

R.S. 52:14-17.25 et seq.

LEGISLATIVE FACT SHEET

ON

N.J.R.S. 52:14-17.25 et seq (Public school emp -
Health bene.) (1964 Amendment)

LAWS OF 1964

CHAPTER 125

SENATE 314

ASSEMBLY

INTRODUCED Apr. 13, 1964

BY Bowkley [and 3 others]

STATEMENT

YES

NO

AMENDED DURING PASSAGE

YES

NO

HEARING

VETO

Governor's Statement YES

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CHAPTER 125 LAWS OF N. J. 1964
APPROVED 6-18-64

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SENATE, No. 314

STATE OF NEW JERSEY

INTRODUCED APRIL 13, 1964

By Senators BOWKLEY, RIDOLFI, DUMONT and STOUT

(Without Reference)

AN ACT to amend the title of "An act concerning hospital, medical, surgical and major medical expense benefits for State employees and providing for the procuring of such benefits," approved June 3, 1961 (P. L. 1961, c. 49), so that the same shall read "An act concerning hospital, medical, surgical and major medical expense benefits for public and school employees and providing for the procuring of such benefits," and to amend and supplement body of said act.

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

1 1. The title is amended to read as follows: "An act concerning hos-
2 pital, medical, surgical and major medical expense benefits for [State] *public*
3 *and school* employees and providing for the procuring of such benefits."

1 2. Section 1 of the act of which this act is amendatory is amended to read
2 as follows:

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

1 3. In order that the State Employees' Health Benefits Act may be extended
2 to include other public and school employees, participation by counties, mu-
3 nicipalities, school districts, public agencies or organizations as defined in
4 section 71 of chapter 84 of the laws of 1954, the New Jersey Turnpike
5 Authority, the New Jersey Highway Authority, the Palisades Interstate Park

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

6 Commission, the Interstate Sanitation Commission*, *the Delaware River*
7 *Basin Commission** and the Delaware River Joint Toll Bridge Commission,
8 hereinafter defined as employers, is hereby authorized.

1 4. As used in this act and in the act to which this act is a supplement:

2 (a) The term "employer" means a county, municipality, school district,
3 public agency or organization as defined in section 71 of chapter 84 of the
4 laws of 1954, the New Jersey Turnpike Authority, the New Jersey Highway
5 Authority, the Palisades Interstate Park Commission, the Interstate Sani-
6 tation Commission*, *the Delaware River Basin Commission** and the Dela-
7 ware River Joint Toll Bridge Commission.

8 (b) The term "State treasury" means the State agency responsible for
9 the administration of the Public and School Employees' Health Benefits Act
10 which is to be located in the Division of Pensions in the Department of the
11 Treasury.

1 5. The commission established by section 3 of chapter 49 of the laws of
2 1961, is hereby authorized to prescribe rules and regulations satisfactory to
3 the carrier or carriers under which employers may participate in the health
4 benefits program provided by that act. All provisions of that act will, except
5 as expressly stated herein, be construed as to participating employers and
6 to their employees and to dependents of such employees the same as for the
7 State, employees of the State and dependents of such employees.

1 6. Any employer eligible for participation in the program may elect such
2 participation by the adoption of a resolution by its governing body, which
3 would include the name and title of a certifying agent, and a certified copy
4 of the resolution shall be filed with the commission. Any employer making
5 such election shall become a participating employer under the program, sub-
6 ject to and in accordance with the rules and regulations of the commission
7 relating thereto.

1 7. The commission shall certify to the certifying agent of each employer
2 electing participation under the program the premium rates and periodic
3 charges applicable to the coverage provided for employees and dependents.
4 The participating employer shall remit to the State treasury all contribu-

5 tions to premiums and periodic charges in advance of their due dates, subject
6 to the rules and regulations of the commission.

1 8. The rates charged for any contract purchased under the authority of
2 the Public and School Employees' Health Benefits Act shall be established in
3 accordance with the provisions of subsection (C) of section 5 of chapter 49
4 of the laws of 1961; provided, however, that the commission may, in its
5 discretion, prescribe that the rates for employee coverage and for dependents
6 coverage be determined separately for State employees and employees of
7 participating employers.

1 9. An employee enrolling for dependents coverage shall, at the time of
2 enrollment, authorize the participating employer to withhold, on an advance
3 basis, from his wages or salary the contribution required by such employer
4 for such coverage, which shall not exceed the premium or periodic charge
5 therefor. The remainder of the premiums and periodic charges for employee
6 and dependents coverage shall be paid by the participating employer out
7 of its own funds.

1 10. There is hereby established a dependents premium fund consisting
2 of all remittances received by the State treasury from participating em-
3 ployers in connection with dependents coverage and said fund shall be used
4 to pay the portion of the premium and periodic charges under the program
5 attributable to the dependents coverage provided for employees of partici-
6 pating employers.

1 11. There is hereby established an employer health benefits fund con-
2 sisting of all contributions to premiums and periodic charges remitted to
3 the State treasury by participating employers for employee coverage. All
4 such contributions shall be deposited in the employer health benefits fund
5 and said fund shall be used to pay the portion of the premium and periodic
6 charges under the program attributable to employee coverage for employees
7 of participating employers.

1 12. The certifying agent of each participating employer shall submit to
2 the commission such information and shall cause to be performed in respect

3 to each of the employees of such employer such duties as would be performed
4 by the State in connection with the program. The commission shall have the
5 power and authority to make such verification of the employment and other
6 records of any participating employer as the commission may deem neces-
7 sary in connection with the program.

1 13. Each participating employer and the State shall be required to pay
2 its proportionate share of the expenses of administration of the program in
3 such amounts and at such times as determined and fixed by the commis-
4 sion. All amounts payable by the participating employers for such expenses
5 of administration shall be forwarded to the State treasury and shall be ap-
6 plied for such purposes, in order to reimburse the State for the cost of
7 administration of the program.

1 14. In addition to the requirements of subsection (B) of section 6 of
2 chapter 49 of the laws of 1961, for apportionment of any dividend or retro-
3 spective rate credit declared or allowed by a carrier under a contract, the
4 commission shall determine, in an equitable manner, (1) the amount of any
5 such dividend or credit attributable to employee coverage provided under
6 the program for employees of participating employers and shall credit the
7 employer health benefits fund with such amount, and (2) the amount of any
8 such dividend or credit attributable to dependents coverage provided under
9 the program for employees of participating employers and shall credit such
10 amount to the dependents premium fund.

1 15. Section 8 of the act of which this act is amendatory is amended to read
2 as follows:

3 8. The basic coverage and the major medical coverage of any employee,
4 and of his dependents, if any, shall cease upon the discontinuance of his term
5 of office or employment or upon cessation of active full-time employment
6 subject to such regulations, as may be prescribed by the commission for lim-
7 ited continuance of basic coverage and major medical coverage during dis-
8 ability, part-time employment, leave of absence or lay off, and for continuance
9 of basic coverage *and major medical coverage* after retirement, any such

10 continuance after retirement to be provided [on the basis that the total pre-
11 mium or periodic charges therefor is the sole responsibility of the retired
12 employee] *at such rates and under such conditions as shall be prescribed by*
13 *the commission provided, however, that the retired employee shall be re-*
14 *quired to pay an amount not less than the total amount which would have*
15 *been required to have been paid by him and his employer for the coverage*
16 *maintained had he continued in office or employment.* The commission may
17 also establish regulations prescribing an extension of coverage when an em-
18 ployee or dependent is totally disabled at termination of coverage.

1 16. The additional coverage provided herein for retired employees and
2 their dependents shall be applicable only to persons who retire or have re-
3 tired on or after July 1, 1964.

1 17. This act shall take effect July 1, 1964 or on the date of approval,
2 whichever date is the later.

SENATE, No. 314

STATE OF NEW JERSEY

INTRODUCED APRIL 13, 1964

By Senators BOWKLEY, RIDOLFI, DUMONT and STOUT

(Without Reference)

AN ACT to amend the title of "An act concerning hospital, medical, surgical and major medical expense benefits for State employees and providing for the procuring of such benefits," approved June 3, 1961 (P. L. 1961, c. 49), so that the same shall read "An act concerning hospital, medical, surgical and major medical expense benefits for public and school employees and providing for the procuring of such benefits," and to amend and supplement body of said act.

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2 to include other public and school employees, participation by counties, mu-
3 nicipalities, school districts, public agencies or organizations as defined in
4 section 71 of chapter 84 of the laws of 1954, the New Jersey Turnpike
5 Authority, the New Jersey Highway Authority, the Palisades Interstate Park

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

6 Commission, the Interstate Sanitation Commission and the Delaware River
 7 Joint Toll Bridge Commission, hereinafter defined as employers, is hereby
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 5 Authority, the Palisades Interstate Park Commission, the Interstate Sani-
 6 tation Commission and the Delaware River Joint Toll Bridge Commission.

7 (b) The term "State treasury" means the State agency responsible for
 8 the administration of the Public and School Employees' Health Benefits Act
 9 which is to be located in the Division of Pensions in the Department of the
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 6 to their employees and to dependents of such employees the same as for the
 7 State, employees of the State and dependents of such employees.

1 6. Any employer eligible for participation in the program may elect such
 2 participation by the adoption of a resolution by its governing body, which
 3 would include the name and title of a certifying agent, and a certified copy
 4 of the resolution shall be filed with the commission. Any employer making
 5 such election shall become a participating employer under the program, sub-
 6 ject to and in accordance with the rules and regulations of the commission
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5 therefor. The remainder of the premiums and periodic charges for employee
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6 records of any participating employer as the commission may deem neces-
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10 amount to the dependents premium fund.

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7 ited continuance of basic coverage and major medical coverage during dis-
8 ability, part-time employment, leave of absence or lay off, and for continuance
9 of basic coverage *and major medical coverage* after retirement, any such

10 continuance after retirement to be provided [on the basis that the total pre-
11 mium or periodic charges therefor is the sole responsibility of the retired
12 employee] *at such rates and under such conditions as shall be prescribed by*
13 *the commission provided, however, that the retired employee shall be re-*
14 *quired to pay an amount not less than the total amount which would have*
15 *been required to have been paid by him and his employer for the coverage*
16 *maintained had he continued in office or employment.* The commission may
17 also establish regulations prescribing an extension of coverage when an em-
18 ployee or dependent is totally disabled at termination of coverage.

1 16. The additional coverage provided herein for retired employees and
2 their dependents shall be applicable only to persons who retire or have re-
3 tired on or after July 1, 1964.

1 17. This act shall take effect July 1, 1964 or on the date of approval,
2 whichever date is the later.

STATEMENT

This bill is a replacement for Senate Bill No. 46 (1963). It has been re-
drafted after consultation with the Governor and the State Employees' Health
Benefits Commission.

This bill would extend provisions of the State Employees' Health Benefits
Act to teachers and other local employee groups. It differs from last year's
proposal in the following 2 major respects:

(1) It makes it perfectly clear that the State Employees' group will remain
separate and apart from the teachers and local employees' group for pur-
poses of experience rating, both for the employees and their dependents;

(2) It authorizes the Health Benefits Commission to permit retired em-
ployees to continue major medical coverage, as well as their basic coverage, after
retirement and provides that the retired employee shall be required to pay for
such coverage an amount not less than the total amount which would have been
required to have been paid both by him and his employer for such coverage
had he continued in office or employment.

Since the extension of benefits to retired employees, including State employees, is only permissive and dependent upon the commission's making a determination to authorize such an extension, after negotiation with the appropriate carriers, there is no present cost to the State for this proposal although some cost may be incurred should such an extension of coverage be authorized at some future date.

The commission is authorized to negotiate with the appropriate carriers for the extension of benefits to retired employees, including State employees, and to determine whether such an extension is in the best interests of the State. The commission is also authorized to determine the cost of such an extension and to report to the legislature on the results of its negotiations and its determination.

EXHIBIT

The commission is authorized to negotiate with the appropriate carriers for the extension of benefits to retired employees, including State employees, and to determine whether such an extension is in the best interests of the State. The commission is also authorized to determine the cost of such an extension and to report to the legislature on the results of its negotiations and its determination.

ASSEMBLY COMMITTEE AMENDMENTS TO

SENATE, No. 314

STATE OF NEW JERSEY

ADOPTED APRIL 27, 1964

Amend page 2, section 3, line 6, after "Sanitation Commission", insert "
the Delaware River Basin Commission".

Amend page 2, section 4, line 6, after "Sanitation Commission", insert "
the Delaware River Basin Commission".

FISCAL NOTE TO
SENATE, No. 314

STATE OF NEW JERSEY

DATED: MAY 1, 1964

This Bill, designated the "Public and School Employees Health Benefits Act", extends provisions of the State Employees Health Benefit Act to teachers and other local employee groups; effective July 1, 1964.

This Bill is permissive in that it authorizes the Health Benefits Commission to permit retired employees to continue major medical coverage, as well as their basic coverage, after retirement and provides that the retired employee shall be required to pay for such coverage an amount not less than the total amount which would have been required to have been paid both by him and his employer for such coverage had he continued in office or employment, although some cost may be incurred should such an extension of coverage be authorized by legislation at some future date.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above Bill, pursuant to P. L. 1962, c. 27.

FROM: Office of the Governor

FOR IMMEDIATE RELEASE
June 18, 1964

SIGNING OF SENATE BILL 314

Governor Hughes approved Senate Bill 314 today which will permit the extension of the State Health Benefits program to county, municipal and school district employees for the first time.

The State Health Benefits program provides hospitalization, medical/surgical and major medical insurance coverage. The basic coverage for hospital and medical/surgical benefits are provided by the Blue Cross and Blue Shield Plans while the major medical coverage is underwritten by the Prudential Insurance Company of America.

Many counties and municipalities in the last few years have acted to obtain such coverage for their employees and such plans provide varying benefits at varying rates of contribution by employers and employees. Most employers, however, have not been able to provide this coverage because the number of their employees was too small to constitute a separate group. The extension of the State plan will provide a boon to these public agencies since they will be able to pool their employees with those of similar public employers throughout the State for experience purposes.

A very significant provision of this legislation is the authorization given to the Health Benefits Commission to permit retired employees to continue major medical coverage, as well as their Blue Cross and Blue Shield coverage, after retirement. In signing this legislation Governor Hughes expressed the hope that such benefits could be extended to retired employees since the effect of a major medical expense upon the fortunes of a retired couple often was catastrophic and only major medical insurance coverage could currently meet the needs of individuals retired on fixed incomes. The Governor is particularly concerned about this problem and at the recent Governors' Conference initiated a study of the effect of rising costs of hospital insurance.

The agency charged with the responsibility for the administration of the State Health Benefits program is a Commission consisting of the State Treasurer, the Commissioner of Banking and Insurance and the President of the Civil Service Commission while the administrative work is to be performed by the Division of Pensions located in the State Treasury Department

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