

52:14-17.29

LEGISLATIVE HISTORY CHECKLIST

NJSA 52:14-17.29

Laws of 1975 Chapter 12

Bill No. S 1466

Sponsor(s) Merlino & others

Date Introduced Nov. 21, 1974

Committee: Assembly -----

Senate State Gov't. & Federal & Interstate Relations

Amended during passage  No

Date of passage: Assembly Feb. 4, 1975

Senate Dec. 19, 1974

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Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly  No

Senate Yes

Fiscal Note  No

Veto message  No

Message on signing  No

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Reports  No

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SENATE, No. 1466

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 21, 1974

By Senators MERLINO, BEDELL, MARTINDELL and PARKER

Referred to Committee on State Government and Federal and  
Interstate Relations

AN ACT to amend the "New Jersey State Health Benefits Program  
Act," approved June 3, 1961 (P. L. 1961, c. 49).

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

1 1. Section 5 of P. L. 1961, c. 49 (C. 52:14-17.29) is amended to  
2 read as follows:

3 5. (A) The contract or contracts purchased by the commission  
4 pursuant to section 4 shall provide separate coverages or policies  
5 as follows:

6 (1) Basic benefits which shall include:

7 (a) Hospital benefits, including outpatient;

8 (b) Surgical benefits;

9 (c) Inpatient medical benefits;

10 (d) Obstetrical benefits, in the case of family contracts; and

11 (e) Post-hospital services rendered by an extended care  
12 facility or by a home health agency and for specified medical  
13 care visits by a physician during an eligible period of such  
14 post-hospital services, to the extent and subject to the condi-  
15 tions and limitations agreed to by the commission and the  
16 carrier or carriers.

17 Basic benefits shall be substantially equivalent to those available  
18 on a group remittance basis to employees of the State and their  
19 dependents under the subscription contracts of the New Jersey  
20 "Blue Cross" and "Blue Shield" Plans. Such basic benefits shall  
21 include benefits for;

22 (i) Additional days of inpatient medical service;

23 (ii) Surgery elsewhere than in a hospital;

24 (iii) X-ray, radioactive isotope therapy and pathology ser-  
25 vices;

26 (iv) Physical therapy services;

27 (v) Radium or radon therapy services;

28 and the extended basic benefits shall be subject to the same con-  
29 ditions and limitations, applicable to such benefits, as are set forth  
30 in "Extended Outpatient Hospital Benefits Rider," Form 1500,  
31 71 (9-66), and in "Extended Benefit Rider" (as amended), Form  
32 MS 7050J (9-66) issued by the New Jersey "Blue Cross" and  
33 "Blue Shield" Plans, respectively, and as the same may be  
34 amended or superseded, subject to filing by the Commissioner of  
35 Insurance; and

36 (2) Major medical expense benefits which shall provide benefit  
37 payments for reasonable and necessary eligible medical expenses  
38 for hospitalization, surgery, medical treatment and other related  
39 services and supplies to the extent they are not covered by basic  
40 benefits. The commission may, by regulation, determine what  
41 types of services and supplies shall be included as "eligible medical  
42 services" under the major medical expense benefits coverage as  
43 well as those which shall be excluded from or limited under such  
44 coverage. Benefit payments for major medical expense benefits  
45 shall be equal to a percentage of the reasonable charges for eligible  
46 medical services incurred by a covered employee or an employee's  
47 covered dependent, during a calendar year as exceed a deductible  
48 for such calendar year of \$100.00 subject to the maximums herein-  
49 after provided and to the other terms and conditions authorized by  
50 this act. The percentage shall be 80% of the first \$2,000.00 of  
51 charges for eligible medical services incurred subsequent to satis-  
52 faction of the deductible and 100% thereafter. There shall be a  
53 separate deductible for each calendar year for (a) each enrolled  
54 employee and (b) all enrolled dependents of such employee. Not  
55 more than \$25,000.00 shall be paid for major medical expense  
56 benefits with respect to any one person for any 1 calendar year and  
57 not more than \$100,000.00 shall be paid for such benefits with  
58 respect to any one person for the entire period of such person's  
59 coverage under the plan, whether continuous or interrupted except  
60 that these maximums may be reapplied to a covered person in  
61 amounts not to exceed \$2,000.00 a year. Maximums of \$10,000.00  
62 per calendar year and \$20,000.00 for the entire period of the per-  
63 son's coverage under the plan shall apply to eligible expenses  
64 incurred because of mental illness or functional nervous disorders,  
65 and such may be reapplied to a covered person. For retired em-

66 employees, the maximum lifetime benefit for each person shall be  
67 the unused balance of the lifetime maximum remaining while in  
68 active service or \$20,000.00, whichever is less, with a minimum  
69 benefit of \$5,000.00. Under the conditions agreed upon by the  
70 commission and the carriers as set forth in the contract, the  
71 deductible for a calendar year may be satisfied in whole or in part  
72 by eligible charges incurred during the last 3 months of the prior  
73 calendar year.

74 Any service determined by regulation of the commission to be  
75 an "eligible medical service" under the major medical expense  
76 benefits coverage which is performed by a duly licensed practicing  
77 psychologist within the lawful scope of his practice shall be recog-  
78 nized for reimbursement under the same conditions as would apply  
79 were such service performed by a physician.

80 (B) Benefits under the contract or contracts purchased as au-  
81 thorized by this act may be subject to such limitations, exclusions,  
82 or waiting periods as the commission finds to be necessary or de-  
83 sirable to avoid inequity, unnecessary utilization, duplication of  
84 services or benefits otherwise available, including coverage afforded  
85 under the laws of the United States, such as the Federal medicare  
86 program, or for other reasons.

87 (C) The rates charged for any contract purchased under the  
88 authority of this act shall reasonably and equitably reflect the cost  
89 of the benefits provided based on principles which in the judgment  
90 of the commission are actuarially sound. The rates charged shall  
91 be determined by the carrier on accepted group rating principles  
92 with due regard to the experience, both past and contemplated,  
93 under the contract. The commission shall have the right to par-  
94 ticularize subgroups for experience purposes and rates. No in-  
95 crease in rates shall be retroactive.

96 (D) The initial term of any contract purchased by the commis-  
97 sion under the authority of this act shall be for such period to which  
98 the commission and the carrier may agree, but permission may  
99 be made for automatic renewal in the absence of notice of termi-  
100 nation by the State. Subsequent terms for which any contract may  
101 be renewed as herein provided shall each be limited to a period  
102 not to exceed 1 year.

103 (E) The contract shall contain a provision that if basic benefits  
104 of an employee or of an eligible dependent under the contract,  
105 after having been in effect for at least 1 month, is terminated,  
106 other than by voluntary cancellation of enrollment, there shall be  
107 a 31-day period following the effective date of termination during

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108 which such employee or dependent may exercise the option to con-  
109 vert, without evidence of good health, to left-group conversion  
110 coverage issued by the carrier on a direct payment basis. Such  
111 conversion coverage shall include benefits of the type classified as  
112 "basic benefits" in subsection (A) hereof. The provision shall  
113 further stipulate that the employee or dependent exercising the  
114 option to convert shall pay the full periodic charges for the left-  
115 group coverage which shall be subject to such terms and conditions  
116 as are normally prescribed by the carrier for this type of coverage.

117 *(F) The commission may purchase a contract or contracts to*  
118 *provide drug prescription and other health care benefits or*  
119 *authorize the purchase of a contract or contracts to provide drug*  
120 *prescription and other health care benefits as may be required to*  
121 *implement a duly executed collective negotiations agreement.*

1 2. This act shall take effect immediately.

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#### STATEMENT

This bill empowers the State Health Benefits Commission to authorize the purchase of a contract which would provide health care benefits that have been agreed to under a duly executed collective negotiations agreement or to purchase its contracts for such benefits.

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SENATE STATE GOVERNMENT AND FEDERAL AND  
INTERSTATE RELATIONS COMMITTEE

STATEMENT TO

**SENATE, No. 1466**

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**STATE OF NEW JERSEY**

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DATED: DECEMBER 10, 1974

The statement appended to and printed with the bill adequately explains its provisions.