

February 18, 1969

LEGISLATIVE HISTORY OF R.S. 30:4D-1 to 19  
(Medical assistance; "Medicaid")

This program was mandated by federal law. (Social Security Amendments of 1965, 89-97, Title XIX).

Previous bills introduced were:

COPY NO. 2

1966 - A781

May 16 - Introduced by Hauser.  
June 15 - Passed in Assembly.  
June 22 - Recommitted to Senate Committee.  
No statement.  
Died in committee.

1966 - S402

May 16 - Introduced by Ozzard.  
May 16 - Institutions, Public Health & Welfare Committee.  
No statement.  
Died in committee.

1967 - A455

Jan. 30 - Introduced by Hauser and Kordja.  
Jan. 30 - Institutions & Welfare Committee.  
No statement.  
Died in committee.

1967 - S214

Jan. 23 - Introduced by Ozzard.  
Jan. 23 - Air, Water Pollution & Pub. Health Committee.  
No statement.  
Died in committee.

1968 - A958

Sept. 13 - Introduced by Vander Plaat and 31 others.  
Sept. 13 - No Ref., 2d reading.  
No further action.  
No statements.  
No amendments.

1968 - A960

Sept. 13 - Introduced by Vander Plaat.  
Sept. 13 - Institutions & Welfare Committee.  
No statement.  
Died in committee.

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1968 - A961

Sept. 13 - Introduced by Vander Plaats.  
Sept. 13 - Institutions & Welfare Committee.  
No statement.  
Died in committee.

1968 - S138

Jan. 9 - Introduced by Hauser & Musto.  
Jan. 9 - Institutions & Welfare Committee.  
No statement.  
Died in committee.

1968 - SCR 26

Jan. 22 - Introduced by Maraziti.  
Jan. 22 - Passed in Senate.  
Jan. 29 - Passed in Assembly.  
Feb. 5 - Filed.

Directs Senate & Assembly Committees on Institutions and Welfare to study Medicaid.

Hearings and reports:

974.90 N.J. Legislature. Senate. Committee on  
H434 Institutions and Welfare.  
1968a Public hearings before Senate and Assembly  
committees on Institutions and Welfare on  
Senate Concurrent Resolution No. 26  
(Implementation of Title XIX-Medicaid).  
Held April 11, 19, 26, 1968. Trenton, N.J. 1968.

974.90 N.J. Legislature. Assembly. Committee on  
H434 Institutions and Welfare.  
1968c Medical care for low income persons in  
New Jersey. A report .... Sept. 10, 1968.

Also of interest may be:

Y3.Ad9/8 Intergovernmental Problems in Medicaid.  
2M46 Advisory Commission on Intergovernmental  
Relations. Farris Bryant, chairman.  
Washington, D.C. September 1968.

The bill which became law was:

L. 1968, Chapter 413 - S850

May 20 - Introduced by Maraziti and 21 others.

June 17 - Passed in Senate, amended.

Nov. 18 - Committee substitute amended, passed in Assembly under emergency resolution.

Nov. 25 - Assembly committee substitute amended, passed in Senate.

Jan. 14, 1969 - Approved, Chapter 413.

No statement.

1969 bills to amend the N.J. Medical Assistance Act are:  
A180, A181, S25.

Newspaper articles under: N.J.--Insurance, Health  
N.J.--Medicaid

"Medicaid to increase state outlay" by John McLaughlin.  
Trenton Even. Times, January 10, 1967.

"New term for welfare lexicon" by Guy Savino. Newark Evening  
News, Jan. 15, 1967.

"Caution on Medicaid". Courier-Post, Jan. 17, 1967.

"Medicaid expansion'McCorkle sees cost up \$350 million by  
1970". NEN, Jan. 23, 1967.

"N.J. Medicaid unit maps drive for legislative action".  
NEN, March 1, 1967.

"Medicaid in N.J. seen in jeopardy". NEN, March 19, 1967.

"Money problems Medicaid threat". TET, March 20, 1967.

"Urges N.J. adopt national Medicaid". NEN, April 3, 1967.

"Tax will help Medicaid program". Sunday Times Advertiser,  
July 16, 1967.

"Medicaid vaguely". Editorial. Bergen Record, Nov. 1, 1967.

"Hughes pledges Medicaid for N.J." Courier-Post, Nov. 6, 1967.

"A \$212 million state Medicaid plan". Star-Ledger, Nov. 28, 1967.

"State Medicaid revenue sources being sought". NEN, Nov. 28, 1967.

- "GOP bars tax hike for state medicaid" by John O. Davies.  
Courier-Post, Nov. 28, 1967.
- "State ready for medicaid by end of '69". Courier-Post  
Nov. 28, 1967.
- "\$200 million a year urged for N.J. medicaid". Daily Journal,  
Nov. 28, 1967.
- "GOP tiptoes around state medicaid" by Linda Lomendola.  
Star-Ledger, Dec. 3, 1967.
- "Todd calls for substitute to cut medicaid cost". Star-Ledger,  
Dec. 10, 1967.
- "Some Jersey Medicare patients bilked: Cahill". Star-Ledger,  
Dec. 14, 1967.
- "Jersey Legislature to get program for Medicaid" by Ronald  
Sullivan. New York Times, Dec. 20, 1967.
- "Medicaid need seen in hospital costs hike." NEN, Dec. 20, 1967.
- "Legislature gets medicaid package". Bergen Record, Dec. 21, 1967.
- "Little chance to cut medicaid cost, welfare director claims"  
by Earl Josephson. TET, Dec. 21, 1967.
- "Hughes to test GOP on Medicaid". Star-Ledger, Jan. 14, 1968.
- "Medicaid, construction funds studies urged". NEN, Jan. 16,  
1968.
- "Legislature under gun on medicaid". Star-Ledger, Jan. 21, 1968.
- "Medicaid restudy is sought". Courier-Post, Jan. 23, 1968.
- "State taking another look at policy on Medicaid". NEN,  
Jan. 23, 1968.
- "GOP Senators urge medicaid study". Star-Ledger, Jan. 23, 1968.
- N.J. leaders seek medicaid cost cut", by Peter Carter. NEN,  
March 3, 1968.
- "Medicaid may be ready; would Trenton be willing?" by Linda  
Lamendola. Star-Ledger, March 6, 1968.
- "N.J. Medicaid cost \$115 million" by Peter Carter. NEN, March  
6, 1968.
- "Those payrolls". NEN, March 31, 1968.
- "Medicaid's cost put at \$115 million" by Leon Zimmerman.  
Bergen Record, April 6, 1968.

- "N.J. will have to pick up \$5 million Kerr-Mills aid".  
TET, April 12, 1968.
- "Medicaid must include mentally ill, says Maraziti".  
NEN, April 12, 1968.
- "Medicaid program sought this year". NEN, April 20, 1968.
- "Medicaid program may be insufficient for indigent Jerseyans".  
Sunday Times Advertiser, April 21, 1968.
- "Extended medicaid cost discussed". Sunday Times, April 28, 1968.
- "Advance bill for medical benefits hike". NEN, May 21, 1968.
- "Senate gets GOP medicaid". Star Ledger, May 21, 1968.
- "Minimal medicaid - Bill presented in Senate". NEN, May 21, 1968.
- "A Holding action". Star Ledger, May 26, 1968.
- "State Senate will tackle medicaid bill tomorrow". Sunday  
Times Advertiser, June 16, 1968, by Dick Gale.
- "Minimum medicaid cleared, but cost expected to double" by  
Dick Gale. Trenton Even. Times, June 18, 1968.
- "Optometrists want medicaid". TET, June 20, 1968.
- GOP Assemblymen defer vote on medicaid until after recess".  
NEN, June 25, 1968.
- "Belated Treatment". Star Ledger, July 1, 1968.
- "Medicaid report delayed". TET, July 11, 1968.
- "Cheap fraud". Editorial. Bergen Record, July 24, 1968.
- "Trenton mulls broad medicaid", by Leon Zimmerman.  
Bergen Record, Sept. 5, 1968.
- "Legislature to get \$162 million medicaid plan". Star Ledger,  
Sept. 5, 1968.
- "Plan ready on medicaid" by John T. McGowan. NEN, Sept. 5, 1968.
- "Assembly eyes medicaid alternate", by Earl Josephson.  
TET, Sept. 6, 1968.
- "A little medicaid". Editorial. TET, Sept. 8, 1968.
- "The medicaid question". Editorial. Star Ledger, Sept. 9, 1968.
- "Cold Comfort". Editorial. Bergen Record. Sept. 9, 1968.

"Close Assembly vote seen for medicaid", by Earl Josephson.  
TET, Sept. 11, 1968.

"Action needed". Editorial. TET, Sept. 12, 1968.

"Urge adoption of medicaid". NEN, Oct. 10, 1968.

"Health care costs". Editorial. TET, Oct. 16, 1968.

"State medicaid law urged by Forsythe", by John O. Davies.  
Courier Post, Nov. 5, 1968.

"We're off, so to speak". Editorial. Bergen Record,  
Nov. 3, 1968.

"Legislators debate medicaid", by John O. Davies. Courier-  
Post, Nov. 12, 1968.

"Medicaid plan clears GOP caucus", by Franklin Gregory.  
Star-Ledger, Nov. 12, 1968.

"Hughes won't offer own medicaid plan", by Peter Carter.  
NEN, Nov. 14, 1968.

"Republicans break medicaid impasse", by Peter Carter.  
NEN, Nov. 16, 1968.

"Compromise medicaid bill ready" by John O. Davies. Courier  
Post, Nov. 16, 1968.

"Medicaid comes up tomorrow", by Earl Josephson. Sunday  
Times Advertiser, Nov. 17, 1968.

"Patched-up medicaid bill ready for Assembly vote", by Linda  
Lamendola. Star Ledger, Nov. 17, 1968.

"N.J. Medicaid". Editorial. NEN, Nov. 17, 1968.

"Medicaid to be launched", by John O. Davies. Courier-Post,  
Nov. 18, 1968.

"Assembly approved medicaid proposal, Senate OK expected", by  
Art Bently. Courier-Post, Nov. 19, 1968.

"Medicaid plan close to reality", by Earl Josephson. TET,  
Nov. 19, 1968.

"Assembly votes 60-7 for state medicaid", by Peter Carter.  
NEN, Nov. 19, 1968.

"Medicaid compromise clears the Assembly", by Linda Lamendola.  
Star Ledger, Nov. 19, 1968.

"Assembly approves medicaid plan with cost of \$51.8 million".  
Philadelphia Inquirer, Nov. 19, 1968.

"Medicaid on the way". Editorial. Bergen Record, Nov. 20, 1968.

"Legislators can't figure medicaid" by Linda Lamendola.  
Star-Ledger, Nov. 22, 1968.

"An austere program". Editorial. Star-Ledger, Nov. 23, 1968.

"Medicaid bill gets final OK in Legislature". Philadelphia,  
Inquirer, Nov. 25, 1968.

"Jersey easing into medicaid", by Earl Josephson. TET,  
Nov. 26, 1968.

"Governor's Approval seen for N.J. medicaid program", by Peter  
Carter. NEN, Nov. 26, 1968.

"Senate OKs medicaid, bill sent to Hughes", by John O. Davies.  
Courier-Post, Nov. 26, 1968.

"Medicaid to pay poor's bills for doctor, hospital expenses",  
by Robert Comstock. Bergen Record, Nov. 26, 1968.

"Mini'medicaid reaches Hughes' desk at last", by Linda  
Lamendola. Star Ledger, Nov. 28, 1968.

"Medicaid future ". Editorial. TET, Nov. 29, 1968.

"Properly cautious". Editorial. NEN, Dec. 7, 1968.

"Hughes cool to GOP's medicaid", by John O. Davies.  
Courier-Post, Dec. 9, 1968.

"Go slow on medicaid". Editorial. Courier-Post, Dec. 17, 1968.

"The state speaks". Editorial. NEN, Dec, 22, 1968.

"Welfare recipients will get most from medicaid", by Art  
Bently. Courier-Post, Dec. 24, 1968.

No magazines were searched.

JH/PC

CHAPTER 413 LAWS OF N. J. 1968

APPROVED 1/17/69

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ASSEMBLY COMMITTEE SUBSTITUTE FOR

**SENATE, No. 850**

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# STATE OF NEW JERSEY

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ADOPTED NOVEMBER 15, 1968

AN Act providing for the establishment of a medical assistance program for eligible persons and providing for the administration thereof.

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

1 1. Short title. This act shall be known and may be cited as the  
2 "New Jersey Medical Assistance and Health Services Act."

1 2. Declaration of purpose. It is the intent of the Legislature to  
2 make statutory provision which will enable the State of New Jersey  
3 to provide medical assistance, insofar as practicable, on behalf of  
4 persons whose resources are determined to be inadequate to enable  
5 them to secure quality medical care at their own expense, and to  
6 enable the State, within the limits of funds available for any fiscal  
7 year for such purposes, to obtain all benefits for medical assistance  
8 provided by the Federal Social Security Act as it now reads or as  
9 it may hereafter be amended, or by any other Federal act now in  
10 effect or which may hereafter be enacted.

1 3. Definitions. As used in this act, and unless the context other-  
2 wise requires:

3 a. "Applicant" means any person who has applied for medical  
4 assistance under this act.

5 b. "Commissioner" means the Commissioner of the Department  
6 of Institutions and Agencies.

7 c. "Department" means the Department of Institutions and  
8 Agencies, which is herein designated as the single State agency to  
9 administer the provisions of this act.

10 d. "Medical assistance" means payments on behalf of recipients  
11 to providers for medical care and services.

12 e. "Provider" means any person, public or private institution,  
13 agency or business concern lawfully providing medical care, serv-

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



14 ices, goods and supplies authorized under this act, holding, where  
 15 applicable, a current valid license to provide such services or to  
 16 dispense such goods or supplies.

17 f. "Qualified applicant" means a person who is a resident of  
 18 this State and is determined to need medical care and services as  
 19 provided under this act, and who:

20 (1) Is a recipient of old age assistance, assistance for the  
 21 permanently and totally disabled, assistance for the blind or  
 22 assistance for dependent children; or

23 (2) Would be eligible to receive public assistance under the State  
 24 categorical assistance programs except for failure to meet an  
 25 eligibility condition or requirement imposed under such State  
 26 program which is prohibited under Title XIX of the Federal Social  
 27 Security Act such as a durational residence requirement, relative  
 28 responsibility, consent to imposition of a lien; or

29 (3) Is a child between 18 and 21 years of age who would be  
 30 eligible for assistance for dependent children living in the family  
 31 group except for lack of school attendance or pursuit of formalized  
 32 vocational or technical training; or

33 (4) Is a spouse of a recipient of old age assistance, assistance for  
 34 the permanently and totally disabled, or assistance for the blind  
 35 who is living with such recipient and whose needs are taken into  
 36 account in determining the amount of cash payment made to the  
 37 recipient; or

38 (5) Is a child eligible under Title IV of the Federal Social  
 39 Security Act, in foster placement under supervision of the Bureau  
 40 of Children's Services; or

41 (6) Meets the standard of need applicable to his circumstances  
 42 under a categorical assistance program but who is not receiving  
 43 such assistance and elects not to receive it.

44 g. "Recipient" means any person who is determined to be  
 45 eligible to receive medical assistance under this act.

46 h. "Resident" means a person living, other than temporarily,  
 47 within the State. Temporary absences from the State shall not  
 48 cause a person to lose his status of a resident of this State.

49 i. "State Medicaid Commission" means the Governor, the Com-  
 50 missioner of Institutions and Agencies, the President of the Senate  
 51 and the Speaker of the General Assembly, hereby constituted a  
 52 commission to approve and direct the means and method for the  
 53 payment of claims pursuant to this act.

1 4. There is hereby created in the Department of Institutions and  
 2 Agencies a Division of Medical Assistance and Health Services.  
 3 The division shall perform those administrative and operational

4 functions vested in the department pursuant to the provisions of  
5 this act and any other functions that the State Board of Control  
6 may, from time to time, elect to assign to such division. The division  
7 shall consult with and co-ordinate programs related to medical  
8 assistance and health care services being furnished by other State  
9 agencies to avoid duplication of effort.

1 5. Medical assistance program. The department, which is hereby  
2 designated the single State agency to administer the provisions of  
3 this act, through the Division of Medical Assistance and Health  
4 Services, by rules and regulations, shall implement and administer  
5 the program of medical assistance to provide necessary medical  
6 care and services for qualified applicants as provided by this act.

1 6. Basic medical care and services.

2 a. Subject to the requirements of Title XIX of the Federal Social  
3 Security Act, the limitations imposed by this act and by the rules  
4 and regulations promulgated pursuant thereto, the medical assist-  
5 ance program shall include authorized services within each of the  
6 following classifications:

7 (1) In-patient hospital services (other than services in an in-  
8 stitution for tuberculosis or mental diseases);

9 (2) Out-patient hospital services;

10 (3) Other laboratory and X-ray services;

11 (4) (a) Skilled nursing home services (other than services in an  
12 institution for tuberculosis or mental diseases) for persons 21 years  
13 of age or older;

14 (b) Such early and periodic screening and diagnosis of individ-  
15 uals who are eligible under the program and are under age 21 to  
16 ascertain their physical or mental defects and such health care,  
17 treatment, and other measures to correct or ameliorate defects and  
18 chronic conditions discovered thereby, as may be provided in  
19 regulations of the Secretary of the Federal Department of Health,  
20 Education and Welfare and approved by the commissioner;

21 (5) Physicians' services furnished in the office, the patient's  
22 home, a hospital, skilled nursing home or elsewhere;

23 b. Subject to the limitations imposed by Federal law, by this  
24 act, and by the rules and regulations promulgated pursuant thereto,  
25 the medical assistance program may be expanded to include author-  
26 ized services within each of the following classifications:

27 (1) Medical care not included in subsection a (5) above, or any  
28 other type of remedial care recognized under State law, furnished  
29 by licensed practitioners within the scope of their practice as  
30 defined by State law, provided however, at the program's inception  
31 such practitioners shall be limited to podiatrists and optometrists;

- 32 (2) Home health care services;  
33 (3) Clinic services;  
34 (4) Dental services;  
35 (5) Physical therapy and related services;  
36 (6) Prescribed drugs, dentures, and prosthetic devices; and eye-  
37 glasses prescribed by a physician skilled in diseases of the eye or  
38 by an optometrist, whichever the individual may select;  
39 (7) Other diagnostic, screening, preventive, and rehabilitative  
40 services, and other remedial care;  
41 (8) In-patient hospital services and skilled nursing home services  
42 for individuals 65 years of age or over in an institution for tuber-  
43 culosis or mental diseases;  
44 (9) Any other medical care and any other type of remedial care  
45 recognized under State law, specified by the Secretary of the  
46 Federal Department of Health, Education and Welfare, and  
47 approved by the commissioner.

48 c. Payments for the foregoing services, goods and supplies fur-  
49 nished pursuant to this act shall be made to the extent authorized  
50 by this act, the rules and regulations promulgated pursuant thereto  
51 and, where applicable, subject to the agreement of insurance pro-  
52 vided for under this act. Every provider making a claim for pay-  
53 ment pursuant to this act shall certify in writing that no additional  
54 amount will be charged to the recipient for the services, goods and  
55 supplies furnished.

56 d. Any individual eligible for medical assistance (including  
57 drugs) may obtain such assistance from any institution, agency,  
58 community pharmacy, or person, qualified to perform the service or  
59 services required (including an organization which provides such  
60 services, or arranges for their availability on a prepayment basis),  
61 who undertakes to provide him such services.

62 e. Anything in this act to the contrary notwithstanding, no pay-  
63 ments for medical assistance shall be made under this act with  
64 respect to care or services for any individual who

65 (1) Is an inmate of a public institution (except as a patient in a  
66 medical institution), or

67 (2) Has not attained 65 years of age and who is a patient in an  
68 institution for tuberculosis or mental diseases.

1 7. Duties of commissioner. Under general policies established  
2 by the State Board of Control, the commissioner is authorized and  
3 empowered to issue, or to cause to be issued through the Division  
4 of Medical Assistance and Health Services all necessary rules  
5 and regulations and administrative orders, and to do or cause to  
6 be done all other acts and things necessary to secure for the State

7 of New Jersey the maximum Federal participation that is available  
8 with respect to a program of medical assistance, consistent with  
9 fiscal responsibility and within the limits of funds available for  
10 any fiscal year, and to the extent authorized by the medical assist-  
11 ance program plan; *\*to adopt fee schedules with regard to medical*  
11A *assistance benefits\** and otherwise to accomplish the purposes of  
12 this act, including specifically the following:

13 a. Subject to the limits imposed by this act, to submit a plan for  
14 medical assistance, as required by Title XIX of the Federal Social  
15 Security Act, to the Federal Department of Health, Education and  
16 Welfare for approval pursuant to the provisions of such laws;  
17 to act for the State in making negotiations relative to the sub-  
18 mission and approval of such plan, to make such arrangements,  
19 not inconsistent with the law, as may be required by or pursuant  
20 to Federal law to obtain and retain such approval and to secure  
21 for the State the benefits of the provisions of such law;

22 b. Subject to the limits imposed by this act, to determine the  
23 amount and scope of services to be covered, that the amounts to be  
24 paid are reasonable, and the duration of medical assistance to be  
25 furnished; provided, however, that the department shall provide  
26 medical assistance on behalf of all recipients of categorical assist-  
27 ance and such other related groups as are mandatory under Federal  
28 laws and rules and regulations, as they now are or as they may  
29 be hereafter amended, in order to obtain Federal matching funds  
30 for such purposes and, in addition, provide medical assistance for  
31 the foster children specified in section 3.f.(5) of this act. The  
32 medical assistance provided for these groups shall not be less in  
33 scope, duration, or amount than is currently furnished such groups,  
34 and in addition, shall include at least the minimum services  
35 required under Federal laws and rules and regulations to obtain  
36 Federal matching funds for such purposes.

37 The commissioner is authorized and empowered, at such times  
38 as he may determine feasible, within the limits of appropriated  
39 funds for any fiscal year, to extend the scope, duration, and amount  
40 of medical assistance on behalf of these groups of categorical  
41 assistance recipients, related groups as are mandatory, and foster  
42 children authorized pursuant to section 3.f.(5) of this act, so as to  
43 include, in whole or in part, the optional medical services author-  
44 ized under Federal laws and rules and regulations, and the com-  
45 missioner shall have the authority to establish and maintain the  
46 priorities given such optional medical services; provided, however,  
47 that medical assistance shall be provided to at least such groups  
48 and in such scope, duration, and amount as are required to obtain

49 Federal matching funds, but in no event shall medical assistance  
50 be furnished under this act on behalf of any individuals or groups  
51 not enumerated in section 3.(f.) for whom Federal matching funds  
52 cannot be obtained, nor in any scope, duration or amount in excess  
53 of those for which Federal matching funds can be obtained;

54 c. To administer the provisions of this act;

55 d. To make reports to the Federal Department of Health, Edu-  
56 cation and Welfare as from time to time may be required by such  
57 Federal department and to the New Jersey Legislature as here-  
58 inafter provided;

59 e. To assure that any applicant for medical assistance shall be  
60 afforded the opportunity for a fair hearing by the department  
61 should his claim for medical assistance be denied or not acted upon  
62 with reasonable promptness;

63 f. To provide that either the recipient or the provider shall be  
64 afforded the opportunity for a fair hearing within a reasonable  
65 time on any valid complaint;

66 g. To provide safeguards to restrict the use or disclosure of  
67 information concerning applicants and recipients to purposes  
68 directly connected with administration of this act.

69 h. To recover any and all payments incorrectly or illegally made  
70 to a recipient or provider from such provider, the recipient or his  
71 estate;

72 i. To recover any and all benefits incorrectly paid to a provider  
73 on behalf of a recipient from such recipient or from his estate  
74 except that no lien may be imposed against property of the recip-  
75 ient prior to his death except pursuant to the judgment of a court;

76 j. To take all reasonable measures to ascertain the legal liability  
77 of third parties to pay for care and services (available under the  
78 plan) arising out of injury, disease, or disability; where it is known  
79 that a third party has a legal liability, to treat such legal liability  
80 as a resource of the individual on whose behalf the care and services  
81 are made available for purposes of determining eligibility; and  
82 in any case where such a legal liability is found to exist after  
83 medical assistance has been made available on behalf of the indi-  
84 vidual, to seek reimbursement for such assistance to the extent of  
85 such legal liability. In any case where such a legal liability is  
86 found the department shall be subrogated to the rights of the  
87 individual for whom medical assistance was made available.

88 k. To solicit, receive and review bids *\*pursuant to the provisions*  
89 *of P. L. 1954, chapter 48 (C. 52:34-6 et seq.) and all amendments*  
90 *and supplements thereto,\** by authorized insurance companies *\*and*  
90A *nonprofit hospital service corporations or medical service corpora-*

90b *tions, incorporated in New Jersey, and authorized to do business*  
 90c *pursuant to P. L. 1938, chapter 366 (C. 17:48-1 et seq.) or P. L.*  
 90d *1940, chapter 74 (C. 17:48A-1 et seq.),\** and to make recommenda-  
 90e *tions in connection therewith to the State Medicaid Commission.*

91 l. To contract, or otherwise provide as in this act provided, for  
 92 the payment of claims in the manner approved by the State Medic-  
 93 aid Commission.

94 m. Where necessary, to advance funds to the underwriter or fiscal  
 95 agent to enable such underwriter or fiscal agent, in accordance  
 96 with terms of its contract, to make payments to providers;

97 n. To contract with and to pay the appropriate county welfare  
 98 boards for investigating and determining whether applicants for  
 99 benefits under this act are eligible therefor under the standards  
 100 prescribed by the department;

101 o. To assure that the nature and quality of the medical assistance  
 102 provided for under this act shall be uniform and equitable to all  
 103 recipients.

1 8. The determination of the method of providing payment of  
 2 claims under this act shall be made by the State Medicaid Com-  
 3 mission on recommendation of the commissioner which method  
 4 may be:

5 a. By contract with insurance companies incorporated and li-  
 6 censed to do business in the State of New Jersey or with nonprofit  
 7 hospital service corporations or medical service corporations,  
 8 incorporated in New Jersey, and authorized to do business pursuant  
 9 to P. L. 1938, c. 366 (C. 17:48-1 et seq.) or P. L. 1940, c. 74 (C.  
 10 17:48A-1 et seq.), to underwrite, but not for profit, on an insured  
 11 premium approach, that portion of the program covering all cash  
 12 grant beneficiaries plus all other State certified recipients of medical  
 13 assistance within the classes set forth in section 3(f)(1) through  
 14 (6) of this act, with the exception of those persons who are confined  
 15 in institutions for tuberculosis and mental care or who are required  
 16 by medical necessity to be confined on a presumably permanent  
 17 basis in other medical care institutions by reason of disease or  
 18 injury, which contract executed pursuant to section 8a shall provide  
 19 that for those persons included in the program but not covered  
 20 on an underwritten basis, the same carrier selected under 8a  
 21 shall act as fiscal agent for the department, but not for profit,  
 22 for such medical assistance benefits as may be available, and any  
 23 carrier selected pursuant to the provisions of this act is hereby  
 24 expressly authorized and empowered to undertake the performance  
 25 of the requirements of such contract.

26 b. By contract with an insurance company incorporated and  
 27 licensed to do business in the State of New Jersey or with non-  
 28 profit organizations, incorporated in New Jersey, and authorized  
 29 to do business pursuant to P. L. 1938, c. 366 (C. 17:48-1 et seq.) or  
 30 P. L. 1940, c. 74 (C. 17:48A-1 et seq.), to act as fiscal agent.

31 c. By direct administration by the Department of Institutions  
 32 and Agencies.

1 9. **\*[a.]\*** Any bid solicited and any contract awarded by the  
 2 commissioner in accordance with 8a, above shall contain:

3 (1) The method of payment *\*subject to an audit of cash needs*  
 3A *as determined by the underwriter with approval of the Director of*  
 3B *Budget and Accounting and the State Treasurer and by such means*  
 3C *as shall be directed by the Director of Budget and Accounting\**;

4 (2) That the initial contract term shall be for a period of 2 years  
 5 commencing January 1, 1970, renewable for a period of 3 years  
 6 and thereafter renewable for subsequent contract terms of 1 year  
 7 each at the option of the parties, provided, however, at intervals  
 8 of 6 months during any contract term, under conditions specified  
 9 in subparagraph **\*[(d) and (e)]\*** *\*(4) and (5)\** below, the amount  
 10 of the premium rate shall be subject to adjustment for the next 6  
 11 month interval of the then current contract term or the ensuing  
 12 contract term, whichever is applicable:

13 (3) That provision shall be made for the establishment and  
 14 maintenance, in the custody of the underwriter *\*on behalf of the*  
 15 *State\**, of a rate stabilization reserve to which the State, on the  
 16 effective date of the contract, shall make **\*[a]\*** *\*an\** initial contribu-  
 17 tion of \$2,000,000.00. Thereafter, it shall be the intent, from  
 18 premium contributions and interest earnings, to increase said  
 19 reserve to an amount equal to approximately 2 months' average  
 20 premium payments and, to the extent feasible, to maintain it at that  
 21 figure; and, to assure compliance with such intent, all premium rates  
 22 for said contract shall include a factor which is projected to  
 23 accumulate to and maintain said reserve at the level herein specified.  
 24 Funds in said reserve shall be available for use by the underwriter  
 25 to cover liabilities under the contract during any contract term in  
 26 which the incurred liabilities of the underwriter for claims pay-  
 27 ments and operating expenses exceed premiums paid;

28 (4) That for any rating period should the incurred premiums  
 29 payable exceed the sum of (a) liabilities for paid and incurred  
 30 claims, and (b) liabilities for paid and incurred operating expenses  
 31 of the underwriter, such excess and any interest thereon shall  
 32 accrue to the benefit of the State and shall be credited to the rate  
 33 stabilization reserve. Any such funds held on behalf of the State

34 shall be invested by the Director of the Division of Investments  
35 in the Department of the Treasury or invested in a manner  
36 prescribed by such director. If at the end of any rating period,  
37 the amount in said reserve exceeds the level specified in sub-  
38 paragraph (3) above, this fact, along with the relevant factors  
39 specified in subparagraph (6) below, shall be taken into considera-  
40 tion in determining whether or not an adjustment in premium rate  
41 will be required for the ensuing rating period;

42 (5) That should premiums paid, for a 6 month rating period in  
43 any contract term, be insufficient to cover liabilities for paid and  
44 incurred claims and operating expenses of the underwriter and  
45 to maintain the rate stabilization reserve at the level specified in  
46 section \***[9a]**\* \*9\* (3), there shall be an adjustment in the premium  
47 rate for the ensuing rating period. The new premium shall provide  
48 for the recoupment of such insufficiency;

49 (6) That all premium rates for the contract shall be calculated  
50 giving due consideration to all relevant factors including the  
51 experience derived during the current and prior rating periods,  
52 future cost trends, and maintenance of the rate stabilization  
53 reserve. The amount of the premium rate for each 6 months'  
54 rating period shall be subject to approval of the Commissioner  
55 of Banking and Insurance. Should such approval be given after  
56 the beginning of the rating period to which the new premium rate  
57 is applicable, the new rate, nevertheless, shall be effective as of  
58 the beginning of said rating period and an appropriate retroactive  
59 adjustment in premium payments shall be made;

60 (7) That either party may cancel such contract upon reasonable  
61 notice to the other, but not less than 6 months notice, subject to  
62 full final accounting and settlement of liabilities;

63 (8) That the State shall have the right to audit the financial  
64 records of the carrier and shall have the right to conduct a per-  
65 formance review of the carrier, continuously or in such manner  
66 as it may deem fit, and shall have the right to audit the financial  
67 records of providers, insofar as those records deal with patients  
68 who have been treated under the provisions of this act;

69 (9) That the underwriter and fiscal agent shall quarterly and  
70 at such other times as the State Treasurer may require and in such  
71 form as he prescribes, render an account of the expenditures of  
72 money advanced pursuant to this act.

73 \***[b.** Any bid solicited and any contract awarded by the commis-  
74 sioner pursuant to 8b shall contain such detail and specifications  
75 as shall be determined and set forth in the invitation to bid.]\*



1 10. Upon the opening of sealed bids submitted \*~~to the commis-~~  
 2 sioner\* in accordance with sections 8a and 9, the commissioner shall  
 3 review the same and make a report and recommendation for accept-  
 4 ance or rejection of a bid to the State Medicaid Commission which  
 5 shall be convened to receive, consider and act upon the commis-  
 6 sioner's recommendation. The State Medicaid Commission shall in  
 7 reviewing the bids and the recommendations of the commissioner  
 8 be guided by such considerations as:

9 a. The amount of the bids.

10 b. The ability of the underwriter and fiscal agent in carrying out  
 11 the scope of medical assistance benefits with providers which ability  
 12 the underwriter already has or is in a position to secure, whereby  
 13 payments are made on behalf of subscribers or policyholders  
 14 directly to various providers of medical services under cost reim-  
 15 bursement formulas or in accordance with fee schedules agreed  
 16 upon in advance.

17 c. The demonstrated effectiveness of control mechanisms to  
 18 assure quality of care, appropriate utilization of service and claims  
 19 cost control.

1 11. The State Medicaid Commission by majority vote of all its  
 2 members shall (a) approve or disapprove the lowest responsible  
 3 bid submitted under 8a. ~~\*or\*~~ *and should the bid be disapproved*  
 4 *to* (b) direct that payment of claims under this act be made by  
 5 ~~\*direct administration by\*~~ the Department of Institutions and  
 6 Agencies ~~\*in which event it shall approve or disapprove the lowest~~  
 7 responsible bid submitted in accordance with 8b~~]~~ *in the manner*  
 8 *provided in section 8b or 8c as shall be determined by the State*  
 9 *Medicaid Commission*.\*

1 12. Subject to the limitations provided in sections 7, 8 and 9 of  
 2 this act, the department shall (a) develop and employ such methods  
 3 and procedures relating to the utilization of and the payment for  
 4 medical care and services available under the plan as may be  
 5 necessary to safeguard against unnecessary utilization of such care  
 6 and services;

7 (b) Assure that payments (including payments for any drugs  
 8 provided under the plan) are not in excess of reasonable charges  
 9 (reasonable costs in the instance of inpatient hospital services)  
 10 consistent with efficiency, economy and quality of care; and

11 (c) Prescribe standards that participating providers must meet.

1 13. Subject to the limitations set forth in sections 7, 8 and 9 of  
 2 this act, the department shall assure that no enrollment fee, pre-  
 3 mium or similar charge is imposed on an applicant as a condition of  
 4 eligibility for medical assistance under this act.

1 14. Pursuant to the limitations provided in this act and the  
2 Federal Social Security Act, the department shall prepare a com-  
3 prehensive medical plan whereby the benefits of this program will  
4 be extended in accordance with the mandatory schedule for pro-  
5 viding benefits required by the Federal legislation. This plan shall  
6 include alternative means of expanding the medical care benefits  
7 and coverage provided in this act. Such plan shall be re-evaluated  
8 from time to time but no less than annually and shall be based upon  
9 a documented review of medical needs of low income families in  
10 New Jersey, a detailed analysis of priorities of service, coverage,  
11 program costs and an evaluation of progress.

1 15. Eligibility determination. The department shall assure:

2 (a) That all individuals wishing to make application for medical  
3 assistance shall have the opportunity to do so;

4 (b) That the processing of applications shall be simplified to the  
5 end that medical benefits shall be furnished to recipients as soon as  
6 possible.

1 16. The State shall provide such funds as may be necessary to  
2 meet its share of the costs incurred under this act.

1 17. Penalty. (a) It shall be unlawful for any person to willfully  
2 obtain benefits under this act to which he is not entitled, or in a  
3 greater amount than to which he is entitled, and, further, it shall  
4 be unlawful for any provider to receive medical assistance pay-  
5 ments to which he is not entitled, or in a greater amount than to  
6 which he is entitled, or to falsify any report required under this act.

7 (b) Any person who violates the provisions of subsection (a) of  
8 this section shall be guilty of a misdemeanor.

1 18. Reporting and oversight. The commissioner shall report to  
2 the Governor and the Legislature, at least once each year, which  
3 report shall include a summary of its activities for the preceding  
4 year and any recommendations or suggestions for legislative con-  
5 sideration.

6 The commissioner shall meet at least once a year with representa-  
7 tives of the statewide recognized professional societies of each of  
8 the providers of all of the medical services for the purpose of hear-  
9 ing suggestions on a continuing basis for the improvement of the  
10 administration and operation of this act, the commissioner shall  
11 report these suggestions to the Governor and the Legislature.

12 The Legislature through the Senate and Assembly Standing Com-  
13 mittees on Institutions and Welfare shall review, on a continuous  
14 basis, the development, administration and operation of the pro-  
15 gram provided for in this act. To facilitate this review and over-  
16 sight, the commissioner shall submit to the committees the report

17 provided for above, the report of the department's program for the  
18 progressive implementation of Medicaid in New Jersey and such  
19 other reports as shall be called for by the committees from time to  
20 time.

21 Periodically during a fiscal year and at least 30 days prior to  
22 announcing any modification of eligibility requirements under a  
23 categorical program, the Commissioner of Institutions and  
24 Agencies shall specially report to the Senate and Assembly stand-  
25 ing committees on Institutions and Welfare, outlining in detail the  
26 proposed modifications, including estimates of the impact on the  
27 case loads and costs as to the program directly affected and on other  
28 categorical programs.

1 19. Severability clause. If any provision of this act or the  
2 application thereof to any person or circumstance is held invalid,  
3 such invalidity shall not affect other provisions or applications  
4 of the act which can be given effect without the invalid provision or  
5 application, and to this end the provisions of this act are declared  
6 to be severable.

1 20. Effective date. This act shall take effect January 1, 1970,  
2 but all arrangements necessary or appropriate to enable this act  
3 to become fully effective on said date shall be made as promptly as  
4 possible as though this act were effective immediately.

[OFFICIAL COPY REPRINT]

SENATE, No. 850

# STATE OF NEW JERSEY

INTRODUCED MAY 20, 1968

By Senators MARAZITI, FORSYTHE, BATEMAN, DELTUFO,  
McDERMOTT, KAY, WALDOR, KNOWLTON, HAUSER, GIULI-  
ANO, SCIRO, SISCO, DOWD, SEARS, RINALDO, LACORTE,  
SCHOEM, STOUT, HIERING, MATTURRI and DUMONT

Referred to Committee on Institutions and Welfare

AN ACT concerning a medical assistance program for the needy,  
relating to the eligibility for such medical assistance, prescribing  
the powers and duties of the State agency.

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

1 1. Short title. This act shall be known and may be cited as the  
2 "New Jersey Medical Assistance Act."

1 2. Declaration of objects. Medical assistance for needy persons  
2 is hereby declared to be a matter of public concern and a necessity  
3 in promoting the public's health and welfare and for promoting  
3A the State's goal of making available to everyone, regard-  
4 less of race, age, or national origin, uniform, high quality  
5 medical care. In furtherance of such goal, a comprehensive pro-  
6 gram of medical assistance for such needy persons is hereby es-  
7 tablished to operate in a manner which will assure a uniform high  
8 standard of medical care and services for recipients of medical  
9 assistance throughout the State. In carrying out this program  
10 every effort shall be made to promote maximum public awareness  
11 of the availability of, and procedure for obtaining such assistance,  
12 and to facilitate the application for, and the provision of such  
13 medical assistance.

1 3. Definitions. (1) As used in this act, unless the context other-  
2 wise requires.

3 (2) "State department" means the single State agency desig-  
4 nated by the Governor to administer the provisions of this act.

5 (3) "Commissioner" means the commissioner of that single  
6 State agency.

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

7 (4) "Provider" means any person, public or private institution,  
8 agency or business concern providing medical care, services, goods  
9 or supplies authorized under this act, holding, where applicable,  
10 a current valid license to provide such services or to dispense such  
11 goods or supplies, but only if performed, referred, or ordered by  
12 an authorized licensed practitioner within the scope of his practice.

13 (5) "Applicant" means any person who has applied for benefits  
14 under this act.

15 (6) "Recipient" means any person who is determined to be  
16 eligible to receive benefits under this act.

17 (7) "Medical assistance" means payments on behalf of recipi-  
18 ents to providers of medical care and services.

19 (8) "Needy" means any of the following residents of the State:

20 (a) Recipients of old age assistance, assistance for the per-  
21 manently and totally disabled, assistance for the blind and  
22 assistance for dependent children.

23 (b) Persons who are eligible for assistance under 8 (a) of  
24 this section except for durational residence requirements.

25 (c) Children between 18 and 21 who are eligible for assist-  
26 ance under assistance for dependent children except for lack  
27 of school attendance or pursuit of formalized vocational or  
28 technical training.

29 (d) Spouses of recipients of old age assistance, assistance  
30 for the permanently and totally disabled, or assistance for the  
31 blind who are living with such recipients and whose needs are  
32 taken into account in determining the amount of cash payment  
33 made to the recipient.

34 (9) "Resident" means a person living, other than temporarily  
35 within the State. Temporary absences from the State shall not  
36 cause a person to lose his status as a resident of this State.

37 (10) "Fiscal agent" means an insurance company or nonprofit  
38 corporation which has contracted with the commissioner to admin-  
39 ister the benefits provided for under this act.

1 4. Medical assistance program. The State department, hereby  
2 designated as the single State agency to administer the provisions  
3 of this act, by rules and regulations, shall establish and administer  
4 a program of medical assistance to provide necessary medical care  
5 and services.

1 5. Basic medical care and services for needy. (1) Subject to the  
2 provision of section 4 of this act the medical program for the  
3 needy shall include:

4 (a) Inpatient hospital services (other than services in an  
5 institution for tuberculosis or mental diseases);

6 (b) Outpatient hospital services;  
7 (c) Other laboratory and X-ray services;  
8 (d) Skilled nursing home services (other than services in  
9 an institution for tuberculosis or mental diseases) for persons  
10 21 years of age or older;

11 (e) Physicians' services, whether furnished in the office, the  
12 patient's home, a hospital, or a skilled nursing home, or else-  
13 where;

14 (2) Subject to limitations set forth by the agency designated, the  
15 medical assistance program may include:

16 (a) Medical care, or any other type of remedial care recog-  
17 nized under State law, furnished by licensed practitioners  
18 within the scope of their practice as defined by State law;

19 (b) Home health care services;

20 (c) Clinic services;

21 (d) Dental services;

22 (e) Physical therapy and related services;

23 (f) Prescribed drugs, dentures, and prosthetic devices; and  
24 eyeglasses prescribed by a physician skilled in diseases of the  
25 eye or by an optometrist, whichever the individual may select;

26 (g) Other diagnostic, screening, preventive, and rehabilita-  
27 tive services;

28 (h) Inpatient hospital services and skilled nursing home  
29 services for individuals 65 years of age or over in an institu-  
30 tion for tuberculosis or mental diseases;

31 (3) Payments for the foregoing services, goods and supplies  
32 shall be made to the extent authorized in the regulations promul-  
33 gated pursuant to this act.

34 (4) The recipients of such services shall be entitled to free choice  
35 of the providers rendering such services or furnishing such goods  
36 or supplies.

1 6. Duties of commissioner. In implementation of the policies  
2 approved by the State Medical Assistance Advisory Council of  
3 the department, the commissioner is authorized, directed and em-  
4 powered to issue, or to cause to be issued by the appropriate  
5 departmental officers or agencies, all necessary rules and regula-  
6 tions and administrative orders and to do or cause to be done all  
7 other acts and things necessary to secure for the State the maximum  
8 Federal financial participation that is available with respect to a  
9 program of medical assistance to needy persons and otherwise to  
10 accomplish the purposes of this act, including specifically the  
11 following:

12 (a) To submit a plan for medical assistance, as required by  
13 Title XIX of the Federal Social Security Act, to the Federal De-  
14 partment of Health, Education and Welfare for approval pursuant  
15 to the provisions of such law, to act for the State in any negotia-  
16 tions relative to the submission and approval of such plan, to make  
17 such arrangements, not inconsistent with law, as may be required  
18 by or pursuant to Federal law to obtain and retain such approval  
19 and to secure for the State the benefits of the provisions of such  
20 law;

21 (b) To administer the provisions of this act;

22 (c) To make reports to the Federal Department of Health, Edu-  
23 cation and Welfare as from time to time may be required by such  
24 Federal department;

25 (d) To determine and prescribe the number and qualifications  
26 of the personnel employed or to be employed in administering the  
27 medical assistance program;

28 (e) To assure that such applicant shall be afforded the oppor-  
29 tunity of a fair hearing by the department should his claim for  
30 medical assistance be denied or not be acted upon with reasonable  
31 promptness;

32 (f) To provide safeguards to restrict the use or disclosure of  
33 information concerning applicants and recipients to purposes  
34 directly connected with administration of the act;

35 (g) To recover any and all benefits incorrectly paid to a recipient  
36 from such recipient or from his estate;

37 (h) To seek reimbursement of the costs of medical services to  
38 the extent such services are payable on the basis of first dollar  
39 coverage through insurance, third party liability, or any Federal,  
40 State, county, municipal or private benefit systems to which the  
41 recipient may otherwise be entitled;

42 (i) (1) To negotiate a contract with an insurance company  
43 licensed and authorized to do business in this State or with a non-  
44 profit hospital service or medical service corporation incorporated  
45 or existing under and by virtue of P. L. 1938, chapter 366  
46 (C. 17:48-1 et seq.) or P. L. 1940, chapter 74 (C. 17:48A-1 et seq.)  
47 as may be designated by the Governor to *\*underwrite, provide or\**  
48 administer, as fiscal agent, in full or in part, the benefits provided  
49 for under this act for and in behalf of the single State agency and  
50 to accept the contract deemed most advantageous to the agency  
51 **\*[for such administrative services]\***;

52 (2) To provide that either party may cancel such contract upon  
53 reasonable notice to the other;

54 (3) To advance funds to the fiscal agent to enable such agent, in  
55 accordance with the terms of its contract, to make payments to  
56 providers;

57 (4) To quarterly, and at such other times as the treasurer may  
58 require and in such form as he prescribes render an account of the  
59 expenditures of moneys so advanced;

60 (j) To pay county welfare boards for investigating and deter-  
61 mining whether applicants for benefits under this act are eligible  
62 therefor under the standards prescribed by the commissioner of  
63 the single State agency;

64 (k) To assure that the nature and extent of the medical assist-  
65 ance provided for under this act shall be uniform and equitable  
66 to all recipients;

67 (l) Through the State Medical Assistance Advisory Council  
68 (1) to develop such methods and procedures relating to the utiliza-  
69 tion of and the payment for medical care and services available  
70 under the plan as may be necessary to safeguard against unneces-  
71 sary utilization of such care and services; (2) to assure that pay-  
72 ments (including payments for any drugs provided under the plan)  
73 are not in excess of reasonable charges consistent with efficiency,  
74 economy and quality of care and (3) to prescribe standards that  
75 participating providers must meet;

76 (m) To assure that no enrollment fee, premium or similar charge  
77 is imposed as a condition of eligibility for benefits under the act;

78 (n) To prepare a comprehensive medical plan for consideration  
79 by the Legislature whereby the benefits of this program be extended  
80 by January 1, 1975 to low income families. The plan should include  
81 alternative means of expanding the medical care benefits and cover-  
82 age provided in this act. Such plan shall be re-evaluated annually  
83 and shall be based upon a documented review of medical needs of  
84 low income families in New Jersey, a detailed analysis of priorities  
85 of service, coverage, program costs and an evaluation of progress.  
86 The State Medical Assistance Advisory Council shall assist the  
87 commissioner of the single State agency in the preparation of such  
88 comprehensive plan.

1 7. Eligibility determination. The single State agency shall  
2 assure: (1) that all individuals wishing to make application for  
3 medical assistance shall have the opportunity to do so; (2) that  
4 the processing of applications shall be markedly simplified to the  
5 end that medical benefits shall be furnished to recipients as soon  
6 as possible.

1 8. Financing. To the extent that Federal funds are not available



2 to pay for the benefits provided under this act, the State shall  
3 provide the necessary funds therefor.

1 9. Advisory council. There is hereby created a State Medical  
2 Assistance Advisory Council, hereinafter referred to as the  
3 "advisory council" consisting of 15 members. Ex-officio members  
4 of the advisory council shall be the administrative heads of the  
5 single State agency and the State Department of Health or their  
6 successors in function. The remaining members of the advisory  
7 council shall be appointed by the Governor with the advice and  
8 consent of the Senate and shall be chosen by him to represent the  
9 various areas of the medical services and the public. Specifically  
10 included shall be 2 members who are doctors of medicine licensed  
11 in this State, one doctor of osteopathy licensed in this State, one  
12 dentist licensed in this State, one optometrist licensed in this State,  
13 one an owner or operator of a licensed nursing home in this State,  
14 one member shall represent hospitals in this State, one pharmacist  
15 licensed in this State, one professional nurse licensed in this State,  
16 and 3 members who are not directly associated with the areas of  
17 medical services, to represent the public. The remaining member  
18 may represent any other area of medical services not specifically  
19 enumerated, but shall not be limited thereto. Members shall serve  
20 for a term of 5 years and shall receive no compensation, but shall  
21 be reimbursed for their actual and necessary expenses. The  
22 advisory council shall advise the single State agency on the provi-  
23 sion of health and medical care services to recipients.

1 10. Penalty. (1) It shall be unlawful for any person to willfully  
2 obtain benefits under this act to which he is not entitled, or in a  
3 greater amount than to which he is entitled, and, further, it shall  
4 be unlawful for any provider to receive medical assistance payments  
5 to which he is not entitled, or in a greater amount than to which he  
6 is entitled, or to falsify any report required under this act.

7 (2) Any person who violates the provisions of subsection (1)  
8 of this section shall be guilty of a misdemeanor.

1 11. Severability clause. If any provision of this act or the  
2 application thereof to any person or circumstances is held invalid,  
3 such invalidity shall not affect other provisions or applications of  
4 the act which can be given effect without the invalid provision or  
5 application, and to this end the provisions of this act are declared  
6 to be severable.

1 12. Effective date. This act shall take effect January 1, 1970,  
2 but all arrangements necessary or appropriate to enable this act  
3 to become fully effective on said date shall be made as promptly  
4 as possible as though this act were effective immediately.