status as set forth in the bill; or (3) during an open enrollment period or annual 30 day election period, as appropriate based upon the type of insurance coverage. The bill also includes a provision to permit any dependent, for 12 months after the effective date of the bill, whose coverage terminated prior to the effective age of the bill at the specific age provided in the contract, to reinstate dependent coverage and maintain this coverage pursuant to the bill's provisions until the dependent's 30th birthday.

This bill would take effect on the 120th day after enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Division of Pensions and Benefits in the Department of the Treasury noted that under current law for the extension of benefits the "Consolidated Omnibus Budget Reconciliation Act" (COBRA) gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Qualified individuals may be required to pay the entire premium for coverage up to 102 percent of the cost to the plan.

The COBRA generally requires that group health plans sponsored by employers with 20 or more employees in the prior year offer employees and their families the opportunity for a temporary extension of health coverage (called continuation coverage) in certain instances where coverage under the plan would otherwise end.

The COBRA outlines how employees and family members may elect continuation coverage. It also requires employers and plans to provide notice.

Under current SHBP regulations, dependent children are covered until the end of the year in which they turn age 23 if the dependent is enrolled in school, or older if physically and/or mentally disabled. The COBRA can provide dependents with an additional 36 months worth of health benefits coverage, which would allow the dependent coverage until age 26.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the provisions of this legislation will not have a fiscal impact on the State because the employee must reimburse the cost of this coverage to the SHBP, in accordance with a rate to be determined by the commission.

The OLS notes that this fiscal note reflects potential costs associated with the State and local government employers that participate in the SHBP. The OLS cannot estimate costs to local government employers that do not participate in the SHBP due to a lack of data. According to the FY 2004 annual report of the State Health Benefits Commission, as of July 2004, local SHBP participation included five counties, 302 school districts, 311 municipalities, 286 authorities, commissions and State autonomous agencies, and 23 charter schools.

The OLS notes that this bill would not be considered a State mandate under Article VIII, Section II, paragraph 4 of the New Jersey State Constitution because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

Section: *State Government*

Analyst: *James F. Vari*
Lead Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

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

SENATE, No. 2283

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JANUARY 31, 2005

Sponsored by:

Senator NIA H. GILL

District 34 (Essex and Passaic)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

Co-Sponsored by:

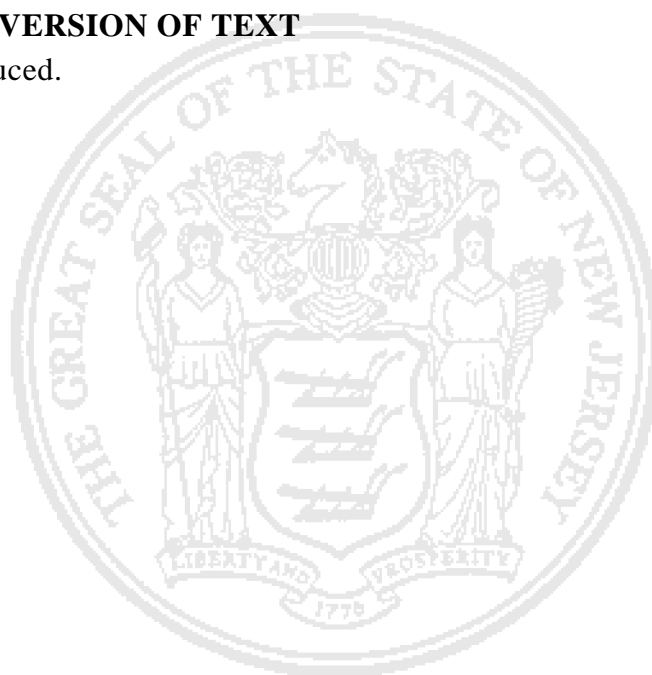
Senator Buono

SYNOPSIS

Requires extension of health benefits coverage for certain dependents up to age 30.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/27/2005)

1 AN ACT concerning extended health benefits coverage for certain
2 dependents and supplementing various parts of the statutory law.

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

6
7 1. An individual or group hospital service corporation contract that
8 provides hospital or medical expense benefits that is delivered, issued,
9 executed or renewed in this State pursuant to P.L.1938, c.366
10 (C.17:48-1 et seq.), or approved for issuance or renewal in this State
11 by the Commissioner of Banking and Insurance on or after the
12 effective date of this act, under which coverage of a dependent
13 terminates at a specified age, shall, at the option of the insured,
14 continue to provide coverage to a dependent of the insured beyond
15 that specified age, provided that the dependent is under the age of 30
16 and has no dependent of his or her own. The hospital service
17 corporation may assess the insured an additional premium, and a
18 service charge not to exceed 3% of the premium, for the coverage for
19 the dependent, if the insured elects the coverage required to be offered
20 by the hospital service corporation pursuant to this section.

21 The provisions of this section shall apply to all contracts in which
22 the hospital service corporation has reserved the right to change the
23 premium.

24
25 2. An individual or group medical service corporation contract that
26 provides hospital or medical expense benefits that is delivered, issued,
27 executed or renewed in this State pursuant to P.L.1940, c.74
28 (C.17:48A-1 et seq.), or approved for issuance or renewal in this State
29 by the Commissioner of Banking and Insurance on or after the
30 effective date of this act, under which coverage of a dependent
31 terminates at a specified age, shall, at the option of the insured,
32 continue to provide coverage to a dependent of the insured beyond
33 that specified age, provided that the dependent is under the age of 30
34 and has no dependent of his or her own. The medical service
35 corporation may assess the insured an additional premium, and a
36 service charge not to exceed 3% of the premium, for the coverage for
37 the dependent, if the insured elects the coverage required to be offered
38 by the medical service corporation pursuant to this section.

39 The provisions of this section shall apply to all contracts in which
40 the medical service corporation has reserved the right to change the
41 premium.

42
43 3. An individual or group health service corporation contract that
44 provides hospital or medical expense benefits that is delivered, issued,
45 executed or renewed in this State pursuant to P.L.1985, c.236
46 (C.17:48E-1 et seq.), or approved for issuance or renewal in this State

1 by the Commissioner of Banking and Insurance on or after the
2 effective date of this act, under which coverage of a dependent
3 terminates at a specified age, shall, at the option of the insured,
4 continue to provide coverage to a dependent of the insured beyond
5 that specified age, provided that the dependent is under the age of 30
6 and has no dependent of his or her own. The health service
7 corporation may assess the insured an additional premium, and a
8 service charge not to exceed 3% of the premium, for the coverage for
9 the dependent, if the insured elects the coverage required to be offered
10 by the health service corporation pursuant to this section.

11 The provisions of this section shall apply to all contracts in which
12 the health service corporation has reserved the right to change the
13 premium.

14

15 4. An individual health insurance policy that provides hospital or
16 medical expense benefits that is delivered, issued, executed or renewed
17 in this State pursuant to chapter 26 of Title 17B of the New Jersey
18 Statutes, or approved for issuance or renewal in this State by the
19 Commissioner of Banking and Insurance on or after the effective date
20 of this act, shall, at the option of the insured, continue to provide
21 coverage to a dependent of the insured beyond that specified age,
22 provided that the dependent is under the age of 30 and has no
23 dependent of his or her own. The insurer may assess the insured an
24 additional premium, and a service charge not to exceed 3% of the
25 premium, for the coverage for the dependent, if the insured elects the
26 coverage required to be offered by the insurer pursuant to this section.

27 The provisions of this section shall apply to all policies in which the
28 insurer has reserved the right to change the premium.

29

30 5. A group health insurance policy that provides hospital or
31 medical expense benefits that is delivered, issued, executed or renewed
32 in this State pursuant to chapter 27 of Title 17B of the New Jersey
33 Statutes, or approved for issuance or renewal in this State by the
34 Commissioner of Banking and Insurance on or after the effective date
35 of this act, under which coverage of a dependent terminates at a
36 specified age, shall, at the option of the insured, continue to provide
37 coverage to a dependent of the insured beyond that specified age,
38 provided that the dependent is under the age of 30 and has no
39 dependent of his or her own. The insurer may assess the insured an
40 additional premium, and a service charge not to exceed 3% of the
41 premium, for the coverage for the dependent, if the insured elects the
42 coverage required to be offered by the insurer pursuant to this section.

43 The provisions of this section shall apply to all policies in which the
44 insurer has reserved the right to change the premium.

45

46 6. An individual health benefits plan that provides hospital or
47 medical expense benefits that is delivered, issued, executed or renewed

1 in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.) or
2 approved for issuance or renewal in this State by the Commissioner of
3 Banking and Insurance on or after the effective date of this act, under
4 which coverage of a dependent terminates at a specified age, shall, at
5 the option of the insured, continue to provide coverage to a dependent
6 of the insured beyond that specified age, provided that the dependent
7 is under the age of 30 and has no dependent of his or her own. The
8 carrier may assess the insured an additional premium, and a service
9 charge not to exceed 3% of the premium, for the coverage for the
10 dependent, if the insured elects the coverage required to be offered by
11 the carrier pursuant to this section.

12 The provisions of this section shall apply to all individual health
13 benefits plans in which the carrier has reserved the right to change the
14 premium.

15

16 7. A small employer health benefits plan that provides hospital or
17 medical expense benefits that is delivered, issued, executed or renewed
18 in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) or
19 approved for issuance or renewal in this State by the Commissioner of
20 Banking and Insurance on or after the effective date of this act, under
21 which coverage of a dependent terminates at a specified age, shall, at
22 the option of the insured, continue to provide coverage to a dependent
23 of the insured beyond that specified age, provided that the dependent
24 is under the age of 30 and has no dependent of his or her own. The
25 carrier may assess the insured an additional premium, and a service
26 charge not to exceed 3% of the premium, for the coverage for the
27 dependent, if the insured elects the coverage required to be offered by
28 the carrier pursuant to this section.

29 The provisions of this section shall apply to all small employer
30 health benefits plans in which the carrier has reserved the right to
31 change the premium.

32

33 8. A certificate of authority to establish and operate a health
34 maintenance organization in this State shall not be issued or continued
35 pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.) by the Commissioner
36 of Health and Senior Services on or after the effective date of this act
37 for a health maintenance organization that provides health care
38 services pursuant to a contract, under which coverage of a dependent
39 terminates at a specified age unless the contract provides, at the option
40 of the insured, continued coverage to a dependent of the insured
41 beyond that specified age, provided that the dependent is under the
42 age of 30 and has no dependent of his or her own. The health
43 maintenance organization may assess the enrollee an additional
44 premium, and a service charge not to exceed 3% of the premium, for
45 the coverage for the dependent, if the enrollee elects the coverage
46 required to be offered by the health maintenance organization pursuant
47 to this section.

1 The provisions of this section shall apply to all contracts for health
2 care services by health maintenance organizations under which the
3 right to change the schedule of charges for enrollee coverage is
4 reserved.

5
6 9. The State Health Benefits Commission shall ensure that every
7 contract purchased by the commission on or after the effective date of
8 this act that provides dependent coverage shall not terminate coverage
9 of the unmarried dependent child who has no dependent of his or her
10 own before his or her 30th birthday by reason of his or her age. The
11 cost of coverage pursuant to this section shall be reimbursed by the
12 employee to the New Jersey State Health Benefits Program, in
13 accordance with a rate to be determined by the commission.

14
15 10. This act shall take effect on the 90th day after enactment.

16
17 STATEMENT

18
19 This bill extends up to age 30 the coverage provided to certain
20 dependents under health benefits plans issued by health insurers,
21 including hospital service corporations, medical service corporations,
22 health service corporations, commercial insurers, health maintenance
23 organizations and health benefits plans issued pursuant to the New
24 Jersey Individual Health Coverage Program, the New Jersey Small
25 Employer Health Benefits Program and the New Jersey State Health
26 Benefits Program.

27 Generally, under the majority of health benefits plans, health
28 benefits coverage for a dependent terminates at age 19. The New
29 Jersey State Health Benefits Program provides coverage for certain
30 dependents up to age 23. However, dependents may need coverage
31 past the ages of 19 and 23, as they may be unable to afford their own
32 coverage, given the rising costs of health care coverage.

33 This bill addresses that situation by requiring that insurers extend
34 these benefits, at the option of the insured, to a dependent of the
35 insured, provided that the dependent is under the age of 30 and has no
36 dependents of his or her own. Health benefits plans providing this
37 additional coverage may assess an additional premium to the insured
38 for the coverage, and a service charge not to exceed 3% of the
39 premium.

40 The bill requires the State Health Benefits Commission to ensure
41 that every contract purchased by the commission on or after the
42 effective date of the bill that provides dependent coverage shall not
43 terminate coverage of an unmarried dependent child before his or her
44 30th birthday by reason of his or her age. The public sector employee
45 must reimburse the cost of this coverage to the New Jersey State
46 Health Benefits Program, in accordance with a rate to be determined
47 by the commission.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 2283**

STATE OF NEW JERSEY

DATED: DECEMBER 5, 2005

The Senate Commerce Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2283.

The substitute requires health insurers to provide for an election of continued coverage by certain dependents, following the termination of dependent coverage at the time the dependents "age- out" of coverage, until their 30th birthday, under health benefits plans issued by health insurers, including hospital service corporations, medical service corporations, health service corporations, commercial insurers, health maintenance organizations and health benefits plans issued pursuant to the New Jersey Small Employer Health Benefits Program, and the New Jersey State Health Benefits Program. Nothing within the provisions of the substitute would require an employer to pay all or part of the cost of coverage for any election of this continued coverage.

In order to qualify as a "dependent" for purposes of electing coverage pursuant to the substitute, the individual must be: (1) less than 30 years of age; (2) unmarried; (3) without a dependent of his own; (4) a resident of this State or enrolled as a full-time student at an accredited institution of higher education; and (5) not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.). The intent of the phrase "actually provided coverage" concerning a dependent's coverage under another plan as the named subscriber, insured, enrollee, or covered person, is to only remove a dependent from coverage as provided under this substitute once the individual can receive immediate services under another plan, and not when merely eligible to obtain coverage under another plan.

A dependent may elect coverage within 30 days prior to "aging-out" of plan coverage so that coverage immediately continues beyond the specific age set forth in the applicable plan. Alternatively, a dependent who previously "aged-out" of a plan and does not receive coverage may, so long as the dependent meets the substitute's requirements for dependent status, subsequently elect coverage under

that plan, notwithstanding the gap in coverage, during specified time periods as provided in the substitute.

In addition, a dependent previously provided continuation coverage under a plan pursuant to the substitute, whose coverage subsequently terminates prior to the dependent's 30th birthday, may again elect coverage under that plan until the dependent's 30th birthday. As such, a health insurer is prohibited from refusing a written election for coverage based only upon the fact that the dependent previously elected and lost coverage under the applicable plan.

Any coverage provided to a dependent pursuant to an election of coverage under the substitute must consist of coverage which is identical to the coverage provided to that dependent prior to the dependent "aging-out" of the plan. This coverage cannot be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

The applicable plan covering the dependent may require payment of a premium by either the named insured or the dependent for any period of elected coverage. This premium cannot exceed 102% of "the applicable portion" of the premium previously paid for that dependent's coverage under the plan prior to the dependent aging out of the contract. The formula to determine this applicable portion will be established by regulation, and, similar to dependent continuation coverage premiums calculated pursuant to federal COBRA, based upon the difference between the plan's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage; or the formula may be based upon some other formulation or dependent rating tier which provides a substantially similar result.

Any period of elected coverage by a dependent will terminate upon: 1) the dependent no longer meeting the substitute's requirements for dependent status; 2) the failure to make a timely payment for any applicable premium; or 3) the plan's named insured losing coverage under the contract.

Finally, with respect to the State Health Benefits Program, the State Health Benefits Commission must ensure that, on or after the effective date of the substitute, every contract purchased by the commission that provides dependent coverage does not terminate such coverage by reason of age before the dependent's 23th birthday, and otherwise complies with the provisions of the substitute for elections of coverage until the dependent's 30th birthday. Public employees must reimburse the cost of the coverage provided pursuant to the substitute to the New Jersey State Health Benefits Program, in accordance with a rate to be determined by the commission.