

18A:16-8; 18A:16-12 to 18A:16-22

LEGISLATIVE HISTORY CHECKLIST

(Insurance - Group hospital or insurance  
--makes the law uniform for municipalities,  
counties, school boards)

WJSA 18A:16-8; 18A:16-12 to 18A:16-22

LAWS OF 1979

CHAPTER 391

Bill No. A23

Sponsor(s) Burstein and Littell

Date Introduced Pre-filed

Committee: Assembly County Government

Senate Education

Amended during passage Yes  Amendments during passage denoted by asterisks

Date of Passage: Assembly June 21, 1979

Senate Dec. 6, 1979

Date of approval Feb. 6, 1980

Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly Yes

Senate Yes

Fiscal Note XXX

Veto message XXX

Message on signing XXX

Following were printed:

Reports XXX

Hearings XXX

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## ASSEMBLY, No. 23

## STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Assemblymen BURSTEIN and LITTELL

AN ACT concerning boards of education in relation to certain group insurance programs, amending N. J. S. 18A:16-8, repealing N. J. S. 18A:16-10 and supplementing Title 18A of the New Jersey Statutes.

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

1 1. (New section). As used in this act:

2 a. "Dependents" means an employee's spouse and the  
3 employee's unmarried children, including stepchildren, legally  
4 adopted children, and, at the option of the local board of educa-  
5 tion and the carrier, foster children, under the age 19 who live  
6 *\*with\** the employee in a regular parent-child relationship, and may  
7 also include, at the option of the local board of education and the  
8 carrier, other unmarried children of the employee under the age  
9 of 23 who are dependent upon the employee for support and  
10 maintenance, but shall not include a spouse or child while serving  
11 in the military service;

12 b. "Employees" may, at the option of the local board of  
13 education, include elected officials, but shall not include persons  
14 employed on a short-term, seasonal, intermittent or emergency  
15 basis, persons compensated on a fee basis, or persons whose com-  
16 pensation from the local board of education is limited to reim-  
17 bursement of necessary expenses actually incurred in the discharge  
18 of their duties;

19 c. "Federal Medicare Program" means the coverage provided  
20 under Title XVIII of the Social Security Act as amended in 1965,  
21 or its successor plan or plans.

1 2. (New section). Any local board of education may enter into  
2 contracts of group life, **\*[accident]\*** *\*accidental\** death and dis-  
3 memberment, hospitalization, medical, surgical, major medical

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

4 expense\*,\* or health and accident insurance with any insurance  
 5 company or companies authorized to do business in this State\*,\*  
 6 or **\*\*[make]\*\*** **\*\*may\*\*** contract with a nonprofit hospital service  
 7 or medical service corporation with respect to the benefits which  
 8 they are authorized to provide **\*\*[respectfully]\*\*** **\*\*respectively\*\***.  
 9 Such contract or contracts shall provide any one or more of such  
 10 coverages for the employees of the local board of education and  
 11 may include their dependents. *\*A local board of education may  
 12 enter into a contract or contracts to provide **\*\*drug\*\*** prescription  
 13 and other health care benefits, or enter into a contract or contracts  
 14 to provide drug prescription and other health care benefits as may  
 15 be required to implement a duly executed collective negotiations  
 16 agreement, or as may be required to implement a determination  
 17 by a local board of education to provide such benefit or benefits to  
 18 employees not included in collective negotiations units.\** Nothing  
 19 herein contained shall be deemed to authorize coverage of depend-  
 20 ents of an employee under a group life insurance policy or to allow  
 21 the issuance of a group life insurance policy **\*\*[on]\*\*** **\*\*under\*\***  
 22 which the entire premium is to be derived from funds contributed  
 23 by the insured employee.

1 3. (New section). The contract shall exclude from eligibility:

- 2 a. Employees and dependents, active or retired, who are other-  
 3 wise eligible for coverage but who, although they meet the age  
 4 eligibility requirement of the Federal Medicare Program, are not  
 5 covered by the complete Federal program;
- 6 b. Any class or classes of employees who are eligible for like  
 7 or similar coverage under another group contract covering such  
 8 class or classes of employees **\*\*[and may condition the eligibility of  
 9 any employee upon satisfying a waiting period stated in the  
 10 contract]\*\***.

1 4. (New section). Any contract or contracts **\*\*permitted\*\*** under  
 2 this act shall contain limitations, exclusions or exceptions so as to  
 3 avoid duplication of benefits or services otherwise available pursu-  
 4 ant to accidental death and dismemberment, hospitalization, medi-  
 5 cal, surgical, major medical expense or health and accident coverage  
 6 under any other law of this State or the coverage afforded under  
 7 the laws of the United States, such as the Federal Medicare  
 8 Program, and at the option of the local board of education and the  
 9 carrier, group insurance or any other arrangement of coverage for  
 10 individuals in a group, whether on an insured or uninsured basis.

11 *\*Any contract permitted under this act may condition the eligi-  
 12 bility of any employee upon satisfying a waiting period stated in  
 13 the contract.\**

1 5. (New section). The coverage of any employee, and of his  
2 dependents, if any, shall cease upon the discontinuance of his  
3 employment or upon cessation of active full-time employment in  
4 the classes eligible for coverage subject to such provision as may  
5 be made in any contract made by the local board of education for  
6 limited continuance of coverage during disability, part-time  
7 employment, leave of absence other than leave for military service,  
8 and for continuance of coverage after retirement.

1 6. (New section). Any local board of education entering into a  
2 contract pursuant to this act is authorized to pay part or all of  
3 the premiums or charges for such contracts and may appropriate  
4 out of its general funds any money necessary to pay such premiums  
5 or charges or portions thereof.

6 The contribution required of any employee toward the cost of  
7 such coverage may be deducted from the pay, salary or other  
8 compensation of such employee upon authorization in writing  
9 made to the local board of education.

10 The local board of education may reimburse an active employee  
11 for his premium charges under Part B of the Federal Medicare  
12 Program covering the employee alone.

13 Nothing herein shall be construed as compelling a local board  
14 of education to pay any portion of the premiums or charges  
15 attributable to such contracts.

1 7. (New section). The continuance of coverage after retirement  
2 of any employee may be provided at such rates and under the  
3 conditions as shall be prescribed in the contract subject, however,  
4 to the requirements set forth in section 8 hereof. The contribution  
5 required of any retired employee toward the cost of such coverage  
6 may be paid by him to the local board of education or in such other  
7 manner as the local board of education shall direct.

1 8. (New section). Retired employees shall be required to pay  
2 for the entire cost of coverage for themselves and their dependents  
3 at rates which are deemed adequate to cover the benefits, as affected  
4 by Medicare, of such retired employees and their dependents on the  
5 basis of the utilization of services which may be reasonably  
6 expected of such older age classification; provided, however, that  
7 the total rate payable by such a retired employee for himself and  
8 his dependents, for coverage under the contract and for Part B  
9 of Medicare, shall not exceed by more than 25%, the total amount  
10 that would have been required to have been paid by the employee  
11 and the local board of education for the coverage maintained had  
12 he continued in office or active employment and he and his depend-  
13 ents were not eligible for Medicare benefits.

14 The local board of education may, in its discretion, assume the  
 15 entire cost of such coverage and pay all of the premiums for  
 16 employees who have retired after 25 years or more service with  
 17 the local board of education, including the premiums on their  
 18 dependents, if any, under such uniform conditions as the local  
 19 board of education shall prescribe.

1 9. (New section). In the event an insurance company issues  
 2 a group insurance policy to a local board of education which in-  
 3 cludes two or more of the coverages authorized under this act,  
 4 such insurance company shall at the end of each policy year fur-  
 5 nish to the local board of education a summary of the cost of each  
 6 such coverage.

1 10. (New section). It shall be the duty of the local board of educa-  
 2 tion, entering into a contract pursuant to the provisions of this act,  
 3 to file a copy thereof with the State Employees Health Benefits  
 4 Commission. The commission shall prepare and file periodically\*,\*  
 5 and not less than every 2 years, a report to the Governor and the  
 6 Legislature as to such contracts being entered into by local boards  
 7 of education and shall make such recommendations concerning said  
 8 contracts and the coverage thereunder as it deems appropriate to  
 9 achieve uniformity of coverage and benefits for employees through-  
 10 out the State.

1 11. (New section). a. Contracts executed between a local board  
 2 of education and an authorized insurer prior to the effective date  
 3 of this act are hereby confirmed and validated until the contract  
 4 anniversary next following the first anniversary of said date when  
 5 such contracts, exclusive of group life insurance, will have to be  
 6 conformed to the provisions of this act.

7 b. It shall not be a defense to the payment or satisfaction of any  
 8 claim for benefits under any contract or policy hereby confirmed  
 9 and validated that such contract or policy was ultra vires, improper-  
 10 ly entered into or otherwise not authorized by law.

1 12. N. J. S. 18A:16-8 is hereby amended to read as follows:

2 18A:16-8. Salary deductions for [hospital and insurance plans  
 3 and] government bonds. Whenever [50%] one or more of the  
 4 persons employed by a board of education shall agree, in writing,  
 5 to participate in any [hospital service plan or group insurance  
 6 plan, for themselves or for themselves and their husbands or wives  
 7 and dependent children, or] plan for the purchase of bonds of the  
 8 United States government the board may, by a recorded roll call  
 9 majority vote of its full membership direct the secretary of the  
 10 board to deduct from the salaries of such employees as shall partici-

11 pate in such plan under such rules as may be established by the  
12 board [specified fees or premiums or] specified amounts for the  
13 purchase of bonds and pay the total amount of such deductions [to  
14 the respective hospital service plan or insurance company or]  
15 directly or indirectly to the Federal Government for such bonds,  
16 and the making of any such deductions shall be construed as  
17 voluntary payments by the employee.

1 13. N. J. S. 18A:16-10 is hereby repealed.

1 14. This act shall take effect immediately.

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*SPONSOR'S* STATEMENT

This bill has been drafted by the Division of Law Revision of the Legislative Services Agency after consultation with the State Board of Education.

The purpose of this bill is to make uniform the law relating to the authority of local boards of education and governing bodies of counties and municipalities to enter into group hospital or insurance plans for employees. Under the present education statute (N. J. S. 18A:16-8), a board of education may enter into such a group contract when 50% or more of its employees agree in writing to participate therein.

It is the desire of the State Department of Education that all authority for action by local boards of education be contained within the education statutes, Title 18A.

*A. 23 (1979)*

ASSEMBLY COUNTY GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 23

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1979

Assembly Bill No. 23 was prepared by the Division of Law Revision of the Legislative Services Agency and is a result of the continuing revision of Title 40 of the Revised Statutes. Senate Bill No. 1216, a necessary companion to this bill, transfers into a new chapter 10 of Title 40A of the New Jersey Statutes all existing laws in Title 40 of the Revised Statutes and Title 40A of the New Jersey Statutes which relate to county and municipal insurance. In effectuating this revision all references to school districts in the group insurance provisions were eliminated. Assembly Bill No. 23 places such insurance provisions into Title 18A (Education) for the purpose of clarity and consistencies. The bills makes uniform the laws relating to the authority of the school boards and county and municipal governing bodies to enter into group insurance or insurance plans for employees.

The committee, at the request of the sponsor amended the bill to incorporate certain provisions contained in Senate Bill No. 1216 and to correct several grammatical and typographical errors.



SENATE EDUCATION COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 23**

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with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: NOVEMBER 19, 1979

PROVISIONS:

This bill is a necessary companion bill to Senate Bill No. 1216. Senate Bill No. 1216 was prepared by the Division of Law Revision of the Legislative Services Agency as part of the continuing revision of Title 40 of the Revised Statutes. It transfers into a new chapter 10 of Title 40A of the New Jersey Statutes all existing laws in Title 40 of the Revised Statutes and Title 40A of the New Jersey Statutes which relate to county and municipal insurance. In revising the existing law, all reference to school districts in the group insurance provisions are deleted. Assembly Bill No. 23 would place group insurance provisions for school districts in Title 18A of the New Jersey Statutes.

Senate Bill No. 1216 has already been signed into law (P. L. 1979, c. 230). Unless Assembly Bill No. 23 also passes, there will be serious problems relating to group insurance for school districts.

In addition to the transferral of current law, the bill contains one new provision which authorizes school boards to contract for drug prescription and other health care benefits with their employees and their dependents.

FISCAL IMPLICATIONS:

There are no costs associated with this legislation.

AMENDMENTS:

The committee amendments are technical in nature.