

17B:27-51.11 to 17B:27-51.13

LEGISLATIVE HISTORY CHECKLIST

(Group health insurance benefits continued to certain disabled persons)

NJSA 17B:27-51.11 to 17B:27-51.13

LAWS 1981

CHAPTER 422

Bill No. A2153

Sponsor(s) Paterniti

Date Introduced Oct. 16, 1980

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes

~~NY~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly June 25, 1981

Senate Dec. 14, 1981

Date of approval January 11, 1982

Following statements are attached if available:

Sponsor statement	Yes	NY (Below
Committee Statement: Assembly	Yes	NY
Senate	Yes	NY
Fiscal Note	XXX	No
Veto Message	XXX	No
Message on signing	XXX	No
Following were printed:		
Reports	XXX	No
Hearings	Yes	NY

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Sponsors' statement:
This legislation permits individuals who would otherwise leave a group health insurance program because of disability to retain group membership if the appropriate premium is paid.

974.90 New Jersey. Legislature. Assembly. Committee on Institutions, Health & Welfare.
1981 D Public hearing on "the definition of disability," held 9-23-81.
6/22/81 Trenton, 1981.

[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 2153

STATE OF NEW JERSEY

INTRODUCED OCTOBER 16, 1980

By Assemblymen PATERNITI, SCHWARTZ, COSTELLO
 and KARCHER

Referred to Committee on Banking and Insurance

AN ACT providing for the continuation of group health insurance benefits for certain disabled persons, and supplementing Title 17B of the New Jersey Statutes.

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

1 1. As used in this act:

2 a. "Group policy" means a group health insurance policy issued
 3 by an insurer pursuant to Title 17B of the New Jersey Statutes.

4 b. "Insurer" means the entity issuing a group policy or an in-
 5 dividual policy or converted policy.

6 c. "Insurance", "Insures" and "Insured" refer to coverage under
 7 a group policy on a premium-paying basis.

8 d. "Premium" includes any premium or other consideration pay-
 9 able for coverage under a group or individual policy.

10 e. "Medicare" means Title XVIII of the United States Social
 11 Security Act as amended or superseded.

12 *f. *"Total disability of the employee or member" exists only while*
 13 *the employee or member (1) is not engaged in any gainful occupa-*
 14 *tion, and (2) is completely unable, due to sickness or injury or both,*
 15 *to engage in any and every gainful occupation for which the person*
 16 *is reasonably fitted by education, training or experience.**

1 2. A group policy delivered or issued for delivery in this State
 2 which insures employees or members and their dependents for
 3 hospital, surgical or major medical insurance on an expense in-
 4 curred or service basis, other than for specific diseases or for
 5 accidental injuries only, shall provide that employees or members
 6 whose insurance under the group policy would otherwise termin-
 7 ate because of termination of employment or membership due to
 8 ***[disability permanent in quality and partial in character or dis-**
 9 **ability permanent in quality and total in character as defined in**
 10 **R. S. 34:15-36]*** *total disability of the employee or member*

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

10A shall be entitled to continue their hospital, surgical and major
 11 medical insurance under that group policy, for themselves
 12 and their eligible dependents, subject to all of the group policy's
 13 terms and conditions applicable to those forms of insurance and
 14 subject to the following conditions:

15 a. Continuation shall only be available to any employee or
 16 member who has been continuously insured under the group policy
 17 during the entire 3 months' period ending with such termination.

18 b. Continuation shall be available for any person who is covered
 19 by or eligible for Medicare *, *subject to any nonduplication of*
 19A *benefits provisions in the group policy**.

20 c. In addition to hospital, surgical, or major medical benefits,
 21 continuation shall include all other **health care expense** benefits
 22 provided under the group policy, including dental, vision care, or
 23 prescription drug benefits.

24 d. An employee or member electing continuation shall pay to the
 25 group policyholder or his employer, on a monthly basis in advance,
 26 the amount of contribution required by the policyholder or em-
 27 ployer, but not more than the group rate for the insurance being
 28 continued under the group policy on the due date of each payment.
 29 The employee's or member's written election for continuation,
 30 together with the first contribution required to establish contribu-
 31 tions on a monthly basis in advance, shall be given to the policy-
 32 holder or employer within 31 days of the date the employee's or
 33 member's insurance would otherwise terminate.

34 e. Continuation of insurance under the group policy for any
 35 person shall terminate at the first to occur **of** the following:

36 (1) Failure of the former employee or member to make timely
 37 payment of a required contribution. Termination shall occur at
 38 the end of the period for which contributions were made.

38A **(2) The date the employee again becomes employed and eligible*
 38B *for benefits under another group plan providing health care ex-*
 38C *penditure benefits, or in the case of a qualified dependent, the date such*
 38D *qualified dependent becomes employed and eligible for such*
 38E *benefits*.*

39 ***[(2)]*** **(3)** The date on which the group policy is terminated
 40 or, in the case of an employee, the date his employer terminates
 41 participation under the group policy, provided that

42 (a) The employee or member shall have the right to become
 43 covered under any new group policy contracted for by the employer,
 44 for the balance of the period that he would have remained covered
 45 under the prior group policy in accordance with this act had a
 46 termination of a group not occurred;

47 (b) The minimum level of benefits to be provided by the other
48 group policy shall be the applicable level of benefits of the prior
49 group policy reduced by any benefits payable under that prior
50 group policy, and

51 (c) The prior group policy shall continue to provide benefits to
52 the extent of its accrued liabilities and extensions of benefits as if
53 the replacement had not occurred.

54 f. A notification of the continuation privilege shall be included
55 in each certificate of coverage.

1 3. ***[**This legislation applies to all group contracts in which the
2 insurer reserves the right to change the premium.**]*** **The pro-*
3 *visions of the act to which this act is amendatory shall not apply*
4 *to any policy in which the insurer does not have the right to termin-*
5 *ate the policy without the consent of the insured.**

1 4. This act shall take effect 90 days after enactment.

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ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2153

STATE OF NEW JERSEY

DATED: JUNE 15, 1981

As amended by the Assembly Banking and Insurance Committee, this legislation requires that all group contracts issued in the State by commercial insurers after the effective date of the act include a provision that if a member of the group becomes disabled he would be permitted to continue hospital, surgical and major medical insurance benefits for himself and his family if he pays an appropriate premium to his former employer. Continuation would include dental, vision care, and prescription drug benefits. Premiums would be required to be collected in advance on a monthly basis.

This legislation is designed to provide full health insurance coverage for disabled persons at the same benefit level which they had while they were employed. While some insurers do provide health care coverage without special qualifications for insurability, such coverage is limited, often includes deductibles or copayments, and does not provide the full range of group benefits such as prescription drug benefits.

The Assembly Banking and Insurance Committee amendments are primarily technical in nature. They revise the definition of "total disability," and provide that the legislation is to be prospective in nature.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2153

STATE OF NEW JERSEY

DATED: NOVEMBER 12, 1981

This bill requires that all group contracts issued in the State by commercial insurers after the effective date of the act include a provision that if a member of the group becomes disabled he would be permitted to continue hospital, surgical and major medical insurance benefits for himself and his family if he pays an appropriate premium to his former employer. Continuation would include dental, vision care, and prescription drug benefits. Premiums would be required to be collected in advance on a monthly basis.

This legislation is designed to provide full health insurance coverage for disabled persons at the same benefit level which they had while they were employed. While some insurers do provide health care coverage without special qualifications for insurability, such coverage is limited, often includes deductibles or copayments, and does not provide the full range of group benefits such as prescription drug benefits.