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IS 12/4/07

1 - C.17:48-6ee  
§2 - C.17:48A-7bb  
§3 - C.17:48E-35.29  
§4 -  
C.17B:27-46.1ee  
§5 - C.17B:26-2.1y  
§6 - C.26:2J-4.30  
§7 - C.17B:27A-7.12  
§8 -  
C.17B:27A-19.15  
§9 - C.17:48F-13.2  
§10 - C.52:14-17.29j  
§11 - Note to §§1-10

P.L. 2005, CHAPTER 251, *approved January 4, 2006*  
Senate Committee Substitute for  
Senate, Nos. 556, 600 and 748

1 **AN ACT** concerning insurance coverage for prescribed contraceptives  
2 and supplementing Titles 17, 26 and 52 of the Revised Statutes  
3 and Title 17B of the New Jersey Statutes.

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

7  
8 1. A hospital service corporation that provides hospital or medical  
9 expense benefits for expenses incurred in the purchase of outpatient  
10 prescription drugs under a contract shall provide coverage under every  
11 such contract delivered, issued, executed or renewed in this State or  
12 approved for issuance or renewal in this State by the Commissioner of  
13 Banking and Insurance, on or after the effective date of this act, for  
14 expenses incurred in the purchase of prescription female  
15 contraceptives. For the purposes of this section, "prescription female  
16 contraceptives" means any drug or device used for contraception by  
17 a female, which is approved by the federal Food and Drug  
18 Administration for that purpose, that can only be purchased in this  
19 State with a prescription written by a health care professional licensed  
20 or authorized to write prescriptions, and includes, but is not limited to,  
21 birth control pills and diaphragms.

22 A religious employer may request, and a hospital service  
23 corporation shall grant, an exclusion under the contract for the  
24 coverage required by this section if the required coverage conflicts  
25 with the religious employer's bona fide religious beliefs and practices.  
26 A religious employer that obtains such an exclusion shall provide  
27 written notice thereof to prospective subscribers and subscribers. The  
28 provisions of this section shall not be construed as authorizing a  
29 hospital service corporation to exclude coverage for prescription drugs  
30 that are prescribed for reasons other than contraceptive purposes or  
31 for prescription female contraceptives that are necessary to preserve  
32 the life or health of a subscriber. For the purposes of this section,  
33 "religious employer" means an employer that is a church, convention

1 or association of churches or an elementary or secondary school that  
2 is controlled, operated or principally supported by a church or by a  
3 convention or association of churches as defined in 26  
4 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
5 organization under 26 U.S.C.s.501(c)(3).

6 The benefits shall be provided to the same extent as for any other  
7 outpatient prescription drug under the contract.

8 This section shall apply to those contracts in which the hospital  
9 service corporation has reserved the right to change the premium.

10  
11 2. A medical service corporation that provides hospital or medical  
12 expense benefits for expenses incurred in the purchase of outpatient  
13 prescription drugs under a contract shall provide coverage under every  
14 such contract delivered, issued, executed or renewed in this State or  
15 approved for issuance or renewal in this State by the Commissioner of  
16 Banking and Insurance, on or after the effective date of this act, for  
17 expenses incurred in the purchase of prescription female  
18 contraceptives. For the purposes of this section, "prescription female  
19 contraceptives" means any drug or device used for contraception by  
20 a female, which is approved by the federal Food and Drug  
21 Administration for that purpose, that can only be purchased in this  
22 State with a prescription written by a health care professional licensed  
23 or authorized to write prescriptions, and includes, but is not limited to,  
24 birth control pills and diaphragms.

25 A religious employer may request, and a medical service  
26 corporation shall grant, an exclusion under the contract for the  
27 coverage required by this section if the required coverage conflicts  
28 with the religious employer's bona fide religious beliefs and practices.  
29 A religious employer that obtains such an exclusion shall provide  
30 written notice thereof to prospective subscribers and subscribers. The  
31 provisions of this section shall not be construed as authorizing a  
32 medical service corporation to exclude coverage for prescription drugs  
33 that are prescribed for reasons other than contraceptive purposes or  
34 for prescription female contraceptives that are necessary to preserve  
35 the life or health of a subscriber. For the purposes of this section,  
36 "religious employer" means an employer that is a church, convention  
37 or association of churches or an elementary or secondary school that  
38 is controlled, operated or principally supported by a church or by a  
39 convention or association of churches as defined in 26  
40 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
41 organization under 26 U.S.C.s.501(c)(3).

42 The benefits shall be provided to the same extent as for any other  
43 outpatient prescription drug under the contract.

44 This section shall apply to those contracts in which the medical  
45 service corporation has reserved the right to change the premium.

1       3. A health service corporation that provides hospital or medical  
2 expense benefits for expenses incurred in the purchase of outpatient  
3 prescription drugs under a contract shall provide coverage under every  
4 such contract delivered, issued, executed or renewed in this State or  
5 approved for issuance or renewal in this State by the Commissioner of  
6 Banking and Insurance, on or after the effective date of this act, for  
7 expenses incurred in the purchase of prescription female  
8 contraceptives. For the purposes of this section, "prescription female  
9 contraceptives" means any drug or device used for contraception by  
10 a female, which is approved by the federal Food and Drug  
11 Administration for that purpose, that can only be purchased in this  
12 State with a prescription written by a health care professional licensed  
13 or authorized to write prescriptions, and includes, but is not limited to,  
14 birth control pills and diaphragms.

15       A religious employer may request, and a health service corporation  
16 shall grant, an exclusion under the contract for the coverage required  
17 by this section if the required coverage conflicts with the religious  
18 employer's bona fide religious beliefs and practices. A religious  
19 employer that obtains such an exclusion shall provide written notice  
20 thereof to prospective subscribers and subscribers. The provisions of  
21 this section shall not be construed as authorizing a health service  
22 corporation to exclude coverage for prescription drugs that are  
23 prescribed for reasons other than contraceptive purposes or for  
24 prescription female contraceptives that are necessary to preserve the  
25 life or health of a subscriber. For the purposes of this section,  
26 "religious employer" means an employer that is a church, convention  
27 or association of churches or an elementary or secondary school that  
28 is controlled, operated or principally supported by a church or by a  
29 convention or association of churches as defined in 26  
30 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
31 organization under 26 U.S.C.s.501(c)(3).

32       The benefits shall be provided to the same extent as for any other  
33 outpatient prescription drug under the contract.

34       This section shall apply to those contracts in which the health  
35 service corporation has reserved the right to change the premium.

36

37       4. A group health insurer that provides hospital or medical  
38 expense benefits for expenses incurred in the purchase of outpatient  
39 prescription drugs under a policy shall provide coverage under every  
40 such policy delivered, issued, executed or renewed in this State or  
41 approved for issuance or renewal in this State by the Commissioner of  
42 Banking and Insurance, on or after the effective date of this act, for  
43 expenses incurred in the purchase of prescription female  
44 contraceptives. For the purposes of this section, "prescription female  
45 contraceptives" means any drug or device used for contraception by  
46 a female, which is approved by the federal Food and Drug

1 Administration for that purpose, that can only be purchased in this  
2 State with a prescription written by a health care professional licensed  
3 or authorized to write prescriptions, and includes, but is not limited to,  
4 birth control pills and diaphragms.

5 A religious employer may request, and an insurer shall grant, an  
6 exclusion under the policy for the coverage required by this section if  
7 the required coverage conflicts with the religious employer's bona fide  
8 religious beliefs and practices. A religious employer that obtains such  
9 an exclusion shall provide written notice thereof to prospective  
10 insureds and insureds. The provisions of this section shall not be  
11 construed as authorizing an insurer to exclude coverage for  
12 prescription drugs that are prescribed for reasons other than  
13 contraceptive purposes or for prescription female contraceptives that  
14 are necessary to preserve the life or health of an insured. For the  
15 purposes of this section, "religious employer" means an employer that  
16 is a church, convention or association of churches or an elementary or  
17 secondary school that is controlled, operated or principally supported  
18 by a church or by a convention or association of churches as defined  
19 in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
20 organization under 26 U.S.C.s.501(c)(3).

21 The benefits shall be provided to the same extent as for any other  
22 outpatient prescription drug under the policy.

23 This section shall apply to those policies in which the insurer has  
24 reserved the right to change the premium.

25  
26 5. An individual health insurer that provides hospital or medical  
27 expense benefits for expenses incurred in the purchase of outpatient  
28 prescription drugs under a policy shall provide coverage under every  
29 such policy delivered, issued, executed or renewed in this State or  
30 approved for issuance or renewal in this State by the Commissioner of  
31 Banking and Insurance, on or after the effective date of this act, for  
32 expenses incurred in the purchase of prescription female  
33 contraceptives. For the purposes of this section, "prescription female  
34 contraceptives" means any drug or device used for contraception by  
35 a female, which is approved by the federal Food and Drug  
36 Administration for that purpose, that can only be purchased in this  
37 State with a prescription written by a health care professional licensed  
38 or authorized to write prescriptions, and includes, but is not limited to,  
39 birth control pills and diaphragms.

40 A religious employer may request, and an insurer shall grant, an  
41 exclusion under the policy for the coverage required by this section if  
42 the required coverage conflicts with the religious employer's bona fide  
43 religious beliefs and practices. A religious employer that obtains such  
44 an exclusion shall provide written notice thereof to prospective  
45 insureds and insureds. The provisions of this section shall not be  
46 construed as authorizing an insurer to exclude coverage for

1 prescription drugs that are prescribed for reasons other than  
2 contraceptive purposes or for prescription female contraceptives that  
3 are necessary to preserve the life or health of an insured. For the  
4 purposes of this section, "religious employer" means an employer that  
5 is a church, convention or association of churches or an elementary or  
6 secondary school that is controlled, operated or principally supported  
7 by a church or by a convention or association of churches as defined  
8 in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
9 organization under 26 U.S.C.s.501(c)(3).

10 The benefits shall be provided to the same extent as for any other  
11 outpatient prescription drug under the policy.

12 This section shall apply to those policies in which the insurer has  
13 reserved the right to change the premium.

14

15 6. A certificate of authority to establish and operate a health  
16 maintenance organization in this State shall not be issued or continued  
17 on or after the effective date of this act for a health maintenance  
18 organization that provides health care services for outpatient  
19 prescription drugs under a contract, unless the health maintenance  
20 organization also provides health care services for prescription female  
21 contraceptives. For the purposes of this section, "prescription female  
22 contraceptives" means any drug or device used for contraception by  
23 a female, which is approved by the federal Food and Drug  
24 Administration for that purpose, that can only be purchased in this  
25 State with a prescription written by a health care professional licensed  
26 or authorized to write prescriptions, and includes, but is not limited to,  
27 birth control pills and diaphragms.

28 A religious employer may request, and a health maintenance  
29 organization shall grant, an exclusion under the contract for the health  
30 care services required by this section if the required health care  
31 services conflict with the religious employer's bona fide religious  
32 beliefs and practices. A religious employer that obtains such an  
33 exclusion shall provide written notice thereof to prospective enrollees  
34 and enrollees. The provisions of this section shall not be construed as  
35 authorizing a health maintenance organization to exclude health care  
36 services for prescription drugs that are prescribed for reasons other  
37 than contraceptive purposes or for prescription female contraceptives  
38 that are necessary to preserve the life or health of an enrollee. For the  
39 purposes of this section, "religious employer" means an employer that  
40 is a church, convention or association of churches or an elementary or  
41 secondary school that is controlled, operated or principally supported  
42 by a church or by a convention or association of churches as defined  
43 in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
44 organization under 26 U.S.C.s.501(c)(3).

45 The health care services shall be provided to the same extent as for  
46 any other outpatient prescription drug under the contract.

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

5  
6       7. An individual health benefits plan required pursuant to section  
7 3 of P.L.1992, c.161 (C.17B:27A-4) that provides benefits for  
8 expenses incurred in the purchase of outpatient prescription drugs  
9 shall provide coverage for expenses incurred in the purchase of  
10 prescription female contraceptives. For the purposes of this section,  
11 "prescription female contraceptives" means any drug or device used  
12 for contraception by a female, which is approved by the federal Food  
13 and Drug Administration for that purpose, that can only be purchased  
14 in this State with a prescription written by a health care professional  
15 licensed or authorized to write prescriptions, and includes, but is not  
16 limited to, birth control pills and diaphragms.

17       A religious employer may request, and a carrier shall grant, an  
18 exclusion under the health benefits plan for the coverage required by  
19 this section if the required coverage conflicts with the religious  
20 employer's bona fide religious beliefs and practices. A religious  
21 employer that obtains such an exclusion shall provide written notice  
22 thereof to prospective covered persons and covered persons. The  
23 provisions of this section shall not be construed as authorizing a  
24 carrier to exclude coverage for prescription drugs that are prescribed  
25 for reasons other than contraceptive purposes or for prescription  
26 female contraceptives that are necessary to preserve the life or health  
27 of a covered person. For the purposes of this section, "religious  
28 employer" means an employer that is a church, convention or  
29 association of churches or an elementary or secondary school that is  
30 controlled, operated or principally supported by a church or by a  
31 convention or association of churches as defined in 26  
32 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
33 organization under 26 U.S.C.s.501(c)(3).

34       The benefits shall be provided to the same extent as for any other  
35 outpatient prescription drug under the health benefits plan.

36       This section shall apply to all individual health benefits plans in  
37 which the carrier has reserved the right to change the premium.

38  
39       8. A small employer health benefits plan required pursuant to  
40 section 3 of P.L.1992, c.162 (C.17B:27A-19) that provides benefits  
41 for expenses incurred in the purchase of outpatient prescription drugs  
42 shall provide coverage for expenses incurred in the purchase of  
43 prescription female contraceptives. For the purposes of this section,  
44 "prescription female contraceptives" means any drug or device used  
45 for contraception by a female, which is approved by the federal Food  
46 and Drug Administration for that purpose, that can only be purchased



1 in this State with a prescription written by a health care professional  
2 licensed or authorized to write prescriptions, and includes, but is not  
3 limited to, birth control pills and diaphragms.

4 A religious employer may request, and a carrier shall grant, an  
5 exclusion under the health benefits plan for the coverage required by  
6 this section if the required coverage conflicts with the religious  
7 employer's bona fide religious beliefs and practices. A religious  
8 employer that obtains such an exclusion shall provide written notice  
9 thereof to prospective covered persons and covered persons. The  
10 provisions of this section shall not be construed as authorizing a  
11 carrier to exclude coverage for prescription drugs that are prescribed  
12 for reasons other than contraceptive purposes or for prescription  
13 female contraceptives that are necessary to preserve the life or health  
14 of a covered person. For the purposes of this section, "religious  
15 employer" means an employer that is a church, convention or  
16 association of churches or an elementary or secondary school that is  
17 controlled, operated or principally supported by a church or by a  
18 convention or association of churches as defined in 26  
19 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
20 organization under 26 U.S.C.s.501(c)(3).

21 The benefits shall be provided to the same extent as for any other  
22 outpatient prescription drug under the health benefits plan.

23 This section shall apply to all small employer health benefits plans  
24 in which the carrier has reserved the right to change the premium.

25  
26 9. A prepaid prescription service organization that provides  
27 benefits for expenses incurred in the purchase of outpatient  
28 prescription drugs under a contract shall provide coverage under every  
29 such contract delivered, issued, executed or renewed in this State or  
30 approved for issuance or renewal in this State by the Commissioner of  
31 Banking and Insurance, on or after the effective date of this act, for  
32 expenses incurred in the purchase of prescription female  
33 contraceptives. For the purposes of this section, "prescription female  
34 contraceptives" means any drug or device used for contraception by  
35 a female, which is approved by the federal Food and Drug  
36 Administration for that purpose, that can only be purchased in this  
37 State with a prescription written by a health care professional licensed  
38 or authorized to write prescriptions, and includes, but is not limited to,  
39 birth control pills and diaphragms.

40 A religious employer may request, and a prepaid prescription  
41 service organization shall grant, an exclusion under the contract for  
42 the coverage required by this section if the required coverage conflicts  
43 with the religious employer's bona fide religious beliefs and practices.  
44 A religious employer that obtains such an exclusion shall provide  
45 written notice thereof to prospective enrollees and enrollees. The  
46 provisions of this section shall not be construed as authorizing a

1 prepaid prescription service organization to exclude coverage for  
2 prescription drugs that are prescribed for reasons other than  
3 contraceptive purposes or for prescription female contraceptives that  
4 are necessary to preserve the life or health of an enrollee. For the  
5 purposes of this section, "religious employer" means an employer that  
6 is a church, convention or association of churches or an elementary or  
7 secondary school that is controlled, operated or principally supported  
8 by a church or by a convention or association of churches as defined  
9 in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt  
10 organization under 26 U.S.C.s.501(c)(3).

11 The benefits shall be provided to the same extent as for any other  
12 outpatient prescription drug under the contract.

13 This section shall apply to those prepaid prescription contracts in  
14 which the prepaid prescription service organization has reserved the  
15 right to change the premium.

16

17 10. The State Health Benefits Commission shall ensure that every  
18 contract purchased by the commission on or after the effective date of  
19 this act that provides benefits for expenses incurred in the purchase of  
20 outpatient prescription drugs shall provide benefits for expenses  
21 incurred in the purchase of prescription female contraceptives.

22 For the purposes of this section, "prescription female  
23 contraceptives" means any drug or device used for contraception by  
24 a female, which is approved by the federal Food and Drug  
25 Administration for that purpose, that can only be purchased in this  
26 State with a prescription written by a health care professional licensed  
27 or authorized to write prescriptions, and includes, but is not limited to,  
28 birth control pills and diaphragms.

29

30 11. This act shall take effect on the 180th day after enactment and  
31 shall apply to policies or contracts issued or renewed on or after the  
32 effective date.

33

34

35

36

37 \_\_\_\_\_  
38 Requires insurers that provide outpatient prescription drug benefits  
39 and State Health Benefits Program to cover costs of prescription  
female contraceptives.

**SENATE, No. 556**

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**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

**Sponsored by:**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Co-Sponsored by:**

**Senator Karcher**

**SYNOPSIS**

Requires insurers that provide prescription drug benefits and State Health Benefits Program to cover costs of prescription female contraceptives.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 2/10/2004)**

S556 VITALE

2

1 AN ACT concerning insurance coverage for prescribed contraceptives  
2 and supplementing Titles 17, 26 and 52 of the Revised Statutes and  
3 Title 17B of the New Jersey Statutes.

4

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

7

8 1. A hospital service corporation that provides hospital or medical  
9 expense benefits for expenses incurred in the purchase of prescription  
10 drugs under a contract shall provide coverage under every such  
11 contract delivered, issued, executed or renewed in this State or  
12 approved for issuance or renewal in this State by the Commissioner of  
13 Banking and Insurance, on or after the effective date of this act, for  
14 expenses incurred in the purchase of prescription female  
15 contraceptives. For the purposes of this section, "prescription female  
16 contraceptives" means any drug or device used for contraception by  
17 a female, which is approved by the federal Food and Drug  
18 Administration for that purpose, that can only be purchased in this  
19 State with a prescription written by a health care professional licensed  
20 or authorized to write prescriptions, and includes, but is not limited to,  
21 birth control pills and diaphragms.

22 A religious employer may request, and a hospital service  
23 corporation shall grant, an exclusion under the contract for the  
24 coverage required by this section if the required coverage conflicts  
25 with the religious employer's bona fide religious beliefs and practices.  
26 A religious employer that obtains such an exclusion shall provide  
27 written notice thereof to prospective subscribers and subscribers. The  
28 provisions of this section shall not be construed as authorizing a  
29 hospital service corporation to exclude coverage for prescription drugs  
30 that are prescribed for reasons other than contraceptive purposes or  
31 for prescription female contraceptives that are necessary to preserve  
32 the life or health of a subscriber. For the purposes of this section,  
33 "religious employer" means an entity that meets all of the following  
34 criteria: the inculcation of religious values is the purpose of the entity;  
35 the entity primarily employs persons who share the religious tenets of  
36 the entity; the entity primarily serves persons who share the religious  
37 tenets of the entity; and the entity is a nonprofit organization as  
38 described in 26 U.S.C. s.6033(a)(2)(A)i and iii.

39 The benefits shall be provided to the same extent as for any other  
40 prescription drug under the contract.

41 This section shall apply to those hospital service corporation  
42 contracts in which the hospital service corporation has reserved the  
43 right to change the premium.

44

45 2. A medical service corporation that provides hospital or medical  
46 expense benefits for expenses incurred in the purchase of prescription

1 drugs under a contract shall provide coverage under every such  
2 contract delivered, issued, executed or renewed in this State or  
3 approved for issuance or renewal in this State by the Commissioner of  
4 Banking and Insurance, on or after the effective date of this act, for  
5 expenses incurred in the purchase of prescription female  
6 contraceptives. For the purposes of this section, "prescription female  
7 contraceptives" means any drug or device used for contraception by  
8 a female, which is approved by the federal Food and Drug  
9 Administration for that purpose, that can only be purchased in this  
10 State with a prescription written by a health care professional licensed  
11 or authorized to write prescriptions, and includes, but is not limited to,  
12 birth control pills and diaphragms.

13 A religious employer may request, and a medical service  
14 corporation shall grant, an exclusion under the contract for the  
15 coverage required by this section if the required coverage conflicts  
16 with the religious employer's bona fide religious beliefs and practices.  
17 A religious employer that obtains such an exclusion shall provide  
18 written notice thereof to prospective subscribers and subscribers. The  
19 provisions of this section shall not be construed as authorizing a  
20 medical service corporation to exclude coverage for prescription drugs  
21 that are prescribed for reasons other than contraceptive purposes or  
22 for prescription female contraceptives that are necessary to preserve  
23 the life or health of a subscriber. For the purposes of this section,  
24 "religious employer" means an entity that meets all of the following  
25 criteria: the inculcation of religious values is the purpose of the entity;  
26 the entity primarily employs persons who share the religious tenets of  
27 the entity; the entity primarily serves persons who share the religious  
28 tenets of the entity; and the entity is a nonprofit organization as  
29 described in 26 U.S.C. s.6033(a)(2)(A)i and iii.

30 The benefits shall be provided to the same extent as for any other  
31 prescription drug under the contract.

32 This section shall apply to those medical service corporation  
33 contracts in which the medical service corporation has reserved the  
34 right to change the premium.

35  
36 3. A health service corporation that provides hospital or medical  
37 expense benefits for expenses incurred in the purchase of prescription  
38 drugs under a contract shall provide coverage under every such  
39 contract delivered, issued, executed or renewed in this State or  
40 approved for issuance or renewal in this State by the Commissioner of  
41 Banking and Insurance, on or after the effective date of this act, for  
42 expenses incurred in the purchase of prescription female  
43 contraceptives. For the purposes of this section, "prescription female  
44 contraceptives" means any drug or device used for contraception by  
45 a female, which is approved by the federal Food and Drug  
46 Administration for that purpose, that can only be purchased in this

1 State with a prescription written by a health care professional licensed  
2 or authorized to write prescriptions, and includes, but is not limited to,  
3 birth control pills and diaphragms.

4 A religious employer may request, and a health service corporation  
5 shall grant, an exclusion under the contract for the coverage required  
6 by this section if the required coverage conflicts with the religious  
7 employer's bona fide religious beliefs and practices. A religious  
8 employer that obtains such an exclusion shall provide written notice  
9 thereof to prospective subscribers and subscribers. The provisions of  
10 this section shall not be construed as authorizing a health service  
11 corporation to exclude coverage for prescription drugs that are  
12 prescribed for reasons other than contraceptive purposes or for  
13 prescription female contraceptives that are necessary to preserve the  
14 life or health of a subscriber. For the purposes of this section,  
15 "religious employer" means an entity that meets all of the following  
16 criteria: the inculcation of religious values is the purpose of the entity;  
17 the entity primarily employs persons who share the religious tenets of  
18 the entity; the entity primarily serves persons who share the religious  
19 tenets of the entity; and the entity is a nonprofit organization as  
20 described in 26 U.S.C. s.6033(a)(2)(A)i and iii.

21 The benefits shall be provided to the same extent as for any other  
22 prescription drug under the contract.

23 This section shall apply to those health service corporation  
24 contracts in which the health service corporation has reserved the right  
25 to change the premium.

26

27 4. A group health insurer that provides hospital or medical expense  
28 benefits for expenses incurred in the purchase of prescription drugs  
29 under a policy shall provide coverage under every such policy  
30 delivered, issued, executed or renewed in this State or approved for  
31 issuance or renewal in this State by the Commissioner of Banking and  
32 Insurance, on or after the effective date of this act, for expenses  
33 incurred in the purchase of prescription female contraceptives. For the  
34 purposes of this section, "prescription female contraceptives" means  
35 any drug or device used for contraception by a female, which is  
36 approved by the federal Food and Drug Administration for that  
37 purpose, that can only be purchased in this State with a prescription  
38 written by a health care professional licensed or authorized to write  
39 prescriptions, and includes, but is not limited to, birth control pills and  
40 diaphragms.

41 A religious employer may request, and an insurer shall grant, an  
42 exclusion under the policy for the coverage required by this section if  
43 the required coverage conflicts with the religious employer's bona fide  
44 religious beliefs and practices. A religious employer that obtains such  
45 an exclusion shall provide written notice thereof to prospective  
46 insureds and insureds. The provisions of this section shall not be

1 construed as authorizing an insurer to exclude coverage for  
2 prescription drugs that are prescribed for reasons other than  
3 contraceptive purposes or for prescription female contraceptives that  
4 are necessary to preserve the life or health of an insured. For the  
5 purposes of this section, "religious employer" means an entity that  
6 meets all of the following criteria: the inculcation of religious values  
7 is the purpose of the entity; the entity primarily employs persons who  
8 share the religious tenets of the entity; the entity primarily serves  
9 persons who share the religious tenets of the entity; and the entity is  
10 a nonprofit organization as described in 26 U.S.C. s.6033(a)(2)(A)i  
11 and iii.

12 The benefits shall be provided to the same extent as for any other  
13 prescription drug under the policy.

14 This section shall apply to those policies in which the insurer has  
15 reserved the right to change the premium.

16

17 5. An individual health insurer that provides hospital or medical  
18 expense benefits for expenses incurred in the purchase of prescription  
19 drugs under a policy shall provide coverage under every such policy  
20 delivered, issued, executed or renewed in this State or approved for  
21 issuance or renewal in this State by the Commissioner of Banking and  
22 Insurance, on or after the effective date of this act, for expenses  
23 incurred in the purchase of prescription female contraceptives. For the  
24 purposes of this section, "prescription female contraceptives" means  
25 any drug or device used for contraception by a female, which is  
26 approved by the federal Food and Drug Administration for that  
27 purpose, that can only be purchased in this State with a prescription  
28 written by a health care professional licensed or authorized to write  
29 prescriptions, and includes, but is not limited to, birth control pills and  
30 diaphragms.

31 A religious employer may request, and an insurer shall grant, an  
32 exclusion under the policy for the coverage required by this section if  
33 the required coverage conflicts with the religious employer's bona fide  
34 religious beliefs and practices. A religious employer that obtains such  
35 an exclusion shall provide written notice thereof to prospective  
36 insureds and insureds. The provisions of this section shall not be  
37 construed as authorizing an insurer to exclude coverage for  
38 prescription drugs that are prescribed for reasons other than  
39 contraceptive purposes or for prescription female contraceptives that  
40 are necessary to preserve the life or health of an insured. For the  
41 purposes of this section, "religious employer" means an entity that  
42 meets all of the following criteria: the inculcation of religious values  
43 is the purpose of the entity; the entity primarily employs persons who  
44 share the religious tenets of the entity; the entity primarily serves  
45 persons who share the religious tenets of the entity; and the entity is  
46 a nonprofit organization as described in 26 U.S.C. s.6033(a)(2)(A)i

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1 and iii.

2 The benefits shall be provided to the same extent as for any other  
3 prescription drug under the policy.

4 This section shall apply to those policies in which the insurer has  
5 reserved the right to change the premium.

6

7 6. A certificate of authority to establish and operate a health  
8 maintenance organization in this State shall not be issued or continued  
9 on or after the effective date of this act for a health maintenance  
10 organization that provides health care services for prescription drugs  
11 under a contract, unless the health maintenance organization also  
12 provides health care services for prescription female contraceptives.  
13 For the purposes of this section, "prescription female contraceptives"  
14 means any drug or device used for contraception by a female, which  
15 is approved by the federal Food and Drug Administration for that  
16 purpose, that can only be purchased in this State with a prescription  
17 written by a health care professional licensed or authorized to write  
18 prescriptions, and includes, but is not limited to, birth control pills and  
19 diaphragms.

20 A religious employer may request, and a health maintenance  
21 organization shall grant, an exclusion under the contract for the health  
22 care services required by this section if the required health care  
23 services conflict with the religious employer's bona fide religious  
24 beliefs and practices. A religious employer that obtains such an  
25 exclusion shall provide written notice thereof to prospective enrollees  
26 and enrollees. The provisions of this section shall not be construed as  
27 authorizing a health maintenance organization to exclude health care  
28 services for prescription drugs that are prescribed for reasons other  
29 than contraceptive purposes or for prescription female contraceptives  
30 that are necessary to preserve the life or health of an enrollee. For the  
31 purposes of this section, "religious employer" means an entity that  
32 meets all of the following criteria: the inculcation of religious values  
33 is the purpose of the entity; the entity primarily employs persons who  
34 share the religious tenets of the entity; the entity primarily serves  
35 persons who share the religious tenets of the entity; and the entity is  
36 a nonprofit organization as described in 26 U.S.C. s.6033(a)(2)(A)i  
37 and iii.

38 The health care services shall be provided to the same extent as for  
39 any other prescription drug under the contract.

40 The provisions of this section shall apply to those contracts for  
41 health care services by health maintenance organizations under which  
42 the right to change the schedule of charges for enrollee coverage is  
43 reserved.

44

45 7. An individual health benefits plan required pursuant to section  
46 3 of P.L.1992, c.161 (C.17B:27A-4) that provides benefits for



1 expenses incurred in the purchase of prescription drugs shall provide  
2 coverage for expenses incurred in the purchase of prescription female  
3 contraceptives. For the purposes of this section, "prescription female  
4 contraceptives" means any drug or device used for contraception by  
5 a female, which is approved by the federal Food and Drug  
6 Administration for that purpose, that can only be purchased in this  
7 State with a prescription written by a health care professional licensed  
8 or authorized to write prescriptions, and includes, but is not limited to,  
9 birth control pills and diaphragms.

10 A religious employer may request, and a carrier shall grant, an  
11 exclusion under the health benefits plan for the coverage required by  
12 this section if the required coverage conflicts with the religious  
13 employer's bona fide religious beliefs and practices. A religious  
14 employer that obtains such an exclusion shall provide written notice  
15 thereof to prospective covered persons and covered persons. The  
16 provisions of this section shall not be construed as authorizing a  
17 carrier to exclude coverage for prescription drugs that are prescribed  
18 for reasons other than contraceptive purposes or for prescription  
19 female contraceptives that are necessary to preserve the life or health  
20 of a covered person. For the purposes of this section, "religious  
21 employer" means an entity that meets all of the following criteria: the  
22 inculcation of religious values is the purpose of the entity; the entity  
23 primarily employs persons who share the religious tenets of the entity;  
24 the entity primarily serves persons who share the religious tenets of the  
25 entity; and the entity is a nonprofit organization as described in 26  
26 U.S.C. s.6033(a)(2)(A)i and iii.

27 The benefits shall be provided to the same extent as for any other  
28 prescription drug under the health benefits plan.

29 This section shall apply to all individual health benefits plans in  
30 which the carrier has reserved the right to change the premium.

31

32 8. A small employer health benefits plan required pursuant to  
33 section 3 of P.L.1992, c.162 (C.17B:27A-19) that provides benefits  
34 for expenses incurred in the purchase of prescription drugs shall  
35 provide coverage for expenses incurred in the purchase of  
36 prescription female contraceptives. For the purposes of this section,  
37 "prescription female contraceptives" means any drug or device used  
38 for contraception by a female, which is approved by the federal Food  
39 and Drug Administration for that purpose, that can only be purchased  
40 in this State with a prescription written by a health care professional  
41 licensed or authorized to write prescriptions, and includes, but is not  
42 limited to, birth control pills and diaphragms.

43 A religious employer may request, and a carrier shall grant, an  
44 exclusion under the health benefits plan for the coverage required by  
45 this section if the required coverage conflicts with the religious  
46 employer's bona fide religious beliefs and practices. A religious

1 employer that obtains such an exclusion shall provide written notice  
2 thereof to prospective covered persons and covered persons. The  
3 provisions of this section shall not be construed as authorizing a  
4 carrier to exclude coverage for prescription drugs that are prescribed  
5 for reasons other than contraceptive purposes or for prescription  
6 female contraceptives that are necessary to preserve the life or health  
7 of a covered person. For the purposes of this section, "religious  
8 employer" means an entity that meets all of the following criteria: the  
9 inculcation of religious values is the purpose of the entity; the entity  
10 primarily employs persons who share the religious tenets of the entity;  
11 the entity primarily serves persons who share the religious tenets of the  
12 entity; and the entity is a nonprofit organization as described in 26  
13 U.S.C. s.6033(a)(2)(A)i and iii.

14 The benefits shall be provided to the same extent as for any other  
15 prescription drug under the health benefits plan.

16 This section shall apply to all small employer health benefits plans  
17 in which the carrier has reserved the right to change the premium.

18

19 9. A prepaid prescription service organization that provides  
20 benefits for expenses incurred in the purchase of prescription drugs  
21 under a contract shall provide coverage under every such contract  
22 delivered, issued, executed or renewed in this State or approved for  
23 issuance or renewal in this State by the Commissioner of Banking and  
24 Insurance, on or after the effective date of this act, for expenses  
25 incurred in the purchase of prescription female contraceptives. For the  
26 purposes of this section, "prescription female contraceptives" means  
27 any drug or device used for contraception by a female, which is  
28 approved by the federal Food and Drug Administration for that  
29 purpose, that can only be purchased in this State with a prescription  
30 written by a health care professional licensed or authorized to write  
31 prescriptions, and includes, but is not limited to, birth control pills and  
32 diaphragms.

33 A religious employer may request, and a prepaid prescription  
34 service organization shall grant, an exclusion under the contract for  
35 the coverage required by this section if the required coverage conflicts  
36 with the religious employer's bona fide religious beliefs and practices.  
37 A religious employer that obtains such an exclusion shall provide  
38 written notice thereof to prospective enrollees and enrollees. The  
39 provisions of this section shall not be construed as authorizing a  
40 prepaid prescription service organization to exclude coverage for  
41 prescription drugs that are prescribed for reasons other than  
42 contraceptive purposes or for prescription female contraceptives that  
43 are necessary to preserve the life or health of an enrollee. For the  
44 purposes of this section, "religious employer" means an entity that  
45 meets all of the following criteria: the inculcation of religious values  
46 is the purpose of the entity; the entity primarily employs persons who

1 share the religious tenets of the entity; the entity primarily serves  
2 persons who share the religious tenets of the entity; and the entity is  
3 a nonprofit organization as described in 26 U.S.C. s.6033(a)(2)(A)i  
4 and iii.

5 The benefits shall be provided to the same extent as for any other  
6 prescription drug under the contract.

7 This section shall apply to those prepaid prescription plans in which  
8 the prepaid prescription service organization has reserved the right to  
9 change the premium.

10  
11 10. The State Health Benefits Commission shall ensure that every  
12 contract purchased by the commission on or after the effective date of  
13 this act that provides benefits for expenses incurred in the purchase of  
14 prescription drugs shall provide benefits for expenses incurred in the  
15 purchase of prescription female contraceptives.

16 For the purposes of this section, "prescription female  
17 contraceptives" means any drug or device used for contraception by  
18 a female, which is approved by the federal Food and Drug  
19 Administration for that purpose, that can only be purchased in this  
20 State with a prescription written by a health care professional licensed  
21 or authorized to write prescriptions, and includes, but is not limited to,  
22 birth control pills and diaphragms.

23  
24 11. This act shall take effect on the 180th day after enactment and  
25 shall apply to policies or contracts issued or renewed on or after the  
26 effective date.

27  
28  
29 STATEMENT

30  
31 This bill requires health insurers that provide benefits for expenses  
32 incurred in the purchase of prescription drugs, to cover the cost of  
33 prescription female contraceptives. The provisions of the bill would  
34 apply to hospital, medical and health service corporations, commercial  
35 individual, small employer and group health insurers, health  
36 maintenance organizations and prepaid prescription service  
37 organizations. The requirements of the bill would also apply to the  
38 State Health Benefits Program.

39 The bill defines "prescription female contraceptives" as any drug or  
40 device used for contraception by a female, which is approved by the  
41 federal Food and Drug Administration for that purpose, that can only  
42 be purchased in this State with a prescription written by a health care  
43 professional licensed or authorized to write prescriptions, and  
44 includes, but is not limited to, birth control pills and diaphragms.

45 The bill provides that a religious employer may request, and a  
46 health insurer shall grant, an exclusion under the policy or contract for

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10

1 the coverage required by this bill if the required coverage conflicts  
2 with the religious employer's bona fide religious beliefs and practices.  
3 With respect to this exclusion from the required coverage, the bill  
4 provides that:  
5 -- a religious employer that obtains such an exclusion shall provide  
6 written notice thereof to covered persons and prospective covered  
7 persons;  
8 -- the provisions of the bill shall not be construed as authorizing an  
9 insurer to exclude coverage for prescription drugs that are prescribed  
10 for reasons other than contraceptive purposes or for prescription  
11 female contraceptives that are necessary to preserve the life or health  
12 of an covered person; and  
13 -- "religious employer" means an entity that meets all of the  
14 following criteria: the inculcation of religious values is the purpose of  
15 the entity; the entity primarily employs persons who share the religious  
16 tenets of the entity; the entity primarily serves persons who share the  
17 religious tenets of the entity; and the entity is a nonprofit organization  
18 as described in 26 U.S.C. s.6033(a)(2)(A)i and iii.  
19 The bill takes effect on the 180th day after enactment and applies  
20 to policies and contracts issued or renewed on or after the effective  
21 date.

# SENATE, No. 600

## STATE OF NEW JERSEY 211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

**Sponsored by:**

**Senator DIANE ALLEN**

**District 7 (Burlington and Camden)**

**Senator BARBARA BUONO**

**District 18 (Middlesex)**

**Co-Sponsored by:**

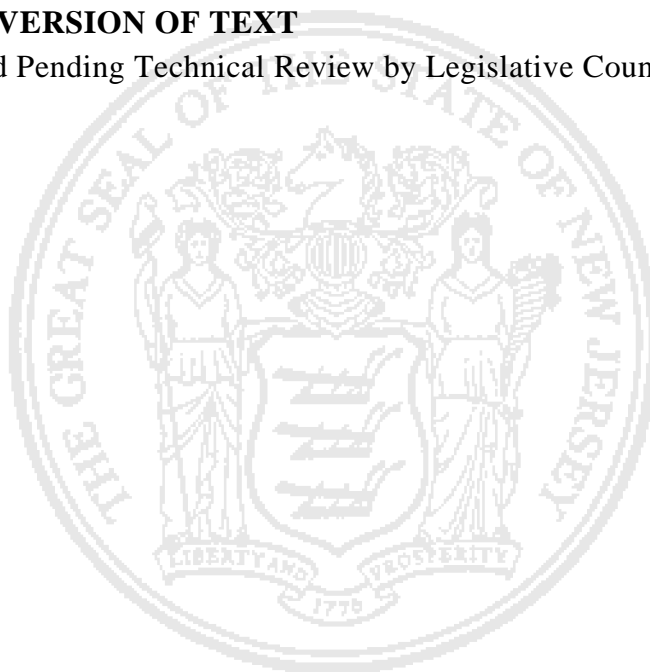
**Senator Singer**

**SYNOPSIS**

Requires insurers that provide certain prescription drug benefits to cover costs of contraceptives.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 3/23/2004)**

1 AN ACT concerning insurance coverage for prescribed contraceptives,  
2 amending P.L.1992, c.161 and P.L.1992, c.162 and supplementing  
3 various parts of the statutory law.

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

7  
8 1. (New section) A hospital service corporation that provides  
9 hospital or medical expense benefits for expenses incurred in the  
10 purchase of prescription drugs under a contract shall provide coverage  
11 under every such contract delivered, issued, executed or renewed in  
12 this State, or approved for issuance or renewal in this State by the  
13 Commissioner of Banking and Insurance on or after the effective date  
14 of this act for expenses incurred in the purchase of prescription female  
15 contraceptives. For the purposes of this section, "prescription female  
16 contraceptives" means any drug or device used for contraception by  
17 a female that can only be purchased in this State with a prescription  
18 written by a health care professional licensed or authorized to write  
19 prescriptions, and includes, but is not limited to, birth control pills and  
20 diaphragms.

21 A religious employer may request, and a hospital service  
22 corporation shall grant, an exclusion under the contract for the  
23 coverage required by this section if the required coverage conflicts  
24 with the religious employer's bona fide religious beliefs and practices.  
25 A religious employer that obtains such an exclusion shall provide  
26 written notice thereof to prospective subscribers and subscribers. The  
27 provisions of this section shall not be construed as authorizing a  
28 hospital service corporation to exclude coverage for prescription drugs  
29 that are prescribed for reasons other than contraceptive purposes or  
30 for prescription female contraceptives that are necessary to preserve  
31 the life or health of a subscriber. For the purposes of this section,  
32 "religious employer" means an employer that is a church, convention  
33 or association of churches or any group or entity that is operated,  
34 supervised or controlled by or in connection with a church or a  
35 convention or association of churches as defined in 26 U.S.C.  
36 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
37 26 U.S.C. s.501(c)(3).

38 The benefits shall be provided to the same extent as for any other  
39 prescription drugs under the contract.

40 This section shall apply to those hospital service corporation  
41 contracts in which the hospital service corporation has reserved the  
42 right to change the premium.

**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.**

1       2. (New section) A medical service corporation that provides  
2 hospital or medical expense benefits for expenses incurred in the  
3 purchase of prescription drugs under a contract shall provide coverage  
4 under every such contract delivered, issued, executed or renewed in  
5 this State, or approved for issuance or renewal in this State by the  
6 Commissioner of Banking and Insurance on or after the effective date  
7 of this act for expenses incurred in the purchase of prescription female  
8 contraceptives. For the purposes of this section, "prescription female  
9 contraceptives" means any drug or device used for contraception by  
10 a female that can only be purchased in this State with a prescription  
11 written by a health care professional licensed or authorized to write  
12 prescriptions, and includes, but is not limited to, birth control pills and  
13 diaphragms.

14       A religious employer may request, and a medical service  
15 corporation shall grant, an exclusion under the contract for the  
16 coverage required by this section if the required coverage conflicts  
17 with the religious employer's bona fide religious beliefs and practices.  
18 A religious employer that obtains such an exclusion shall provide  
19 written notice thereof to prospective subscribers and subscribers. The  
20 provisions of this section shall not be construed as authorizing a  
21 medical service corporation to exclude coverage for prescription drugs  
22 that are prescribed for reasons other than contraceptive purposes or  
23 for prescription female contraceptives that are necessary to preserve  
24 the life or health of a subscriber. For the purposes of this section,  
25 "religious employer" means an employer that is a church, convention  
26 or association of churches or any group or entity that is operated,  
27 supervised or controlled by or in connection with a church or a  
28 convention or association of churches as defined in 26 U.S.C.  
29 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
30 26 U.S.C. s.501(c)(3).

31       The benefits shall be provided to the same extent as for any other  
32 prescription drugs under the contract.

33       This section shall apply to those medical service corporation  
34 contracts in which the medical service corporation has reserved the  
35 right to change the premium.

36  
37       3. (New section) A health service corporation that provides  
38 hospital or medical expense benefits for expenses incurred in the  
39 purchase of prescription drugs under a contract shall provide coverage  
40 under every such contract delivered, issued, executed or renewed in  
41 this State, or approved for issuance or renewal in this State by the  
42 Commissioner of Banking and Insurance on or after the effective date  
43 of this act for expenses incurred in the purchase of prescription female  
44 contraceptives. For the purposes of this section, "prescription female  
45 contraceptives" means any drug or device used for contraception by  
46 a female that can only be purchased in this State with a prescription

1 written by a health care professional licensed or authorized to write  
2 prescriptions, and includes, but is not limited to, birth control pills and  
3 diaphragms.

4 A religious employer may request, and a health service corporation  
5 shall grant, an exclusion under the contract for the coverage required  
6 by this section if the required coverage conflicts with the religious  
7 employer's bona fide religious beliefs and practices. A religious  
8 employer that obtains such an exclusion shall provide written notice  
9 thereof to prospective subscribers and subscribers. The provisions of  
10 this section shall not be construed as authorizing a health service  
11 corporation to exclude coverage for prescription drugs that are  
12 prescribed for reasons other than contraceptive purposes or for  
13 prescription female contraceptives that are necessary to preserve the  
14 life or health of a subscriber. For the purposes of this section,  
15 "religious employer" means an employer that is a church, convention  
16 or association of churches or any group or entity that is operated,  
17 supervised or controlled by or in connection with a church or a  
18 convention or association of churches as defined in 26 U.S.C.  
19 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
20 26 U.S.C. s.501(c)(3).

21 The benefits shall be provided to the same extent as for any other  
22 prescription drugs under the contract.

23 This section shall apply to those health service corporation  
24 contracts in which the health service corporation has reserved the right  
25 to change the premium.

26

27 4. (New section) A group health insurer that provides hospital or  
28 medical expense benefits for expenses incurred in the purchase of  
29 prescription drugs under a policy shall provide coverage under every  
30 such policy delivered, issued, executed or renewed in this State, or  
31 approved for issuance or renewal in this State by the Commissioner of  
32 Banking and Insurance on or after the effective date of this act for  
33 expenses incurred in the purchase of prescription female  
34 contraceptives. For the purposes of this section, "prescription female  
35 contraceptives" means any drug or device used for contraception by  
36 a female that can only be purchased in this State with a prescription  
37 written by a health care professional licensed or authorized to write  
38 prescriptions, and includes, but is not limited to, birth control pills and  
39 diaphragms.

40 A religious employer may request, and an insurer shall grant, an  
41 exclusion under the policy for the coverage required by this section if  
42 the required coverage conflicts with the religious employer's bona fide  
43 religious beliefs and practices. A religious employer that obtains such  
44 an exclusion shall provide written notice thereof to prospective  
45 insureds and insureds. The provisions of this section shall not be  
46 construed as authorizing an insurer to exclude coverage for



1 prescription drugs that are prescribed for reasons other than  
2 contraceptive purposes or for prescription female contraceptives that  
3 are necessary to preserve the life or health of an insured. For the  
4 purposes of this section, "religious employer" means an employer that  
5 is a church, convention or association of churches or any group or  
6 entity that is operated, supervised or controlled by or in connection  
7 with a church or a convention or association of churches as defined in  
8 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
9 organization under 26 U.S.C. s.501(c)(3).

10 The benefits shall be provided to the same extent as for any other  
11 prescription drugs under the policy.

12 This section shall apply to those insurance policies in which the  
13 insurer has reserved the right to change the premium.

14

15 5. (New section) An individual health insurer that provides  
16 hospital or medical expense benefits for expenses incurred in the  
17 purchase of prescription drugs under a policy shall provide coverage  
18 under every such policy delivered, issued, executed or renewed in this  
19 State, or approved for issuance or renewal in this State by the  
20 Commissioner of Banking and Insurance on or after the effective date  
21 of this act for expenses incurred in the purchase of prescription female  
22 contraceptives. For the purposes of this section, "prescription female  
23 contraceptives" means any drug or device used for contraception by  
24 a female that can only be purchased in this State with a prescription  
25 written by a health care professional licensed or authorized to write  
26 prescriptions, and includes, but is not limited to, birth control pills and  
27 diaphragms.

28 A religious employer may request, and an insurer shall grant, an  
29 exclusion under the policy for the coverage required by this section if  
30 the required coverage conflicts with the religious employer's bona fide  
31 religious beliefs and practices. A religious employer that obtains such  
32 an exclusion shall provide written notice thereof to prospective  
33 insureds and insureds. The provisions of this section shall not be  
34 construed as authorizing an insurer to exclude coverage for  
35 prescription drugs that are prescribed for reasons other than  
36 contraceptive purposes or for prescription female contraceptives that  
37 are necessary to preserve the life or health of an insured. For the  
38 purposes of this section, "religious employer" means an employer that  
39 is a church, convention or association of churches or an elementary or  
40 secondary school or any group or entity that is operated, supervised  
41 or controlled by or in connection with a church or a convention or  
42 association of churches as defined in 26 U.S.C. s.3121(w)(3)(A), and  
43 that qualifies as a tax-exempt organization under 26 U.S.C.  
44 s.501(c)(3).

45 The benefits shall be provided to the same extent as for any other  
46 prescription drugs under the policy.

1 This section shall apply to those insurance policies in which the  
2 insurer has reserved the right to change the premium.

3  
4 6. (New section) A certificate of authority to establish and operate  
5 a health maintenance organization in this State shall not be issued or  
6 continued on or after the effective date of this act for a health  
7 maintenance organization which provides health care services for  
8 prescription drugs under a contract, unless the health maintenance  
9 organization also provides health care services for prescription female  
10 contraceptives. For the purposes of this section, "prescription female  
11 contraceptives" means any drug or device used for contraception by  
12 a female that can only be purchased in this State with a prescription  
13 written by a health care professional licensed or authorized to write  
14 prescriptions, and includes, but is not limited to, birth control pills and  
15 diaphragms.

16 A religious employer may request, and a health maintenance  
17 organization shall grant, an exclusion under the contract for the health  
18 care services required by this section if the required health care  
19 services conflict with the religious employer's bona fide religious  
20 beliefs and practices. A religious employer that obtains such an  
21 exclusion shall provide written notice thereof to prospective enrollees  
22 and enrollees. The provisions of this section shall not be construed as  
23 authorizing a health maintenance organization to exclude health care  
24 services for prescription drugs that are prescribed for reasons other  
25 than contraceptive purposes or for prescription female contraceptives  
26 that are necessary to preserve the life or health of an enrollee. For the  
27 purposes of this section, "religious employer" means an employer that  
28 is a church, convention or association of churches or any group or  
29 entity that is operated, supervised or controlled by or in connection  
30 with a church or a convention or association of churches as defined in  
31 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
32 organization under 26 U.S.C. s.501(c)(3).

33 The benefits shall be provided to the same extent as for any other  
34 prescription drugs under the contract.

35 The provisions of this section shall apply to those contracts for  
36 health care services by health maintenance organizations under which  
37 the right to change the schedule of charges for enrollee coverage is  
38 reserved.

39  
40 7. Section 6 of P.L.1992, c.161 (C.17B:27A-7) is amended to read  
41 as follows:

42 6. The board shall establish the policy and contract forms and  
43 benefit levels to be made available by all carriers for the health benefits  
44 plans required to be issued pursuant to section 3 of P.L.1992, c.161  
45 (C.17B:27A-4), and shall adopt such modifications to one or more  
46 plans as the board determines are necessary to make available a "high

1 deductible health plan" or plans consistent with section 301 of Title III  
2 of the "Health Insurance Portability and Accountability Act of 1996,"  
3 Pub.L.104-191, regarding tax-deductible medical savings accounts,  
4 within 60 days after the enactment of P.L.1997, c.414 (C.54A:3-4 et  
5 al.). The board shall provide the commissioner with an informational  
6 filing of the policy and contract forms and benefit levels it establishes.

7 a. The individual health benefits plans established by the board may  
8 include cost containment measures such as, but not limited to:  
9 utilization review of health care services, including review of medical  
10 necessity of hospital and physician services; case management benefit  
11 alternatives; selective contracting with hospitals, physicians, and other  
12 health care providers; and reasonable benefit differentials applicable to  
13 participating and nonparticipating providers; and other managed care  
14 provisions.

15 b. An individual health benefits plan offered pursuant to section 3  
16 of P.L.1992, c.161 (C.17B:27A-4) shall contain a limitation of no  
17 more than 12 months on coverage for preexisting conditions. An  
18 individual health benefits plan offered pursuant to section 3 of  
19 P.L.1992, c.161 (C.17B:27A-4) shall not contain a preexisting  
20 condition limitation of any period under the following circumstances:

21 (1) to an individual who has, under creditable coverage, with no  
22 intervening lapse in coverage of more than 31 days, been treated or  
23 diagnosed by a physician for a condition under that plan or satisfied a  
24 12-month preexisting condition limitation; or

25 (2) to a federally defined eligible individual who applies for an  
26 individual health benefits plan within 63 days of termination of the  
27 prior coverage.

28 c. In addition to the five standard individual health benefits plans  
29 provided for in section 3 of P.L.1992, c.161 (C.17B:27A-4), the board  
30 may develop up to five rider packages. Premium rates for the rider  
31 packages shall be determined in accordance with section 8 of  
32 P.L.1992, c.161 (C.17B:27A-9).

33 d. After the board's establishment of the individual health benefits  
34 plans required pursuant to section 3 of P.L.1992, c.161  
35 (C.17B:27A-4), and notwithstanding any law to the contrary, a carrier  
36 shall file the policy or contract forms with the board and certify to the  
37 board that the health benefits plans to be used by the carrier are in  
38 substantial compliance with the provisions in the corresponding board  
39 approved plans. The certification shall be signed by the chief  
40 executive officer of the carrier. Upon receipt by the board of the  
41 certification, the certified plans may be used until the board, after  
42 notice and hearing, disapproves their continued use.

43 e. Effective immediately for an individual health benefits plan  
44 issued on or after the effective date of P.L.1995, c.316  
45 (C.17:48E-35.10 et al.) and effective on the first 12-month anniversary  
46 date of an individual health benefits plan in effect on the effective date

1 of P.L.1995, c.316 (C.17:48E-35.10 et al.), the individual health  
2 benefits plans required pursuant to section 3 of P.L.1992, c.161  
3 (C.17B:27A-4), including any plan offered by a federally qualified  
4 health maintenance organization, shall contain benefits for expenses  
5 incurred in the following:

6 (1) Screening by blood lead measurement for lead poisoning for  
7 children, including confirmatory blood lead testing as specified by the  
8 Department of Health and Senior Services pursuant to section 7 of  
9 P.L.1995, c.316 (C.26:2-137.1); and medical evaluation and any  
10 necessary medical follow-up and treatment for lead poisoned children.

11 (2) All childhood immunizations as recommended by the Advisory  
12 Committee on Immunization Practices of the United States Public  
13 Health Service and the Department of Health and Senior Services  
14 pursuant to section 7 of P.L.1995, c.316 (C.26:2-137.1). A carrier  
15 shall notify its insureds, in writing, of any change in the health care  
16 services provided with respect to childhood immunizations and any  
17 related changes in premium. Such notification shall be in a form and  
18 manner to be determined by the Commissioner of Banking and  
19 Insurance.

20 The benefits shall be provided to the same extent as for any other  
21 medical condition under the health benefits plan, except that no  
22 deductible shall be applied for benefits provided pursuant to this  
23 section. This section shall apply to all individual health benefits plans  
24 in which the carrier has reserved the right to change the premium.

25 f. Individual health benefits plans required pursuant to section 3 of  
26 P.L.1992, c.161 (C.17B:27A-4) that provide benefits for expenses  
27 incurred in the purchase of prescription drugs shall provide coverage  
28 for expenses incurred in the purchase of prescription female  
29 contraceptives. For the purposes of this subsection, "prescription  
30 female contraceptives" means any drug or device used for  
31 contraception by a female that can only be purchased in this State with  
32 a prescription written by a health care professional licensed or  
33 authorized to write prescriptions, and includes, but is not limited to,  
34 birth control pills and diaphragms.

35 A religious employer may request, and a carrier shall grant, an  
36 exclusion under the health benefits plan for the coverage required by  
37 this section if the required coverage conflicts with the religious  
38 employer's bona fide religious beliefs and practices. A religious  
39 employer that obtains such an exclusion shall provide written notice  
40 thereof to prospective covered persons and covered persons. The  
41 provisions of this section shall not be construed as authorizing a  
42 carrier to exclude coverage for prescription drugs that are prescribed  
43 for reasons other than contraceptive purposes or for prescription  
44 female contraceptives that are necessary to preserve the life or health  
45 of a covered person. For the purposes of this subsection, "religious  
46 employer" means an employer that is a church, convention or

1 association of churches or any group or entity that is operated,  
2 supervised or controlled by or in connection with a church or a  
3 convention or association of churches as defined in 26 U.S.C.  
4 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
5 26 U.S.C. s.501(c)(3).

6 (cf: P.L.1997, c.414, s.1)

7

8 8. Section 3 of P.L.1992, c.162 (C.17B:27A-19) is amended to  
9 read as follows:

10 3. a. Except as provided in subsection f. of this section, every  
11 small employer carrier shall, as a condition of transacting business in  
12 this State, offer to every small employer the five health benefit plans  
13 as provided in this section. The board shall establish a standard policy  
14 form for each of the five plans, which except as otherwise provided in  
15 subsection j. of this section, shall be the only plans offered to small  
16 groups on or after January 1, 1994. One policy form shall contain the  
17 benefits provided for in sections 55, 57, and 59 of P.L.1991, c.187  
18 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3). In the case of indemnity  
19 carriers, one policy form shall be established which contains benefits  
20 and cost sharing levels which are equivalent to the health benefits  
21 plans of health maintenance organizations pursuant to the "Health  
22 Maintenance Organization Act of 1973," Pub.L.93-222 (42 U.S.C.  
23 s.300e et seq.). The remaining policy forms shall contain basic  
24 hospital and medical-surgical benefits, including, but not limited to:

- 25 (1) Basic inpatient and outpatient hospital care;  
26 (2) Basic and extended medical-surgical benefits;  
27 (3) Diagnostic tests, including X-rays;  
28 (4) Maternity benefits, including prenatal and postnatal care; and  
29 (5) Preventive medicine, including periodic physical examinations  
30 and inoculations.

31 At least three of the forms shall provide for major medical benefits  
32 in varying lifetime aggregates, one of which shall provide at least  
33 \$1,000,000 in lifetime aggregate benefits. The policy forms provided  
34 pursuant to this section shall contain benefits representing  
35 progressively greater actuarial values.

36 Notwithstanding the provisions of this subsection to the contrary,  
37 the board also may establish additional policy forms by which a small  
38 employer carrier, other than a health maintenance organization, may  
39 provide indemnity benefits for health maintenance organization  
40 enrollees by direct contract with the enrollees' small employer through  
41 a dual arrangement with the health maintenance organization. The  
42 dual arrangement shall be filed with the commissioner for approval.  
43 The additional policy forms shall be consistent with the general  
44 requirements of P.L.1992, c.162 (C.17B:27A-17 et seq.).

45 b. Initially, a carrier shall offer a plan within 90 days of the  
46 approval of such plan by the commissioner. Thereafter, the plans shall

1 be available to all small employers on a continuing basis. Every small  
2 employer which elects to be covered under any health benefits plan  
3 who pays the premium therefor and who satisfies the participation  
4 requirements of the plan shall be issued a policy or contract by the  
5 carrier.

6 c. The carrier may establish a premium payment plan which  
7 provides installment payments and which may contain reasonable  
8 provisions to ensure payment security, provided that provisions to  
9 ensure payment security are uniformly applied.

10 d. In addition to the five standard policies described in subsection  
11 a. of this section, the board may develop up to five rider packages.  
12 Any such package which a carrier chooses to offer shall be issued to  
13 a small employer who pays the premium therefor, and shall be subject  
14 to the rating methodology set forth in section 9 of P.L.1992, c.162  
15 (C.17B:27A-25).

16 e. Notwithstanding the provisions of subsection a. of this section  
17 to the contrary, the board may approve a health benefits plan  
18 containing only medical-surgical benefits or major medical expense  
19 benefits, or a combination thereof, which is issued as a separate policy  
20 in conjunction with a contract of insurance for hospital expense  
21 benefits issued by a hospital service corporation, if the health benefits  
22 plan and hospital service corporation contract combined otherwise  
23 comply with the provisions of P.L.1992, c.162 (C.17B:27A-17 et  
24 seq.). Deductibles and coinsurance limits for the contract combined  
25 may be allocated between the separate contracts at the discretion of  
26 the carrier and the hospital service corporation.

27 f. Notwithstanding the provisions of this section to the contrary,  
28 a health maintenance organization which is a qualified health  
29 maintenance organization pursuant to the "Health Maintenance  
30 Organization Act of 1973," Pub.L.93-222 (42 U.S.C. s.300e et seq.)  
31 shall be permitted to offer health benefits plans formulated by the  
32 board and approved by the commissioner which are in accordance with  
33 the provisions of that law in lieu of the five plans required pursuant to  
34 this section.

35 Notwithstanding the provisions of this section to the contrary, a  
36 health maintenance organization which is approved pursuant to  
37 P.L.1973, c.337 (C.26:2J-1 et seq.) shall be permitted to offer health  
38 benefits plans formulated by the board and approved by the  
39 commissioner which are in accordance with the provisions of that law  
40 in lieu of the five plans required pursuant to this section, except that  
41 the plans shall provide the same level of benefits as required for a  
42 federally qualified health maintenance organization, including any  
43 requirements concerning copayments by enrollees.

44 g. A carrier shall not be required to own or control a health  
45 maintenance organization or otherwise affiliate with a health  
46 maintenance organization in order to comply with the provisions of

1 this section, but the carrier shall be required to offer the five health  
2 benefits plans which are formulated by the board and approved by the  
3 commissioner, including one plan which contains benefits and cost  
4 sharing levels that are equivalent to those required for health  
5 maintenance organizations.

6 h. Notwithstanding the provisions of subsection a. of this section  
7 to the contrary, the board may modify the benefits provided for in  
8 sections 55, 57 and 59 of P.L.1991, c.187 (C.17:48E-22.2, 17B:26B-2  
9 and 26:2J-4.3).

10 i. (1) In addition to the rider packages provided for in subsection  
11 d. of this section, every carrier may offer, in connection with the five  
12 health benefits plans required to be offered by this section, any number  
13 of riders which may revise the coverage offered by the five plans in  
14 any way, provided, however, that any form of such rider or  
15 amendment thereof which decreases benefits or decreases the actuarial  
16 value of one of the five plans shall be filed for informational purposes  
17 with the board and for approval by the commissioner before such rider  
18 may be sold. Any rider or amendment thereof which adds benefits or  
19 increases the actuarial value of one of the five plans shall be filed with  
20 the board for informational purposes before such rider may be sold.

21 The commissioner shall disapprove any rider filed pursuant to this  
22 subsection that is unjust, unfair, inequitable, unreasonably  
23 discriminatory, misleading, contrary to law or the public policy of this  
24 State. The commissioner shall not approve any rider which reduces  
25 benefits below those required by sections 55, 57 and 59 of P.L.1991,  
26 c.187 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3) and required to be  
27 sold pursuant to this section. The commissioner's determination shall  
28 be in writing and shall be appealable.

29 (2) The benefit riders provided for in paragraph (1) of this  
30 subsection shall be subject to the provisions of section 2, subsection  
31 b. of section 3, and sections 6, 7, 8, 9 and 11 of P.L.1992, c.162  
32 (C.17B:27A-18, 17B:27A-19b., 17B:27A-22, 17B:27A-23,  
33 17B:27A-24, 17B:27A-25, and 17B:27A-27).

34 j. (1) Notwithstanding the provisions of P.L.1992, c.162  
35 (C.17B:27A-17 et seq.) to the contrary, a health benefits plan issued  
36 by or through a carrier, association, multiple employer arrangement  
37 prior to January 1, 1994 or, if the requirements of subparagraph (c) of  
38 paragraph (6) of this subsection are met, issued by or through an  
39 out-of-State trust prior to January 1, 1994, at the option of a small  
40 employer policy or contract holder, may be renewed or continued after  
41 February 28, 1994, or in the case of such a health benefits plan whose  
42 anniversary date occurred between March 1, 1994 and the effective  
43 date of P.L.1994, c.11 (C.17B:27A-19.1 et al.), may be reinstated  
44 within 60 days of that anniversary date and renewed or continued if,  
45 beginning on the first 12-month anniversary date occurring on or after  
46 the sixtieth day after the board adopts regulations concerning the

1 implementation of the rating factors permitted by section 9 of  
2 P.L.1992, c.162 (C.17B:27A-25) and, regardless of the situs of  
3 delivery of the health benefits plan, the health benefits plan renewed,  
4 continued or reinstated pursuant to this subsection complies with the  
5 provisions of section 2, subsection b. of section 3, and sections 6, 7,  
6 8, 9 and 11 of P.L.1992, c.162 (C.17B:27A-18, 17B:27A-19b.,  
7 17B:27A-22, 17B:27A-23, 17B:27A-24, 17B:27A-25 and  
8 17B:27A-27) and section 7 of P.L.1995, c.340 (C.17B:27A-19.3).

9 Nothing in this subsection shall be construed to require an  
10 association, multiple employer arrangement or out-of-State trust to  
11 provide health benefits coverage to small employers that are not  
12 contemplated by the organizational documents, bylaws, or other  
13 regulations governing the purpose and operation of the association,  
14 multiple employer arrangement or out-of-State trust. Notwithstanding  
15 the foregoing provision to the contrary, an association, multiple  
16 employer arrangement or out-of-State trust that offers health benefits  
17 coverage to its members' employees and dependents:

18 (a) shall offer coverage to all eligible employees and their  
19 dependents within the membership of the association, multiple  
20 employer arrangement or out-of-State trust;

21 (b) shall not use actual or expected health status in determining its  
22 membership; and

23 (c) shall make available to its small employer members at least one  
24 of the standard benefits plans, as determined by the commissioner, in  
25 addition to any health benefits plan permitted to be renewed or  
26 continued pursuant to this subsection.

27 (2) Notwithstanding the provisions of this subsection to the  
28 contrary, a carrier or out-of-State trust which writes the health  
29 benefits plans required pursuant to subsection a. of this section shall  
30 be required to offer those plans to any small employer, association or  
31 multiple employer arrangement.

32 (3) (a) A carrier, association, multiple employer arrangement or  
33 out-of-State trust may withdraw a health benefits plan marketed to  
34 small employers that was in effect on December 31, 1993 with the  
35 approval of the commissioner. The commissioner shall approve a  
36 request to withdraw a plan, consistent with regulations adopted by the  
37 commissioner, only on the grounds that retention of the plan would  
38 cause an unreasonable financial [~~burder~~] burden to the issuing carrier,  
39 taking into account the rating provisions of section 9 of P.L.1992,  
40 c.162 (C.17B:27A-25) and section 7 of P.L.1995, c.340  
41 (C.17B:27A-19.3).

42 (b) A carrier which has renewed, continued or reinstated a health  
43 benefits plan pursuant to this subsection that has not been newly issued  
44 to a new small employer group since January 1, 1994, may, upon  
45 approval of the commissioner, continue to establish its rates for that  
46 plan based on the loss experience of that plan if the carrier does not  
47 issue that health benefits plan to any new small employer groups.



1 (4) (Deleted by amendment, P.L.1995, c.340).

2 (5) A health benefits plan that otherwise conforms to the  
3 requirements of this subsection shall be deemed to be in compliance  
4 with this subsection, notwithstanding any change in the plan's  
5 deductible or copayment.

6 (6) (a) Except as otherwise provided in subparagraphs (b) and (c)  
7 of this paragraph, a health benefits plan renewed, continued or  
8 reinstated pursuant to this subsection shall be filed with the  
9 commissioner for informational purposes within 30 days after its  
10 renewal date. No later than 60 days after the board adopts regulations  
11 concerning the implementation of the rating factors permitted by  
12 section 9 of P.L.1992, c.162 (C.17B:27A-25) the filing shall be  
13 amended to show any modifications in the plan that are necessary to  
14 comply with the provisions of this subsection. The commissioner shall  
15 monitor compliance of any such plan with the requirements of this  
16 subsection, except that the board shall enforce the loss ratio  
17 requirements.

18 (b) A health benefits plan filed with the commissioner pursuant to  
19 subparagraph (a) of this paragraph may be amended as to its benefit  
20 structure if the amendment does not reduce the actuarial value and  
21 benefits coverage of the health benefits plan below that of the lowest  
22 standard health benefits plan established by the board pursuant to  
23 subsection a. of this section. The amendment shall be filed with the  
24 commissioner for approval pursuant to the terms of sections 4, 8, 12  
25 and 25 of P.L.1995, c.73 (C.17:48-8.2, 17:48A-9.2, 17:48E-13.2 and  
26 26:2J-43), N.J.S.17B:26-1 and N.J.S.17B:27-49, as applicable, and  
27 shall comply with the provisions of sections 2 and 9 of P.L.1992,  
28 c.162 (C.17B:27A-18 and 17B:27A-25) and section 7 of P.L.1995,  
29 c.340 (C.17B:27A-19.3).

30 (c) A health benefits plan issued by a carrier through an  
31 out-of-State trust shall be permitted to be renewed or continued  
32 pursuant to paragraph (1) of this subsection upon approval by the  
33 commissioner and only if the benefits offered under the plan are at  
34 least equal to the actuarial value and benefits coverage of the lowest  
35 standard health benefits plan established by the board pursuant to  
36 subsection a. of this section. For the purposes of meeting the  
37 requirements of this subparagraph, carriers shall be required to file  
38 with the commissioner the health benefits plans issued through an  
39 out-of-State trust no later than 180 days after the date of enactment  
40 of P.L.1995, c.340. A health benefits plan issued by a carrier through  
41 an out-of-State trust that is not filed with the commissioner pursuant  
42 to this subparagraph, shall not be permitted to be continued or  
43 renewed after the 180-day period.

44 (7) Notwithstanding the provisions of P.L.1992, c.162  
45 (C.17B:27A-17 et seq.) to the contrary, an association, multiple  
46 employer arrangement or out-of-State trust may offer a health benefits

1 plan authorized to be renewed, continued or reinstated pursuant to this  
2 subsection to small employer groups that are otherwise eligible  
3 pursuant to paragraph (1) of subsection j. of this section during the  
4 period for which such health benefits plan is otherwise authorized to  
5 be renewed, continued or reinstated.

6 (8) Notwithstanding the provisions of P.L.1992, c.162  
7 (C.17B:27A-17 et seq.) to the contrary, a carrier, association, multiple  
8 employer arrangement or out-of-State trust may offer coverage under  
9 a health benefits plan authorized to be renewed, continued or  
10 reinstated pursuant to this subsection to new employees of small  
11 employer groups covered by the health benefits plan in accordance  
12 with the provisions of paragraph (1) of this subsection.

13 (9) Notwithstanding the provisions of P.L.1992, c.162  
14 (C.17B:27A-17 et seq.) or P.L.1992, c.161 (C.17B:27A-2 et seq.) to  
15 the contrary, any individual, who is eligible for small employer  
16 coverage under a policy issued, renewed, continued or reinstated  
17 pursuant to this subsection, but who would be subject to a preexisting  
18 condition exclusion under the small employer health benefits plan, or  
19 who is a member of a small employer group who has been denied  
20 coverage under the small employer group health benefits plan for  
21 health reasons, may elect to purchase or continue coverage under an  
22 individual health benefits plan until such time as the group health  
23 benefits plan covering the small employer group of which the  
24 individual is a member complies with the provisions of P.L.1992, c.162  
25 (C.17B:27A-17 et seq.).

26 (10) In a case in which an association made available a health  
27 benefits plan on or before March 1, 1994 and subsequently changed  
28 the issuing carrier between March 1, 1994 and the effective date of  
29 P.L.1995, c.340, the new issuing carrier shall be deemed to have been  
30 eligible to continue and renew the plan pursuant to paragraph (1) of  
31 this subsection.

32 (11) In a case in which an association, multiple employer  
33 arrangement or out-of-State trust made available a health benefits plan  
34 on or before March 1, 1994 and subsequently changes the issuing  
35 carrier for that plan after the effective date of P.L.1995, c.340, the  
36 new issuing carrier shall file the health benefits plan with the  
37 commissioner for approval in order to be deemed eligible to continue  
38 and renew that plan pursuant to paragraph (1) of this subsection.

39 (12) In a case in which a small employer purchased a health  
40 benefits plan directly from a carrier on or before March 1, 1994 and  
41 subsequently changes the issuing carrier for that plan after the  
42 effective date of P.L.1995, c.340, the new issuing carrier shall file the  
43 health benefits plan with the commissioner for approval in order to be  
44 deemed eligible to continue and renew that plan pursuant to paragraph  
45 (1) of this subsection.

1 Notwithstanding the provisions of subparagraph (b) of paragraph  
2 (6) of this subsection to the contrary, a small employer who changes  
3 its health benefits plan's issuing carrier pursuant to the provisions of  
4 this paragraph, shall not, upon changing carriers, modify the benefit  
5 structure of that health benefits plan within six months of the date the  
6 issuing carrier was changed.

7 k. Effective immediately for a health benefits plan issued on or  
8 after the effective date of P.L.1995, c.316 (C.17:48E-35.10 et al.) and  
9 effective on the first 12-month anniversary date of a health benefits  
10 plan in effect on the effective date of P.L.1995, c.316  
11 (C.17:48E-35.10 et al.), the health benefits plans required pursuant to  
12 this section, including any plans offered by a State approved or  
13 federally qualified health maintenance organization, shall contain  
14 benefits for expenses incurred in the following:

15 (1) Screening by blood lead measurement for lead poisoning for  
16 children, including confirmatory blood lead testing as specified by the  
17 Department of Health and Senior Services pursuant to section 7 of  
18 P.L.1995, c.316 (C.26:2-137.1); and medical evaluation and any  
19 necessary medical follow-up and treatment for lead poisoned children.

20 (2) All childhood immunization as recommended by the Advisory  
21 Committee on Immunization Practices of the United State Public  
22 Health Service and the Department of Health and Senior Services  
23 pursuant to section 7 of P.L.1995, c.316 (C.26:2-137.1). A carrier  
24 shall notify its insureds, in writing, [or] of any change in the health  
25 care services provided with respect to childhood immunizations and  
26 any related changes in premium. Such notification shall be in a form  
27 and manner to be determined by the Commissioner of Banking and  
28 Insurance.

29 The benefits shall be provided to the same extent as for any other  
30 medical condition under the health benefits plan, except that no  
31 deductible shall be applied for benefits provided pursuant to this  
32 section. This section shall apply to all small employer health benefits  
33 plans in which the carrier has reserved the right to change the  
34 premium.

35 1. The board shall consider including benefits for speech-language  
36 pathology and audiology services, as rendered by speech-language  
37 pathologists and audiologists within the scope of their practices, in at  
38 least one of the five standard policies and in at least one of the five  
39 riders to be developed under this section.

40 m. Small employer health benefits plans required pursuant to this  
41 section that provide benefits for expenses incurred in the purchase of  
42 prescription drugs shall provide coverage for expenses incurred in the  
43 purchase of prescription female contraceptives. For the purposes of  
44 this subsection, "prescription female contraceptives" means any drug  
45 or device used for contraception by a female that can only be  
46 purchased in this State with a prescription written by a health care

1 professional licensed or authorized to write prescriptions, and  
2 includes, but is not limited to, birth control pills and diaphragms.

3 A religious employer may request, and a carrier shall grant, an  
4 exclusion under the health benefits plan for the coverage required by  
5 this section if the required coverage conflicts with the religious  
6 employer's bona fide religious beliefs and practices. A religious  
7 employer that obtains such an exclusion shall provide written notice  
8 thereof to prospective covered persons and covered persons. The  
9 provisions of this section shall not be construed as authorizing a  
10 carrier to exclude coverage for prescription drugs that are prescribed  
11 for reasons other than contraceptive purposes or for prescription  
12 female contraceptives that are necessary to preserve the life or health  
13 of a covered person. For the purposes of this subsection, "religious  
14 employer" means an employer that is a church, convention or  
15 association of churches or any group or entity that is operated,  
16 supervised or controlled by or in connection with a church or a  
17 convention or association of churches as defined in 26 U.S.C.  
18 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
19 26 U.S.C. s.501(c)(3).

20 (cf: P.L.1997, c.419, s.6)

21  
22 9. (New section) A prepaid prescription service organization that  
23 provides benefits for expenses incurred in the purchase of prescription  
24 drugs under a contract shall provide coverage under every such  
25 contract delivered, issued, executed or renewed in this State, or  
26 approved for issuance or renewal in this State by the Commissioner of  
27 Banking and Insurance on or after the effective date of this act for  
28 expenses incurred in the purchase of prescription female  
29 contraceptives. For the purposes of this section, "prescription female  
30 contraceptives" means any drug or device used for contraception by  
31 a female that can only be purchased in this State with a prescription  
32 written by a health care professional licensed or authorized to write  
33 prescriptions, and includes, but is not limited to, birth control pills and  
34 diaphragms.

35 A religious employer may request, and a prepaid prescription  
36 service organization shall grant, an exclusion under the contract for  
37 the coverage required by this section if the required coverage conflicts  
38 with the religious employer's bona fide religious beliefs and practices.  
39 A religious employer that obtains such an exclusion shall provide  
40 written notice thereof to prospective enrollees and enrollees. The  
41 provisions of this section shall not be construed as authorizing a  
42 prepaid prescription service organization to exclude coverage for  
43 prescription drugs that are prescribed for reasons other than  
44 contraceptive purposes or for prescription female contraceptives that  
45 are necessary to preserve the life or health of an enrollee. For the  
46 purposes of this section, "religious employer" means an employer that

1 is a church, convention or association of churches or any group or  
2 entity that is operated, supervised or controlled by or in connection  
3 with a church or a convention or association of churches as defined in  
4 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
5 organization under 26 U.S.C. s.501(c)(3).

6 The benefits shall be provided to the same extent as for any other  
7 prescription drugs under the contract.

8 This section shall apply to those prepaid prescription plans in which  
9 the prepaid prescription service organization has reserved the right to  
10 change the premium.

11  
12 10. This act shall take effect 180 days after enactment and shall  
13 apply to policies or contracts issued or renewed on or after the  
14 effective date.

15  
16  
17 STATEMENT

18  
19 This bill requires health insurers including hospital, medical and  
20 health service corporations, commercial individual and group health  
21 insurers, health maintenance organizations, health benefits plans issued  
22 pursuant to the New Jersey Individual Health Coverage and Small  
23 Employer Health Benefits Programs and prepaid prescription plan  
24 organizations, that provide benefits for expenses incurred in the  
25 purchase of prescription drugs, to cover the cost of prescription  
26 female contraceptives.

27 The bill defines "prescription female contraceptives" as any drug or  
28 device used for contraception by a female that can only be purchased  
29 in this State with a prescription written by a health care professional  
30 licensed or authorized to write prescriptions, and includes, but is not  
31 limited to, birth control pills and diaphragms.

32 The bill also provides that a religious employer may request, and a  
33 health insurer shall grant, an exclusion under the contract or policy for  
34 the coverage of the purchase of prescription female contraceptives if  
35 the required coverage conflicts with the religious employer's bona fide  
36 religious beliefs and practices.

37 The bill requires a religious employer that obtains this exclusion to  
38 provide written notice of the exclusion to prospective covered persons  
39 and covered persons. The bill stipulates that this exclusion shall not  
40 be construed as authorizing a health insurer to exclude coverage for  
41 prescription drugs that are prescribed for reasons other than  
42 contraceptive purposes or for prescription female contraceptives that  
43 are necessary to preserve the life or health of a covered person.

44 The bill defines a "religious employer" as an employer that is a  
45 church, convention or association of churches or any group or entity  
46 that is operated, supervised or controlled by or in connection with a

1 church or a convention or association of churches as defined in 26  
2 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
3 organization under 26 U.S.C. s.501(c)(3).

**SENATE, No. 748**

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**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

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INTRODUCED FEBRUARY 5, 2004

**Sponsored by:**  
**Senator SHIRLEY K. TURNER**  
**District 15 (Mercer)**

**SYNOPSIS**

Requires certain health insurers to provide coverage for prescription contraceptives.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT requiring certain health insurers to provide coverage for  
2 prescription contraceptives and supplementing various parts of the  
3 statutory law.

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

7  
8 1. No hospital service corporation contract providing hospital or  
9 medical expense benefits for groups with 50 or more persons, which  
10 includes prescription drug benefits, shall be delivered, issued, executed  
11 or renewed in this State, or approved for issuance or renewal in this  
12 State by the Commissioner of Banking and Insurance on or after the  
13 effective date of this act, unless the contract provides benefits to any  
14 named subscriber or other person covered under the contract for  
15 prescription contraception drugs approved by the federal Food and  
16 Drug Administration, or generic equivalents approved as substitutable  
17 by the federal Food and Drug Administration, subject to the hospital  
18 service corporation's formulary. The formulary shall include at least  
19 oral contraceptives, injectable contraceptives and contraceptives  
20 delivered through an implant form or mechanism. These benefits shall  
21 be provided to the same extent as for other prescription drug benefits  
22 under the contract.

23 This section shall apply to those hospital service corporation  
24 contracts in which the hospital service corporation has reserved the  
25 right to change the premium.

26  
27 2. No medical service corporation contract providing hospital or  
28 medical expense benefits for groups with 50 or more persons, which  
29 includes prescription drug benefits, shall be delivered, issued, executed  
30 or renewed in this State, or approved for issuance or renewal in this  
31 State by the Commissioner of Banking and Insurance on or after the  
32 effective date of this act, unless the contract provides benefits to any  
33 named subscriber or other person covered under the contract for  
34 prescription contraception drugs approved by the federal Food and  
35 Drug Administration, or generic equivalents approved as substitutable  
36 by the federal Food and Drug Administration, subject to the medical  
37 service corporation's formulary. The formulary shall include at least  
38 oral contraceptives, injectable contraceptives and contraceptives  
39 delivered through an implant form or mechanism. These benefits shall  
40 be provided to the same extent as for other prescription drug benefits  
41 under the contract.

42 This section shall apply to those medical service corporation  
43 contracts in which the medical service corporation has reserved the  
44 right to change the premium.



1       3. No health service corporation contract providing hospital or  
2 medical expense benefits for groups with 50 or more persons, which  
3 includes prescription drug benefits, shall be delivered, issued, executed  
4 or renewed in this State, or approved for issuance or renewal in this  
5 State by the Commissioner of Banking and Insurance on or after the  
6 effective date of this act, unless the contract provides benefits to any  
7 named subscriber or other person covered under the contract for  
8 prescription contraception drugs approved by the federal Food and  
9 Drug Administration, or generic equivalents approved as substitutable  
10 by the federal Food and Drug Administration, subject to the health  
11 service corporation's formulary. The formulary shall include at least  
12 oral contraceptives, injectable contraceptives and contraceptives  
13 delivered through an implant form or mechanism. These benefits shall  
14 be provided to the same extent as for other prescription drug benefits  
15 under the contract.

16       This section shall apply to those health service corporation  
17 contracts in which the health service corporation has reserved the right  
18 to change the premium.

19

20       4. No group health insurance policy providing hospital or medical  
21 expense benefits for groups with 50 or more persons, which includes  
22 prescription drug benefits, shall be delivered, issued, executed or  
23 renewed in this State, or approved for issuance or renewal in this State  
24 by the Commissioner of Banking and Insurance on or after the  
25 effective date of this act, unless the policy provides benefits to any  
26 named insured or other person covered under the policy for  
27 prescription contraception drugs approved by the federal Food and  
28 Drug Administration, or generic equivalents approved as substitutable  
29 by the federal Food and Drug Administration, subject to the insurer's  
30 formulary. The formulary shall include at least oral contraceptives,  
31 injectable contraceptives and contraceptives delivered through an  
32 implant form or mechanism. These benefits shall be provided to the  
33 same extent as for other prescription drug benefits under the policy.

34       This section shall apply to those insurance policies in which the  
35 insurer has reserved the right to change the premium.

36

37       5. A certificate of authority to establish and operate a health  
38 maintenance organization in this State shall not be issued or continued  
39 by the Commissioner of Health and Senior Services on or after the  
40 effective date of this act to a health maintenance organization that  
41 provides prescription drugs to groups with 50 or more persons unless  
42 the health maintenance organization provides prescription  
43 contraception drugs approved by the federal Food and Drug  
44 Administration, or generic equivalents approved as substitutable by the  
45 federal Food and Drug Administration, subject to the health  
46 maintenance organization's formulary. The formulary shall include at

1 least oral contraceptives, injectable contraceptives and contraceptives  
2 delivered through an implant form or mechanism. These benefits shall  
3 be provided to the same extent as for other prescription drug benefits  
4 under the contract.

5 This section shall apply to those contracts for health care services  
6 by health maintenance organizations under which the right to change  
7 the schedule of charges for enrollee coverage is reserved.

8

9 6. This act shall take effect on the thirtieth day after enactment.

10

11

12

STATEMENT

13

14 This bill requires health insurers, including hospital service  
15 corporations, medical service corporations, health service  
16 corporations, commercial insurers and health maintenance  
17 organizations, that cover groups of 50 or more persons and provide  
18 prescription drug benefits, to provide coverage for prescription  
19 contraception drugs approved by the federal Food and Drug  
20 Administration, or generic equivalents approved as substitutable by the  
21 federal Food and Drug Administration, subject to the insurer's  
22 formulary. The bill requires an insurer's formulary to include at least  
23 oral contraceptives, injectable contraceptives and contraceptives  
24 delivered through an implant mechanism.

# ASSEMBLY HEALTH AND HUMAN SERVICES COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 556, 600 and 748**

# STATE OF NEW JERSEY

DATED: OCTOBER 4, 2004

The Assembly Health and Human Services Committee reports favorably the Senate Committee Substitute for Senate Bill Nos. 556, 600 and 748.

This committee substitute requires health insurers that provide benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions of the substitute would apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the State Health Benefits Program.

The substitute defines "prescription female contraceptives" to mean any drug or device used for contraception by a female, which is approved by the federal Food and Drug Administration for that purpose, that can only be purchased in this State with a prescription written by a health care professional licensed or authorized to write prescriptions, and includes, but is not limited to, birth control pills and diaphragms.

The substitute provides that a religious employer may request, and a health insurer is required to grant, an exclusion under the policy or contract for the coverage required by this substitute if the required coverage conflicts with the religious employer's bona fide religious beliefs and practices. With respect to this exclusion from the required coverage, the substitute provides that:

-- a religious employer that obtains such an exclusion is to provide written notice thereof to covered persons and prospective covered persons;

-- the provisions of the substitute are not to be construed as authorizing an insurer to exclude coverage for prescription drugs that are prescribed for reasons other than contraceptive purposes or for prescription female contraceptives that are necessary to preserve the life or health of a covered person; and

-- "religious employer" means an employer that is a church, convention or association of churches or an elementary or secondary school that is controlled, operated or principally supported by a church

or by a convention or association of churches as defined in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under 26 U.S.C.s.501(c)(3).

The substitute takes effect on the 180th day after enactment and applies to policies and contracts issued or renewed on or after its effective date.

This substitute is identical to the Assembly Committee Substitute for Assembly Bill No. 292 (Vandervalk/Weinberg/Gusciora/Cohen), which the committee also reported on this date.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 556, 600 and 748**

# **STATE OF NEW JERSEY**

DATED: DECEMBER 8, 2005

The Assembly Appropriations Committee reports favorably Senate Bill Nos. 556, 600 and 748 (SCS).

Senate Bill Nos. 556, 600 and 748 (SCS) requires health insurers that providing benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the State Health Benefits Program.

The substitute defines "prescription female contraceptives" to mean any drug or device used for contraception by a female, which is approved by the federal Food and Drug Administration for that purpose, that can only be purchased in this State with a prescription written by a health care professional licensed or authorized to write prescriptions, and includes, but is not limited to, birth control pills and diaphragms.

The substitute takes effect on the 180th day after enactment and applies to policies and contracts issued or renewed on or after its effective date.

As reported, Senate Bill Nos. 556, 600 and 748 (SCS) is identical to Assembly Bill No. 292 (ACS), as also reported by the committee.

#### FISCAL IMPACT:

As stated in the fiscal estimate to this bill, the cost to the State would range between \$1.06 million to \$1.4 million under SHBP only; the cost of local government agencies under SHBP would range between \$3.7 million to \$4.8 million.

There are no data on the number of local government agencies using a commercial health benefit provider nor the cumulative amount of premiums paid by these agencies.

This would not be considered a State mandate under the State Constitution because costs are imposed on both government and non-government entities.

SENATE HEALTH, HUMAN SERVICES AND SENIOR  
CITIZENS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, Nos. 556, 600 and 748**

**STATE OF NEW JERSEY**

DATED: JUNE 7, 2004

The Senate Health, Human Services and Senior Citizens Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 556, 600 and 748.

This substitute requires health insurers that provide benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions of the substitute would apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the State Health Benefits Program.

The substitute defines "prescription female contraceptives" as any drug or device used for contraception by a female, which is approved by the federal Food and Drug Administration for that purpose, that can only be purchased in this State with a prescription written by a health care professional licensed or authorized to write prescriptions, and includes, but is not limited to, birth control pills and diaphragms.

The substitute provides that a religious employer may request, and a health insurer shall grant, an exclusion under the policy or contract for the coverage required by this substitute if the required coverage conflicts with the religious employer's bona fide religious beliefs and practices. With respect to this exclusion from the required coverage, the substitute provides that:

- a religious employer that obtains such an exclusion shall provide written notice thereof to covered persons and prospective covered persons;

- the provisions of the substitute shall not be construed as authorizing an insurer to exclude coverage for prescription drugs that are prescribed for reasons other than contraceptive purposes or for prescription female contraceptives that are necessary to preserve the life or health of an covered person; and

- "religious employer" means an employer that is a church, convention or association of churches or an elementary or secondary school that is controlled, operated or principally supported by a church

or by a convention or association of churches as defined in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under 26 U.S.C.s.501(c)(3).

The substitute takes effect on the 180th day after enactment and applies to policies and contracts issued or renewed on or after the effective date.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE COMMITTEE SUBSTITUTE FOR**  
**SENATE, Nos. 556, 600 and 748**  
**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

DATED: DECEMBER 27, 2005

**SUMMARY**

**Synopsis:** Requires insurers that provide outpatient prescription drug benefits and State Health Benefits Program to cover costs of prescription female contraceptives.

**Type of Impact:** Expenditure increase: State General Fund; local government funds.

**Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits; local government entities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	\$1,057,090	\$1,215,653	\$1,398,001
<b>Local Cost</b>	<u>\$3,668,050</u>	<u>\$4,218,257</u>	<u>\$4,850,996</u>
<b>Total</b>	<b>\$4,725,140</b>	<b>\$5,433,910</b>	<b>\$6,248,997</b>

- ! Requires health insurers, including the State Health Benefits Program (SHBP), to cover the cost of prescription female contraceptives.
- ! The Division of Pensions and Benefits estimates that the cost impact of this bill would be on SHBP's Traditional Plan due to an increase in physician office visits that would be covered.
- ! The division estimates an additional 120,000 in prescription drug claims each year.
- ! The Office of Legislative Services (OLS) notes that the fiscal estimate 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 estimate. The OLS is not able to estimate the number of local government 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 Constitution because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

**BILL DESCRIPTION**



Senate Committee Substitute for Senate Bill Nos. 556, 600 and 748 of 2004 requires health insurers that provide benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions of the substitute would apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the SHBP.

## FISCAL ANALYSIS

### *OFFICE OF LEGISLATIVE SERVICES*

Based on information provided by the Division of Pensions and Benefits in the Department of the Treasury, the OLS estimates the total cost of this bill at \$4.7 million beginning in the first full year of implementation. This figure includes an estimated 120,000 increase in prescription drug claims. Costs would rise to \$5.4 million and \$6.2 million in the second and third year, respectively, based on an assumed 15 percent annual prescription drug inflation factor.

The OLS notes that this bill will have minimal impact on the SHBP prescription drug plan since it is already designed to cover the cost of oral contraceptives, contraceptive injections and abortifacients. The greater cost impact will be on the Traditional Plan because implants, intrauterine systems, and injections must be administered by a physician. This will result in increased physician office visits. The office visits are covered under SHBP's NJ Plus in-network only and managed care plans. These services are not covered under the Traditional Plan or NJ Plus out-of-network. Most of the additional cost would be incurred by local government employers participating in the SHBP since the majority of State employees are enrolled in one of the managed care plans or NJ Plus.

This bill would not be considered a State mandate under the provisions of Article VIII, Section II, paragraph 4 of the New Jersey State Constitution (State Mandate/State Pay) because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

The OLS notes that the fiscal estimate reflects potential costs associated with the SHBP only. The OLS cannot determine other additional costs to local government entities that may be associated with the legislation 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, 23 charter schools, 311 municipalities, and 286 authorities, commissions and State autonomous agencies.

Section: *State Government*

Analyst: *James F. Vari*  
*Senior Fiscal Analyst*

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

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

# ASSEMBLY, No. 292

## STATE OF NEW JERSEY 211th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2004 SESSION

**Sponsored by:**

**Assemblywoman CHARLOTTE VANDERVALK**

**District 39 (Bergen)**

**Assemblywoman LORETTA WEINBERG**

**District 37 (Bergen)**

**Assemblyman REED GUSCIORA**

**District 15 (Mercer)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Co-Sponsored by:**

**Assemblywoman Cruz-Perez, Assemblymen DiGaetano, Impreveduto, Payne, Tucker, Caraballo, Roberts, Wolfe, Assemblywoman Quigley, Assemblyman Stanley, Assemblywoman Watson Coleman, Assemblyman Bateman, Assemblywomen Greenstein, Stender, Previte, Assemblymen Diegnan, Panter and Morgan**

**SYNOPSIS**

Requires insurers that provide certain prescription drug benefits and State Health Benefits Program to cover costs of contraceptives.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.

(Sponsorship Updated As Of: 10/1/2004)

1 AN ACT concerning insurance coverage for prescribed contraceptives,  
2 amending P.L.1992, c.161 and P.L.1992, c.162 and supplementing  
3 various parts of the statutory law.

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

7  
8 1. (New section) A hospital service corporation that provides  
9 hospital or medical expense benefits for expenses incurred in the  
10 purchase of prescription drugs under a contract shall provide coverage  
11 under every such contract delivered, issued, executed or renewed in  
12 this State or approved for issuance or renewal in this State by the  
13 Commissioner of Banking and Insurance, on or after the effective date  
14 of this act, for expenses incurred in the purchase of prescription female  
15 contraceptives. For the purposes of this section, "prescription female  
16 contraceptives" means any drug or device used for contraception by  
17 a female, which is approved by the federal Food and Drug  
18 Administration for that purpose, that can only be purchased in this  
19 State with a prescription written by a health care professional licensed  
20 or authorized to write prescriptions, and includes, but is not limited to,  
21 birth control pills and diaphragms.

22 A religious employer may request, and a hospital service  
23 corporation shall grant, an exclusion under the contract for the  
24 coverage required by this section if the required coverage conflicts  
25 with the religious employer's bona fide religious beliefs and practices.  
26 A religious employer that obtains such an exclusion shall provide  
27 written notice thereof to prospective subscribers and subscribers. The  
28 provisions of this section shall not be construed as authorizing a  
29 hospital service corporation to exclude coverage for prescription drugs  
30 that are prescribed for reasons other than contraceptive purposes or  
31 for prescription female contraceptives that are necessary to preserve  
32 the life or health of a subscriber. For the purposes of this section,  
33 "religious employer" means an employer that is a church, convention  
34 or association of churches or any group or entity that is operated,  
35 supervised or controlled by or in connection with a church or a  
36 convention or association of churches as defined in 26 U.S.C.  
37 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
38 26 U.S.C. s.501(c)(3).

39 The benefits shall be provided to the same extent as for any other  
40 prescription drug under the contract.

41 This section shall apply to those hospital service corporation  
42 contracts in which the hospital service corporation has reserved the  
43 right to change the premium.

**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.**

1       2. (New section) A medical service corporation that provides  
2 hospital or medical expense benefits for expenses incurred in the  
3 purchase of prescription drugs under a contract shall provide coverage  
4 under every such contract delivered, issued, executed or renewed in  
5 this State or approved for issuance or renewal in this State by the  
6 Commissioner of Banking and Insurance, on or after the effective date  
7 of this act, for expenses incurred in the purchase of prescription female  
8 contraceptives. For the purposes of this section, "prescription female  
9 contraceptives" means any drug or device used for contraception by  
10 a female, which is approved by the federal Food and Drug  
11 Administration for that purpose, that can only be purchased in this  
12 State with a prescription written by a health care professional licensed  
13 or authorized to write prescriptions, and includes, but is not limited to,  
14 birth control pills and diaphragms.

15       A religious employer may request, and a medical service  
16 corporation shall grant, an exclusion under the contract for the  
17 coverage required by this section if the required coverage conflicts  
18 with the religious employer's bona fide religious beliefs and practices.  
19 A religious employer that obtains such an exclusion shall provide  
20 written notice thereof to prospective subscribers and subscribers. The  
21 provisions of this section shall not be construed as authorizing a  
22 medical service corporation to exclude coverage for prescription drugs  
23 that are prescribed for reasons other than contraceptive purposes or  
24 for prescription female contraceptives that are necessary to preserve  
25 the life or health of a subscriber. For the purposes of this section,  
26 "religious employer" means an employer that is a church, convention  
27 or association of churches or any group or entity that is operated,  
28 supervised or controlled by or in connection with a church or a  
29 convention or association of churches as defined in 26 U.S.C.  
30 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
31 26 U.S.C. s.501(c)(3).

32       The benefits shall be provided to the same extent as for any other  
33 prescription drug under the contract.

34       This section shall apply to those medical service corporation  
35 contracts in which the medical service corporation has reserved the  
36 right to change the premium.

37  
38       3. (New section) A health service corporation that provides  
39 hospital or medical expense benefits for expenses incurred in the  
40 purchase of prescription drugs under a contract shall provide coverage  
41 under every such contract delivered, issued, executed or renewed in  
42 this State or approved for issuance or renewal in this State by the  
43 Commissioner of Banking and Insurance, on or after the effective date  
44 of this act, for expenses incurred in the purchase of prescription female  
45 contraceptives. For the purposes of this section, "prescription female  
46 contraceptives" means any drug or device used for contraception by

1 a female, which is approved by the federal Food and Drug  
2 Administration for that purpose, that can only be purchased in this  
3 State with a prescription written by a health care professional licensed  
4 or authorized to write prescriptions, and includes, but is not limited to,  
5 birth control pills and diaphragms.

6 A religious employer may request, and a health service corporation  
7 shall grant, an exclusion under the contract for the coverage required  
8 by this section if the required coverage conflicts with the religious  
9 employer's bona fide religious beliefs and practices. A religious  
10 employer that obtains such an exclusion shall provide written notice  
11 thereof to prospective subscribers and subscribers. The provisions of  
12 this section shall not be construed as authorizing a health service  
13 corporation to exclude coverage for prescription drugs that are  
14 prescribed for reasons other than contraceptive purposes or for  
15 prescription female contraceptives that are necessary to preserve the  
16 life or health of a subscriber. For the purposes of this section,  
17 "religious employer" means an employer that is a church, convention  
18 or association of churches or any group or entity that is operated,  
19 supervised or controlled by or in connection with a church or a  
20 convention or association of churches as defined in 26 U.S.C.  
21 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
22 26 U.S.C. s.501(c)(3).

23 The benefits shall be provided to the same extent as for any other  
24 prescription drug under the contract.

25 This section shall apply to those health service corporation  
26 contracts in which the health service corporation has reserved the right  
27 to change the premium.

28

29 4. (New section) A group health insurer that provides hospital or  
30 medical expense benefits for expenses incurred in the purchase of  
31 prescription drugs under a policy shall provide coverage under every  
32 such policy delivered, issued, executed or renewed in this State or  
33 approved for issuance or renewal in this State by the Commissioner of  
34 Banking and Insurance, on or after the effective date of this act, for  
35 expenses incurred in the purchase of prescription female  
36 contraceptives. For the purposes of this section, "prescription female  
37 contraceptives" means any drug or device used for contraception by  
38 a female, which is approved by the federal Food and Drug  
39 Administration for that purpose, that can only be purchased in this  
40 State with a prescription written by a health care professional licensed  
41 or authorized to write prescriptions, and includes, but is not limited to,  
42 birth control pills and diaphragms.

43 A religious employer may request, and an insurer shall grant, an  
44 exclusion under the policy for the coverage required by this section if  
45 the required coverage conflicts with the religious employer's bona fide  
46 religious beliefs and practices. A religious employer that obtains such

1 an exclusion shall provide written notice thereof to prospective  
2 insureds and insureds. The provisions of this section shall not be  
3 construed as authorizing an insurer to exclude coverage for  
4 prescription drugs that are prescribed for reasons other than  
5 contraceptive purposes or for prescription female contraceptives that  
6 are necessary to preserve the life or health of an insured. For the  
7 purposes of this section, "religious employer" means an employer that  
8 is a church, convention or association of churches or any group or  
9 entity that is operated, supervised or controlled by or in connection  
10 with a church or a convention or association of churches as defined in  
11 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
12 organization under 26 U.S.C. s.501(c)(3).

13 The benefits shall be provided to the same extent as for any other  
14 prescription drug under the policy.

15 This section shall apply to those policies in which the insurer has  
16 reserved the right to change the premium.

17

18 5. (New section) An individual health insurer that provides  
19 hospital or medical expense benefits for expenses incurred in the  
20 purchase of prescription drugs under a policy shall provide coverage  
21 under every such policy delivered, issued, executed or renewed in this  
22 State or approved for issuance or renewal in this State by the  
23 Commissioner of Banking and Insurance, on or after the effective date  
24 of this act, for expenses incurred in the purchase of prescription female  
25 contraceptives. For the purposes of this section, "prescription female  
26 contraceptives" means any drug or device used for contraception by  
27 a female, which is approved by the federal Food and Drug  
28 Administration for that purpose, that can only be purchased in this  
29 State with a prescription written by a health care professional licensed  
30 or authorized to write prescriptions, and includes, but is not limited to,  
31 birth control pills and diaphragms.

32 A religious employer may request, and an insurer shall grant, an  
33 exclusion under the policy for the coverage required by this section if  
34 the required coverage conflicts with the religious employer's bona fide  
35 religious beliefs and practices. A religious employer that obtains such  
36 an exclusion shall provide written notice thereof to prospective  
37 insureds and insureds. The provisions of this section shall not be  
38 construed as authorizing an insurer to exclude coverage for  
39 prescription drugs that are prescribed for reasons other than  
40 contraceptive purposes or for prescription female contraceptives that  
41 are necessary to preserve the life or health of an insured. For the  
42 purposes of this section, "religious employer" means an employer that  
43 is a church, convention or association of churches or any group or  
44 entity that is operated, supervised or controlled by or in connection  
45 with a church or a convention or association of churches as defined in  
46 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt

1 organization under 26 U.S.C. s.501(c)(3).

2 The benefits shall be provided to the same extent as for any other  
3 prescription drug under the policy.

4 This section shall apply to those policies in which the insurer has  
5 reserved the right to change the premium.

6

7 6. (New section) A certificate of authority to establish and operate  
8 a health maintenance organization in this State shall not be issued or  
9 continued on or after the effective date of this act for a health  
10 maintenance organization that provides health care services for  
11 prescription drugs under a contract, unless the health maintenance  
12 organization also provides health care services for prescription female  
13 contraceptives. For the purposes of this section, "prescription female  
14 contraceptives" means any drug or device used for contraception by  
15 a female, which is approved by the federal Food and Drug  
16 Administration for that purpose, that can only be purchased in this  
17 State with a prescription written by a health care professional licensed  
18 or authorized to write prescriptions, and includes, but is not limited to,  
19 birth control pills and diaphragms.

20 A religious employer may request, and a health maintenance  
21 organization shall grant, an exclusion under the contract for the health  
22 care services required by this section if the required health care  
23 services conflict with the religious employer's bona fide religious  
24 beliefs and practices. A religious employer that obtains such an  
25 exclusion shall provide written notice thereof to prospective enrollees  
26 and enrollees. The provisions of this section shall not be construed as  
27 authorizing a health maintenance organization to exclude health care  
28 services for prescription drugs that are prescribed for reasons other  
29 than contraceptive purposes or for prescription female contraceptives  
30 that are necessary to preserve the life or health of an enrollee. For the  
31 purposes of this section, "religious employer" means an employer that  
32 is a church, convention or association of churches or any group or  
33 entity that is operated, supervised or controlled by or in connection  
34 with a church or a convention or association of churches as defined in  
35 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
36 organization under 26 U.S.C. s.501(c)(3).

37 The health care services shall be provided to the same extent as for  
38 any other prescription drug under the contract.

39 The provisions of this section shall apply to those contracts for  
40 health care services by health maintenance organizations under which  
41 the right to change the schedule of charges for enrollee coverage is  
42 reserved.

43

44 7. Section 6 of P.L.1992, c.161 (C.17B:27A-7) is amended to read  
45 as follows:

46 6. The board shall establish the policy and contract forms and

1 benefit levels to be made available by all carriers for the health benefits  
2 plans required to be issued pursuant to section 3 of P.L.1992, c.161  
3 (C.17B:27A-4), and shall adopt such modifications to one or more  
4 plans as the board determines are necessary to make available a "high  
5 deductible health plan" or plans consistent with section 301 of Title III  
6 of the "Health Insurance Portability and Accountability Act of 1996,"  
7 Pub.L.104-191, regarding tax-deductible medical savings accounts,  
8 within 60 days after the enactment of P.L.1997, c.414 (C.54A:3-4 et  
9 al.). The board shall provide the commissioner with an informational  
10 filing of the policy and contract forms and benefit levels it establishes.

11 a. The individual health benefits plans established by the board may  
12 include cost containment measures such as, but not limited to:  
13 utilization review of health care services, including review of medical  
14 necessity of hospital and physician services; case management benefit  
15 alternatives; selective contracting with hospitals, physicians, and other  
16 health care providers; and reasonable benefit differentials applicable to  
17 participating and nonparticipating providers; and other managed care  
18 provisions.

19 b. An individual health benefits plan offered pursuant to section 3  
20 of P.L.1992, c.161 (C.17B:27A-4) shall contain a limitation of no  
21 more than 12 months on coverage for preexisting conditions. An  
22 individual health benefits plan offered pursuant to section 3 of  
23 P.L.1992, c.161 (C.17B:27A-4) shall not contain a preexisting  
24 condition limitation of any period under the following circumstances:

25 (1) to an individual who has, under creditable coverage, with no  
26 intervening lapse in coverage of more than 31 days, been treated or  
27 diagnosed by a physician for a condition under that plan or satisfied a  
28 12-month preexisting condition limitation; or

29 (2) to a federally defined eligible individual who applies for an  
30 individual health benefits plan within 63 days of termination of the  
31 prior coverage.

32 c. In addition to the five standard individual health benefits plans  
33 provided for in section 3 of P.L.1992, c.161 (C.17B:27A-4), the board  
34 may develop up to five rider packages. Premium rates for the rider  
35 packages shall be determined in accordance with section 8 of  
36 P.L.1992, c.161 (C.17B:27A-9).

37 d. After the board's establishment of the individual health benefits  
38 plans required pursuant to section 3 of P.L.1992, c.161  
39 (C.17B:27A-4), and notwithstanding any law to the contrary, a carrier  
40 shall file the policy or contract forms with the board and certify to the  
41 board that the health benefits plans to be used by the carrier are in  
42 substantial compliance with the provisions in the corresponding board  
43 approved plans. The certification shall be signed by the chief  
44 executive officer of the carrier. Upon receipt by the board of the  
45 certification, the certified plans may be used until the board, after  
46 notice and hearing, disapproves their continued use.



1 e. Effective immediately for an individual health benefits plan  
2 issued on or after the effective date of P.L.1995, c.316  
3 (C.17:48E-35.10 et al.) and effective on the first 12-month anniversary  
4 date of an individual health benefits plan in effect on the effective date  
5 of P.L.1995, c.316 (C.17:48E-35.10 et al.), the individual health  
6 benefits plans required pursuant to section 3 of P.L.1992, c.161  
7 (C.17B:27A-4), including any plan offered by a federally qualified  
8 health maintenance organization, shall contain benefits for expenses  
9 incurred in the following:

10 (1) Screening by blood lead measurement for lead poisoning for  
11 children, including confirmatory blood lead testing as specified by the  
12 Department of Health and Senior Services pursuant to section 7 of  
13 P.L.1995, c.316 (C.26:2-137.1); and medical evaluation and any  
14 necessary medical follow-up and treatment for lead poisoned children.

15 (2) All childhood immunizations as recommended by the Advisory  
16 Committee on Immunization Practices of the United States Public  
17 Health Service and the Department of Health and Senior Services  
18 pursuant to section 7 of P.L.1995, c.316 (C.26:2-137.1). A carrier  
19 shall notify its insureds, in writing, of any change in the health care  
20 services provided with respect to childhood immunizations and any  
21 related changes in premium. Such notification shall be in a form and  
22 manner to be determined by the Commissioner of Banking and  
23 Insurance.

24 (3) Screening for newborn hearing loss by appropriate  
25 electrophysiologic screening measures and periodic monitoring of  
26 infants for delayed onset hearing loss, pursuant to P.L.2001, c.373  
27 (C.26:2-103.1 et al.). Payment for this screening service shall be  
28 separate and distinct from payment for routine new baby care in the  
29 form of a newborn hearing screening fee as negotiated with the  
30 provider and facility.

31 The benefits shall be provided to the same extent as for any other  
32 medical condition under the health benefits plan, except that no  
33 deductible shall be applied for benefits provided pursuant to this  
34 subsection. This subsection shall apply to all individual health benefits  
35 plans in which the carrier has reserved the right to change the  
36 premium.

37 f. Effective immediately for a health benefits plan issued on or after  
38 the effective date of P.L.2001, c.361 (C.17:48-6z et al.) and effective  
39 on the first 12-month anniversary date of a health benefits plan in  
40 effect on the effective date of P.L.2001, c.361 (C.17:48-6z et al.), the  
41 health benefits plans required pursuant to section 3 of P.L.1992, c.161  
42 (C.17B:27A-4) that provide benefits for expenses incurred in the  
43 purchase of prescription drugs shall provide benefits for expenses  
44 incurred in the purchase of specialized non-standard infant formulas,  
45 when the covered infant's physician has diagnosed the infant as having  
46 multiple food protein intolerance and has determined such formula to

1 be medically necessary, and when the covered infant has not been  
2 responsive to trials of standard non-cow milk-based formulas,  
3 including soybean and goat milk. The coverage may be subject to  
4 utilization review, including periodic review, of the continued medical  
5 necessity of the specialized infant formula.

6 The benefits shall be provided to the same extent as for any other  
7 prescribed items under the health benefits plan.

8 This subsection shall apply to all individual health benefits plans in  
9 which the carrier has reserved the right to change the premium.

10 g. Individual health benefits plans required pursuant to section 3 of  
11 P.L.1992, c.161 (C.17B:27A-4) that provide benefits for expenses  
12 incurred in the purchase of prescription drugs shall provide coverage  
13 for expenses incurred in the purchase of prescription female  
14 contraceptives. For the purposes of this subsection, "prescription  
15 female contraceptives" means any drug or device used for  
16 contraception by a female, which is approved by the federal Food and  
17 Drug Administration for that purpose, that can only be purchased in  
18 this State with a prescription written by a health care professional  
19 licensed or authorized to write prescriptions, and includes, but is not  
20 limited to, birth control pills and diaphragms.

21 A religious employer may request, and a carrier shall grant, an  
22 exclusion under the health benefits plan for the coverage required by  
23 this subsection if the required coverage conflicts with the religious  
24 employer's bona fide religious beliefs and practices. A religious  
25 employer that obtains such an exclusion shall provide written notice  
26 thereof to prospective covered persons and covered persons. The  
27 provisions of this subsection shall not be construed as authorizing a  
28 carrier to exclude coverage for prescription drugs that are prescribed  
29 for reasons other than contraceptive purposes or for prescription  
30 female contraceptives that are necessary to preserve the life or health  
31 of a covered person. For the purposes of this subsection, "religious  
32 employer" means an employer that is a church, convention or  
33 association of churches or any group or entity that is operated,  
34 supervised or controlled by or in connection with a church or a  
35 convention or association of churches as defined in 26 U.S.C.  
36 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
37 26 U.S.C. s.501(c)(3).

38 (cf: P.L.2001, c.373, s.14)

39

40 8. Section 3 of P.L.1992, c.162 (C.17B:27A-19) is amended to  
41 read as follows:

42 3. a. Except as provided in subsection f. of this section, every  
43 small employer carrier shall, as a condition of transacting business in  
44 this State, offer to every small employer the five health benefit plans  
45 as provided in this section. The board shall establish a standard policy  
46 form for each of the five plans, which except as otherwise provided in

1 subsection j. of this section, shall be the only plans offered to small  
2 groups on or after January 1, 1994. One policy form shall contain the  
3 benefits provided for in sections 55, 57, and 59 of P.L.1991, c.187  
4 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3). In the case of indemnity  
5 carriers, one policy form shall be established which contains benefits  
6 and cost sharing levels which are equivalent to the health benefits  
7 plans of health maintenance organizations pursuant to the "Health  
8 Maintenance Organization Act of 1973," Pub.L.93-222 (42 U.S.C.  
9 s.300e et seq.). The remaining policy forms shall contain basic  
10 hospital and medical-surgical benefits, including, but not limited to:

- 11 (1) Basic inpatient and outpatient hospital care;
- 12 (2) Basic and extended medical-surgical benefits;
- 13 (3) Diagnostic tests, including X-rays;
- 14 (4) Maternity benefits, including prenatal and postnatal care; and
- 15 (5) Preventive medicine, including periodic physical examinations  
16 and inoculations.

17 At least three of the forms shall provide for major medical benefits  
18 in varying lifetime aggregates, one of which shall provide at least  
19 \$1,000,000 in lifetime aggregate benefits. The policy forms provided  
20 pursuant to this section shall contain benefits representing  
21 progressively greater actuarial values.

22 Notwithstanding the provisions of this subsection to the contrary,  
23 the board also may establish additional policy forms by which a small  
24 employer carrier, other than a health maintenance organization, may  
25 provide indemnity benefits for health maintenance organization  
26 enrollees by direct contract with the enrollees' small employer through  
27 a dual arrangement with the health maintenance organization. The  
28 dual arrangement shall be filed with the commissioner for approval.  
29 The additional policy forms shall be consistent with the general  
30 requirements of P.L.1992, c.162 (C.17B:27A-17 et seq.).

31 b. Initially, a carrier shall offer a plan within 90 days of the  
32 approval of such plan by the commissioner. Thereafter, the plans shall  
33 be available to all small employers on a continuing basis. Every small  
34 employer which elects to be covered under any health benefits plan  
35 who pays the premium therefor and who satisfies the participation  
36 requirements of the plan shall be issued a policy or contract by the  
37 carrier.

38 c. The carrier may establish a premium payment plan which  
39 provides installment payments and which may contain reasonable  
40 provisions to ensure payment security, provided that provisions to  
41 ensure payment security are uniformly applied.

42 d. In addition to the five standard policies described in subsection  
43 a. of this section, the board may develop up to five rider packages.  
44 Any such package which a carrier chooses to offer shall be issued to  
45 a small employer who pays the premium therefor, and shall be subject

1 to the rating methodology set forth in section 9 of P.L.1992, c.162  
2 (C.17B:27A-25).

3 e. Notwithstanding the provisions of subsection a. of this section  
4 to the contrary, the board may approve a health benefits plan  
5 containing only medical-surgical benefits or major medical expense  
6 benefits, or a combination thereof, which is issued as a separate policy  
7 in conjunction with a contract of insurance for hospital expense  
8 benefits issued by a hospital service corporation, if the health benefits  
9 plan and hospital service corporation contract combined otherwise  
10 comply with the provisions of P.L.1992, c.162 (C.17B:27A-17 et  
11 seq.). Deductibles and coinsurance limits for the contract combined  
12 may be allocated between the separate contracts at the discretion of  
13 the carrier and the hospital service corporation.

14 f. Notwithstanding the provisions of this section to the contrary,  
15 a health maintenance organization which is a qualified health  
16 maintenance organization pursuant to the "Health Maintenance  
17 Organization Act of 1973," Pub.L.93-222 (42 U.S.C.s.300e et seq.)  
18 shall be permitted to offer health benefits plans formulated by the  
19 board and approved by the commissioner which are in accordance with  
20 the provisions of that law in lieu of the five plans required pursuant to  
21 this section.

22 Notwithstanding the provisions of this section to the contrary, a  
23 health maintenance organization which is approved pursuant to  
24 P.L.1973, c.337 (C.26:2J-1 et seq.) shall be permitted to offer health  
25 benefits plans formulated by the board and approved by the  
26 commissioner which are in accordance with the provisions of that law  
27 in lieu of the five plans required pursuant to this section, except that  
28 the plans shall provide the same level of benefits as required for a  
29 federally qualified health maintenance organization, including any  
30 requirements concerning copayments by enrollees.

31 g. A carrier shall not be required to own or control a health  
32 maintenance organization or otherwise affiliate with a health  
33 maintenance organization in order to comply with the provisions of  
34 this section, but the carrier shall be required to offer the five health  
35 benefits plans which are formulated by the board and approved by the  
36 commissioner, including one plan which contains benefits and cost  
37 sharing levels that are equivalent to those required for health  
38 maintenance organizations.

39 h. Notwithstanding the provisions of subsection a. of this section  
40 to the contrary, the board may modify the benefits provided for in  
41 sections 55, 57 and 59 of P.L.1991, c.187 (C.17:48E-22.2, 17B:26B-2  
42 and 26:2J-4.3).

43 i. (1) In addition to the rider packages provided for in subsection  
44 d. of this section, every carrier may offer, in connection with the five  
45 health benefits plans required to be offered by this section, any number  
46 of riders which may revise the coverage offered by the five plans in

1 any way, provided, however, that any form of such rider or  
2 amendment thereof which decreases benefits or decreases the actuarial  
3 value of one of the five plans shall be filed for informational purposes  
4 with the board and for approval by the commissioner before such rider  
5 may be sold. Any rider or amendment thereof which adds benefits or  
6 increases the actuarial value of one of the five plans shall be filed with  
7 the board for informational purposes before such rider may be sold.

8 The commissioner shall disapprove any rider filed pursuant to this  
9 subsection that is unjust, unfair, inequitable, unreasonably  
10 discriminatory, misleading, contrary to law or the public policy of this  
11 State. The commissioner shall not approve any rider which reduces  
12 benefits below those required by sections 55, 57 and 59 of P.L.1991,  
13 c.187 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3) and required to be  
14 sold pursuant to this section. The commissioner's determination shall  
15 be in writing and shall be appealable.

16 (2) The benefit riders provided for in paragraph (1) of this  
17 subsection shall be subject to the provisions of section 2, subsection  
18 b. of section 3, and sections 6, 7, 8, 9 and 11 of P.L.1992, c.162  
19 (C.17B:27A-18, 17B:27A-19, 17B:27A-22, 17B:27A-23,  
20 17B:27A-24, 17B:27A-25, and 17B:27A-27).

21 j. (1) Notwithstanding the provisions of P.L.1992, c.162  
22 (C.17B:27A-17 et seq.) to the contrary, a health benefits plan issued  
23 by or through a carrier, association, or multiple employer arrangement  
24 prior to January 1, 1994 or, if the requirements of subparagraph (c) of  
25 paragraph (6) of this subsection are met, issued by or through an  
26 out-of-State trust prior to January 1, 1994, at the option of a small  
27 employer policy or contract holder, may be renewed or continued after  
28 February 28, 1994, or in the case of such a health benefits plan whose  
29 anniversary date occurred between March 1, 1994 and the effective  
30 date of P.L.1994, c.11 (C.17B:27A-19.1 et al.), may be reinstated  
31 within 60 days of that anniversary date and renewed or continued if,  
32 beginning on the first 12-month anniversary date occurring on or after  
33 the sixtieth day after the board adopts regulations concerning the  
34 implementation of the rating factors permitted by section 9 of  
35 P.L.1992, c.162 (C.17B:27A-25) and, regardless of the situs of  
36 delivery of the health benefits plan, the health benefits plan renewed,  
37 continued or reinstated pursuant to this subsection complies with the  
38 provisions of section 2, subsection b. of section 3, and sections 6, 7,  
39 8, 9 and 11 of P.L.1992, c.162 (C.17B:27A-18, 17B:27A-19,  
40 17B:27A-22, 17B:27A-23, 17B:27A-24, 17B:27A-25 and  
41 17B:27A-27) and section 7 of P.L.1995, c.340 (C.17B:27A-19.3).

42 Nothing in this subsection shall be construed to require an  
43 association, multiple employer arrangement or out-of-State trust to  
44 provide health benefits coverage to small employers that are not  
45 contemplated by the organizational documents, bylaws, or other  
46 regulations governing the purpose and operation of the association,

1 multiple employer arrangement or out-of-State trust. Notwithstanding  
2 the foregoing provision to the contrary, an association, multiple  
3 employer arrangement or out-of-State trust that offers health benefits  
4 coverage to its members' employees and dependents:

5 (a) shall offer coverage to all eligible employees and their  
6 dependents within the membership of the association, multiple  
7 employer arrangement or out-of-State trust;

8 (b) shall not use actual or expected health status in determining its  
9 membership; and

10 (c) shall make available to its small employer members at least one  
11 of the standard benefits plans, as determined by the commissioner, in  
12 addition to any health benefits plan permitted to be renewed or  
13 continued pursuant to this subsection.

14 (2) Notwithstanding the provisions of this subsection to the  
15 contrary, a carrier or out-of-State trust which writes the health  
16 benefits plans required pursuant to subsection a. of this section shall  
17 be required to offer those plans to any small employer, association or  
18 multiple employer arrangement.

19 (3) (a) A carrier, association, multiple employer arrangement or  
20 out-of-State trust may withdraw a health benefits plan marketed to  
21 small employers that was in effect on December 31, 1993 with the  
22 approval of the commissioner. The commissioner shall approve a  
23 request to withdraw a plan, consistent with regulations adopted by the  
24 commissioner, only on the grounds that retention of the plan would  
25 cause an unreasonable financial burden to the issuing carrier, taking  
26 into account the rating provisions of section 9 of P.L.1992, c.162  
27 (C.17B:27A-25) and section 7 of P.L.1995, c.340 (C.17B:27A-19.3).

28 (b) A carrier which has renewed, continued or reinstated a health  
29 benefits plan pursuant to this subsection that has not been newly issued  
30 to a new small employer group since January 1, 1994, may, upon  
31 approval of the commissioner, continue to establish its rates for that  
32 plan based on the loss experience of that plan if the carrier does not  
33 issue that health benefits plan to any new small employer groups.

34 (4) (Deleted by amendment, P.L.1995, c.340).

35 (5) A health benefits plan that otherwise conforms to the  
36 requirements of this subsection shall be deemed to be in compliance  
37 with this subsection, notwithstanding any change in the plan's  
38 deductible or copayment.

39 (6) (a) Except as otherwise provided in subparagraphs (b) and (c)  
40 of this paragraph, a health benefits plan renewed, continued or  
41 reinstated pursuant to this subsection shall be filed with the  
42 commissioner for informational purposes within 30 days after its  
43 renewal date. No later than 60 days after the board adopts regulations  
44 concerning the implementation of the rating factors permitted by  
45 section 9 of P.L.1992, c.162 (C.17B:27A-25) the filing shall be  
46 amended to show any modifications in the plan that are necessary to

1 comply with the provisions of this subsection. The commissioner shall  
2 monitor compliance of any such plan with the requirements of this  
3 subsection, except that the board shall enforce the loss ratio  
4 requirements.

5 (b) A health benefits plan filed with the commissioner pursuant to  
6 subparagraph (a) of this paragraph may be amended as to its benefit  
7 structure if the amendment does not reduce the actuarial value and  
8 benefits coverage of the health benefits plan below that of the lowest  
9 standard health benefits plan established by the board pursuant to  
10 subsection a. of this section. The amendment shall be filed with the  
11 commissioner for approval pursuant to the terms of sections 4, 8, 12  
12 and 25 of P.L.1995, c.73 (C.17:48-8.2, 17:48A-9.2, 17:48E-13.2 and  
13 26:2J-43), N.J.S.17B:26-1 and N.J.S.17B:27-49, as applicable, and  
14 shall comply with the provisions of sections 2 and 9 of P.L.1992,  
15 c.162 (C.17B:27A-18 and 17B:27A-25) and section 7 of P.L.1995,  
16 c.340 (C.17B:27A-19.3).

17 (c) A health benefits plan issued by a carrier through an  
18 out-of-State trust shall be permitted to be renewed or continued  
19 pursuant to paragraph (1) of this subsection upon approval by the  
20 commissioner and only if the benefits offered under the plan are at  
21 least equal to the actuarial value and benefits coverage of the lowest  
22 standard health benefits plan established by the board pursuant to  
23 subsection a. of this section. For the purposes of meeting the  
24 requirements of this subparagraph, carriers shall be required to file  
25 with the commissioner the health benefits plans issued through an  
26 out-of-State trust no later than 180 days after the date of enactment  
27 of P.L.1995, c.340. A health benefits plan issued by a carrier through  
28 an out-of-State trust that is not filed with the commissioner pursuant  
29 to this subparagraph, shall not be permitted to be continued or  
30 renewed after the 180-day period.

31 (7) Notwithstanding the provisions of P.L.1992, c.162  
32 (C.17B:27A-17 et seq.) to the contrary, an association, multiple  
33 employer arrangement or out-of-State trust may offer a health benefits  
34 plan authorized to be renewed, continued or reinstated pursuant to this  
35 subsection to small employer groups that are otherwise eligible  
36 pursuant to paragraph (1) of subsection j. of this section during the  
37 period for which such health benefits plan is otherwise authorized to  
38 be renewed, continued or reinstated.

39 (8) Notwithstanding the provisions of P.L.1992, c.162  
40 (C.17B:27A-17 et seq.) to the contrary, a carrier, association, multiple  
41 employer arrangement or out-of-State trust may offer coverage under  
42 a health benefits plan authorized to be renewed, continued or  
43 reinstated pursuant to this subsection to new employees of small  
44 employer groups covered by the health benefits plan in accordance  
45 with the provisions of paragraph (1) of this subsection.

46 (9) Notwithstanding the provisions of P.L.1992, c.162

1 (C.17B:27A-17 et seq.) or P.L.1992, c.161 (C.17B:27A-2 et seq.) to  
2 the contrary, any individual, who is eligible for small employer  
3 coverage under a policy issued, renewed, continued or reinstated  
4 pursuant to this subsection, but who would be subject to a preexisting  
5 condition exclusion under the small employer health benefits plan, or  
6 who is a member of a small employer group who has been denied  
7 coverage under the small employer group health benefits plan for  
8 health reasons, may elect to purchase or continue coverage under an  
9 individual health benefits plan until such time as the group health  
10 benefits plan covering the small employer group of which the  
11 individual is a member complies with the provisions of P.L.1992, c.162  
12 (C.17B:27A-17 et seq.).

13 (10) In a case in which an association made available a health  
14 benefits plan on or before March 1, 1994 and subsequently changed  
15 the issuing carrier between March 1, 1994 and the effective date of  
16 P.L.1995, c.340, the new issuing carrier shall be deemed to have been  
17 eligible to continue and renew the plan pursuant to paragraph (1) of  
18 this subsection.

19 (11) In a case in which an association, multiple employer  
20 arrangement or out-of-State trust made available a health benefits plan  
21 on or before March 1, 1994 and subsequently changes the issuing  
22 carrier for that plan after the effective date of P.L.1995, c.340, the  
23 new issuing carrier shall file the health benefits plan with the  
24 commissioner for approval in order to be deemed eligible to continue  
25 and renew that plan pursuant to paragraph (1) of this subsection.

26 (12) In a case in which a small employer purchased a health  
27 benefits plan directly from a carrier on or before March 1, 1994 and  
28 subsequently changes the issuing carrier for that plan after the  
29 effective date of P.L.1995, c.340, the new issuing carrier shall file the  
30 health benefits plan with the commissioner for approval in order to be  
31 deemed eligible to continue and renew that plan pursuant to paragraph  
32 (1) of this subsection.

33 Notwithstanding the provisions of subparagraph (b) of paragraph  
34 (6) of this subsection to the contrary, a small employer who changes  
35 its health benefits plan's issuing carrier pursuant to the provisions of  
36 this paragraph, shall not, upon changing carriers, modify the benefit  
37 structure of that health benefits plan within six months of the date the  
38 issuing carrier was changed.

39 k. Effective immediately for a health benefits plan issued on or  
40 after the effective date of P.L.1995, c.316 (C.17:48E-35.10 et al.) and  
41 effective on the first 12-month anniversary date of a health benefits  
42 plan in effect on the effective date of P.L.1995, c.316  
43 (C.17:48E-35.10 et al.), the health benefits plans required pursuant to  
44 this section, including any plans offered by a State approved or  
45 federally qualified health maintenance organization, shall contain  
46 benefits for expenses incurred in the following:



1 (1) Screening by blood lead measurement for lead poisoning for  
2 children, including confirmatory blood lead testing as specified by the  
3 Department of Health and Senior Services pursuant to section 7 of  
4 P.L.1995, c.316 (C.26:2-137.1); and medical evaluation and any  
5 necessary medical follow-up and treatment for lead poisoned children.

6 (2) All childhood immunization as recommended by the Advisory  
7 Committee on Immunization Practices of the United State Public  
8 Health Service and the Department of Health and Senior Services  
9 pursuant to section 7 of P.L.1995, c.316 (C.26:2-137.1). A carrier  
10 shall notify its insureds, in writing, of any change in the health care  
11 services provided with respect to childhood immunizations and any  
12 related changes in premium. Such notification shall be in a form and  
13 manner to be determined by the Commissioner of Banking and  
14 Insurance.

15 (3) Screening for newborn hearing loss by appropriate  
16 electrophysiologic screening measures and periodic monitoring of  
17 infants for delayed onset hearing loss, pursuant to 2001, c.373  
18 (C.26:2-103.1 et al.). Payment for this screening service shall be  
19 separate and distinct from payment for routine new baby care in the  
20 form of a newborn hearing screening fee as negotiated with the  
21 provider and facility.

22 The benefits shall be provided to the same extent as for any other  
23 medical condition under the health benefits plan, except that no  
24 deductible shall be applied for benefits provided pursuant to this  
25 subsection. This subsection shall apply to all small employer health  
26 benefits plans in which the carrier has reserved the right to change the  
27 premium.

28 1. The board shall consider including benefits for speech-language  
29 pathology and audiology services, as rendered by speech-language  
30 pathologists and audiologists within the scope of their practices, in at  
31 least one of the five standard policies and in at least one of the five  
32 riders to be developed under this section.

33 m. Effective immediately for a health benefits plan issued on or  
34 after the effective date of P.L.2001, c.361 (C.17:48-6z et al.) and  
35 effective on the first 12-month anniversary date of a health benefits  
36 plan in effect on the effective date of P.L.2001, c.361 (C.17:48-6z et  
37 al.), the health benefits plans required pursuant to this section that  
38 provide benefits for expenses incurred in the purchase of prescription  
39 drugs shall provide benefits for expenses incurred in the purchase of  
40 specialized non-standard infant formulas, when the covered infant's  
41 physician has diagnosed the infant as having multiple food protein  
42 intolerance and has determined such formula to be medically  
43 necessary, and when the covered infant has not been responsive to  
44 trials of standard non-cow milk-based formulas, including soybean and  
45 goat milk. The coverage may be subject to utilization review,  
46 including periodic review, of the continued medical necessity of the

1 specialized infant formula.

2 The benefits shall be provided to the same extent as for any other  
3 prescribed items under the health benefits plan.

4 This subsection shall apply to all small employer health benefits  
5 plans in which the carrier has reserved the right to change the  
6 premium.

7 n. Small employer health benefits plans required pursuant to this  
8 section that provide benefits for expenses incurred in the purchase of  
9 prescription drugs shall provide coverage for expenses incurred in the  
10 purchase of prescription female contraceptives. For the purposes of  
11 this subsection, "prescription female contraceptives" means any drug  
12 or device used for contraception by a female, which is approved by the  
13 federal Food and Drug Administration for that purpose, that can only  
14 be purchased in this State with a prescription written by a health care  
15 professional licensed or authorized to write prescriptions, and  
16 includes, but is not limited to, birth control pills and diaphragms.

17 A religious employer may request, and a carrier shall grant, an  
18 exclusion under the health benefits plan for the coverage required by  
19 this subsection if the required coverage conflicts with the religious  
20 employer's bona fide religious beliefs and practices. A religious  
21 employer that obtains such an exclusion shall provide written notice  
22 thereof to prospective covered persons and covered persons. The  
23 provisions of this subsection shall not be construed as authorizing a  
24 carrier to exclude coverage for prescription drugs that are prescribed  
25 for reasons other than contraceptive purposes or for prescription  
26 female contraceptives that are necessary to preserve the life or health  
27 of a covered person. For the purposes of this subsection, "religious  
28 employer" means an employer that is a church, convention or  
29 association of churches or any group or entity that is operated,  
30 supervised or controlled by or in connection with a church or a  
31 convention or association of churches as defined in 26 U.S.C.  
32 s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under  
33 26 U.S.C. s.501(c)(3).

34 The benefits shall be provided to the same extent as for any other  
35 prescription drug under the health benefits plan. This subsection shall  
36 apply to all small employer health benefits plans in which the carrier  
37 has reserved the right to change the premium.

38 (cf: P.L.2001, c.373, s.15)

39

40 9. (New section) A prepaid prescription service organization that  
41 provides benefits for expenses incurred in the purchase of prescription  
42 drugs under a contract shall provide coverage under every such  
43 contract delivered, issued, executed or renewed in this State or  
44 approved for issuance or renewal in this State by the Commissioner of  
45 Banking and Insurance, on or after the effective date of this act, for  
46 expenses incurred in the purchase of prescription female

1 contraceptives. For the purposes of this section, "prescription female  
2 contraceptives" means any drug or device used for contraception by  
3 a female, which is approved by the federal Food and Drug  
4 Administration for that purpose, that can only be purchased in this  
5 State with a prescription written by a health care professional licensed  
6 or authorized to write prescriptions, and includes, but is not limited to,  
7 birth control pills and diaphragms.

8 A religious employer may request, and a prepaid prescription  
9 service organization shall grant, an exclusion under the contract for  
10 the coverage required by this section if the required coverage conflicts  
11 with the religious employer's bona fide religious beliefs and practices.  
12 A religious employer that obtains such an exclusion shall provide  
13 written notice thereof to prospective enrollees and enrollees. The  
14 provisions of this section shall not be construed as authorizing a  
15 prepaid prescription service organization to exclude coverage for  
16 prescription drugs that are prescribed for reasons other than  
17 contraceptive purposes or for prescription female contraceptives that  
18 are necessary to preserve the life or health of an enrollee. For the  
19 purposes of this section, "religious employer" means an employer that  
20 is a church, convention or association of churches or any group or  
21 entity that is operated, supervised or controlled by or in connection  
22 with a church or a convention or association of churches as defined in  
23 26 U.S.C. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
24 organization under 26 U.S.C. s.501(c)(3).

25 The benefits shall be provided to the same extent as for any other  
26 prescription drug under the contract.

27 This section shall apply to those prepaid prescription plans in which  
28 the prepaid prescription service organization has reserved the right to  
29 change the premium.

30

31 10. (New section) The State Health Benefits Commission shall  
32 ensure that every contract purchased by the commission on or after the  
33 effective date of this act that provides hospital or medical expense  
34 benefits for expenses incurred in the purchase of prescription drugs  
35 shall provide benefits for expenses incurred in the purchase of  
36 prescription female contraceptives.

37 For the purposes of this section, "prescription female  
38 contraceptives" means any drug or device used for contraception by  
39 a female, which is approved by the federal Food and Drug  
40 Administration for that purpose, that can only be purchased in this  
41 State with a prescription written by a health care professional licensed  
42 or authorized to write prescriptions, and includes, but is not limited to,  
43 birth control pills and diaphragms.

1 11. This act shall take effect on the 180th day after enactment and  
2 shall apply to policies or contracts issued or renewed on or after the  
3 effective date.

4  
5  
6 STATEMENT

7  
8 This bill requires health insurers that provide benefits for expenses  
9 incurred in the purchase of prescription drugs, to cover the cost of  
10 prescription female contraceptives. The provisions of this bill would  
11 apply to hospital, medical and health service corporations, commercial  
12 individual and group health insurers, health maintenance organizations,  
13 health benefits plans issued pursuant to the New Jersey Individual  
14 Health Coverage and Small Employer Health Benefits Programs and  
15 prepaid prescription plan organizations.

16 The bill also requires the State Health Benefits Program to provide  
17 coverage for prescription female contraceptives.

18 The bill defines "prescription female contraceptives" as any drug or  
19 device used for contraception by a female, which is approved by the  
20 federal Food and Drug Administration for that purpose, that can only  
21 be purchased in this State with a prescription written by a health care  
22 professional licensed or authorized to write prescriptions, and  
23 includes, but is not limited to, birth control pills and diaphragms.

24 This bill provides that a religious employer may request, and a  
25 health insurer shall grant, an exclusion under the contract or policy for  
26 the coverage required by the bill if the required coverage conflicts with  
27 the religious employer's bona fide religious beliefs and practices.

28 With respect to this exclusion from coverage, the bill:

29 \* requires a religious employer that obtains the exclusion to provide  
30 written notice thereof to prospective covered persons and covered  
31 persons;

32 \* stipulates that the exclusion is not to be construed as authorizing a  
33 health insurer to exclude coverage for prescription drugs that are  
34 prescribed for reasons other than contraceptive purposes or for  
35 prescription female contraceptives that are necessary to preserve  
36 the life or health of a covered person; and

37 \* defines a "religious employer" as an employer that is a church,  
38 convention or association of churches or any group or entity that  
39 is operated, supervised or controlled by or in connection with a  
40 church or a convention or association of churches as defined in 26  
41 U.S.C.A. s.3121(w)(3)(A), and that qualifies as a tax-exempt  
42 organization under 26 U.S.C.A. s.501(c)(3).

43 The bill takes effect on the 180th day after enactment and applies  
44 to policies or contracts issued or renewed on or after the effective  
45 date.

# ASSEMBLY HEALTH AND HUMAN SERVICES COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 292**

# **STATE OF NEW JERSEY**

DATED: OCTOBER 4, 2004

The Assembly Health and Human Services Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 292.

This committee substitute requires health insurers that provide benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions of the substitute would apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the State Health Benefits Program.

The substitute defines "prescription female contraceptives" to mean any drug or device used for contraception by a female, which is approved by the federal Food and Drug Administration for that purpose, that can only be purchased in this State with a prescription written by a health care professional licensed or authorized to write prescriptions, and includes, but is not limited to, birth control pills and diaphragms.

The substitute provides that a religious employer may request, and a health insurer is required to grant, an exclusion under the policy or contract for the coverage required by this substitute if the required coverage conflicts with the religious employer's bona fide religious beliefs and practices. With respect to this exclusion from the required coverage, the substitute provides that:

- a religious employer that obtains such an exclusion is to provide written notice thereof to covered persons and prospective covered persons;

- the provisions of the substitute are not to be construed as authorizing an insurer to exclude coverage for prescription drugs that are prescribed for reasons other than contraceptive purposes or for prescription female contraceptives that are necessary to preserve the life or health of a covered person; and

- "religious employer" means an employer that is a church, convention or association of churches or an elementary or secondary school that is controlled, operated or principally supported by a church

or by a convention or association of churches as defined in 26 U.S.C.s.3121(w)(3)(A), and that qualifies as a tax-exempt organization under 26 U.S.C.s.501(c)(3).

The substitute takes effect on the 180th day after enactment and applies to policies and contracts issued or renewed on or after its effective date.

This substitute is identical to the Senate Committee Substitute for Senate Bill Nos. 556, 600 and 748 (Vitale/Allen/Buono/Turner), which the committee also reported on this date.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 292**

**STATE OF NEW JERSEY**

DATED: DECEMBER 8, 2005

The Assembly Appropriations Committee reports favorably Assembly Bill No. 292 (ACS).

Assembly Bill No. 292 (ACS) requires health insurers that providing benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the State Health Benefits Program.

The substitute defines "prescription female contraceptives" to mean any drug or device used for contraception by a female, which is approved by the federal Food and Drug Administration for that purpose, that can only be purchased in this State with a prescription written by a health care professional licensed or authorized to write prescriptions, and includes, but is not limited to, birth control pills and diaphragms.

The substitute takes effect on the 180th day after enactment and applies to policies and contracts issued or renewed on or after its effective date.

As reported, Assembly Bill No. 292 (ACS) is identical to Senate Bill Nos. 556, 600 and 748 (SCS), as also reported by the committee.

**FISCAL IMPACT:**

As stated in the fiscal estimate to this bill, the cost to the State would range between \$1.06 million to \$1.4 million under SHBP only; the cost of local government agencies under SHBP would range between \$3.7 million to \$4.8 million.

There are no data on the number of local government agencies using a commercial health benefit provider nor the cumulative amount of premiums paid by these agencies.

This would not be considered a State mandate under the State Constitution because costs are imposed on both government and non-government entities.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY COMMITTEE SUBSTITUTE FOR**  
**ASSEMBLY, No. 292**  
**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

DATED: JANUARY 6, 2006

**SUMMARY**

**Synopsis:** Requires insurers that provide outpatient prescription drug benefits and State Health Benefits Program to cover costs of prescription female contraceptives.

**Type of Impact:** Expenditure increase: State General Fund; local government funds.

**Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits; local government entities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>State Cost</b>	\$1,057,090	\$1,215,653	\$1,398,001
<b>Local Cost</b>	<u>\$3,668,050</u>	<u>\$4,218,257</u>	<u>\$4,850,996</u>
<b>Total</b>	<b>\$4,725,140</b>	<b>\$5,433,910</b>	<b>\$6,248,997</b>

- ! Requires health insurers, including the State Health Benefits Program (SHBP), to cover the cost of prescription female contraceptives.
- ! The Division of Pensions and Benefits estimates that the cost impact of this bill would be on SHBP's Traditional Plan due to an increase in physician office visits that would be covered.
- ! The division estimates an additional 120,000 in prescription drug claims each year.
- ! The Office of Legislative Services (OLS) notes that the fiscal estimate 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 estimate. The OLS is not able to estimate the number of local government 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 Constitution because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.



## BILL DESCRIPTION

Assembly Committee Substitute for Assembly Bill No. 292 of 2004 requires health insurers that provide benefits for expenses incurred in the purchase of outpatient prescription drugs, to cover the cost of prescription female contraceptives. The provisions of the substitute would apply to hospital, medical and health service corporations, commercial individual, small employer and group health insurers, health maintenance organizations and prepaid prescription service organizations and the SHBP.

## FISCAL ANALYSIS

### *OFFICE OF LEGISLATIVE SERVICES*

Based on information provided by the Division of Pensions and Benefits in the Department of the Treasury, the OLS estimates the total cost of this bill at \$4.7 million beginning in the first full year of implementation. This figure includes an estimated 120,000 increase in prescription drug claims. Costs would rise to \$5.4 million and \$6.2 million in the second and third year, respectively, based on an assumed 15 percent annual prescription drug inflation factor.

The OLS notes that this bill will have minimal impact on the SHBP prescription drug plan since it is already designed to cover the cost of oral contraceptives, contraceptive injections and abortifacients. The greater cost impact will be on the Traditional Plan because implants, intrauterine systems, and injections must be administered by a physician. This will result in increased physician office visits. The office visits are covered under SHBP's NJ Plus in-network only and managed care plans. These services are not covered under the Traditional Plan or NJ Plus out-of-network. Most of the additional cost would be incurred by local government employers participating in the SHBP since the majority of State employees are enrolled in one of the managed care plans or NJ Plus.

**The OLS further notes, and the sponsor concurs, that providing these additional benefits could result in other health care expense savings as the result of reductions in the number of unwanted pregnancies, abortions, miscarriages, and low-weight births.**

This bill would not be considered a State mandate under the provisions of Article VIII, Section II, paragraph 4 of the New Jersey State Constitution (State Mandate/State Pay) because these costs are imposed on both government and non-government entities in the same or substantially similar circumstances.

The OLS notes that the fiscal estimate reflects potential costs associated with the SHBP only. The OLS cannot determine other additional costs to local government entities that may be associated with the legislation 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, 23 charter schools 311 municipalities, and 286 authorities, commissions and State autonomous agencies.

Section: *State Government*

Analyst: *James F. Vari*  
*Senior Fiscal Analyst*

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

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