

17B:26-39 to 17B:26-44

LEGISLATIVE HISTORY CHECKLIST

NJSA 17B:26-39 to 17B:26-44

Laws of 1977 Chapter 98 (Hospitalization policies--
incl. home health care--
coverage)
BILL No. A677

Sponsor(s) Deverin, Martin, Gregorio

Date Introduced Pre-filed

Committee: Assembly Commerce, Banking & Insurance

Senate Labor, Industry, Professions

Amended during passage Yes No Amendments during passage denoted by asterisks

Date of passage: Assembly June 16, 1976

Senate Dec. 14, 1976

Date of approval May 23, 1977

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Not enclosed--identical to the A Comm. Statement

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

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NJ--Insurance, Health

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ASSEMBLY, No. 677

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1976 SESSION

By Assemblymen DEVERIN, MARTIN and GREGORIO

AN ACT concerning health insurance and supplementing chapter 26
of 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. *The Legislature hereby finds and declares that the high cost*
2 *of hospital care necessitates the establishment of alternative means*
3 *of caring for patients who need some professional health care, but*
4 *who do not need to remain hospitalized. Home health care, there-*
5 *fore, is a necessary and desirable means of providing professional*
6 *services to patients, consistent with the following objectives:*

7 a. *Rehabilitation of the patient in order to assist in the develop-*
8 *ment of independent living capabilities;*

9 b. *Rehabilitation of the patient in order to attain reduction of*
10 *physical or mental disability.**

1 ***[1.]*** *2.* As used in this act:

2 a. "Home health care" means those nursing and other home
3 health care services rendered to a person in his place of residence,
4 under the following conditions:

5 (1) On a part-time and intermittent basis, except when full-time
6 or 24-hour services are needed on a short-term basis:

7 ***[(2)]** Without requirement that hospitalization be an antecedent
8 to admission to care;

9 (3) Without requirement that the patient be homebound or sub-
10 stantially restricted in activity;**]***

10A *(2) *If continuing hospitalization would otherwise have been*
10B *required if home health care were not provided;**

11 ***[(4)]*** *(3)* Pursuant to a physician's order and under a plan
12 of care established by the responsible physician in collaboration

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

13 with a home health care provider, which plan shall be periodically
 14 reviewed and approved by said physician *~~or the home health care~~
 15 ~~provider, provided the authority to review has been delegated by~~
 16 ~~the physician to the home health care provider~~*. All care plans
 17 shall be established within 14 days following the commencement of
 18 home health care *~~and shall include one or more patient manage-~~
 19 ~~ment objectives~~*.

20 *~~b.~~ “Patient management objectives” means any of the follow-
 21 ing health management objectives:

22 (1) Rehabilitation of the patient in order to assist in the de-
 23 velopment of independent living capabilities;

24 (2) Rehabilitation of the patient in order to attain maximum
 25 reduction of physical or mental disability and restoration of the
 26 patient to his best possible functional capacity;

27 (3) Maintenance of the patient once maximum rehabilitation of
 28 functional capacity has been achieved, in order to monitor the
 29 stability of the patient and thereby prevent or detect early any
 30 deterioration of the patient’s physical or mental condition or
 31 environment.

32 (4) Promotion of overall health status of the patient and his
 33 family through counseling, teaching positive health habits and
 34 self-care, and administering other preventive procedures and
 35 services which may not necessarily be directed at the condition or
 36 conditions for which habilitation, rehabilitation or maintenance
 37 activities were previously ordered;

38 (5) Preadmission home and patient evaluation in order to de-
 39 termine the capability of the home and family environment to
 40 support home health care.]*

41 *~~c.~~* *~~b.~~* “Home health care services” means any of the fol-
 42 lowing services necessary for achievement of *~~patient manage-~~
 43 ~~ment objectives and~~* the care plan set forth for the patient:

44 (1) Nursing care;

45 (2) Physical therapy;

46 (3) Occupational therapy;

47 (4) Medical social work;

48 (5) Nutrition services;

49 (6) Speech therapy;

50 (7) Home health aide services;

51 (8) Medical appliances and equipment, drugs and medications,
 52 laboratory services and special meals, to the extent such items and
 53 services would have been covered under the policy if the covered
 54 person had been in a hospital;

55 (9) Any diagnostic or therapeutic service, including surgical
 56 services, performed in a hospital outpatient department, a doctor's
 57 office or any other licensed health care facility, provided such
 58 service would have been covered under the policy if performed
 59 as inpatient hospital services.

60 ***[d.]*** *c.* "Home health care provider" means a home health
 61 care agency which is certified to participate as a home health agency
 62 under Title XVIII of the Social Security Act *or a proprietary*
 62A *agency licensed by the Commissioner of Health**. At such time as
 63 home health agency licensure standards are promulgated pursuant
 64 to P. L. 1971, c. 136 and 138, home health care providers shall be
 65 licensed agencies.

1 ***[2.]*** *3.* Notwithstanding any provision of a policy of health
 2 insurance, hereafter delivered or issued for delivery in this State,
 3 whenever such policy provides coverage for inpatient hospital care
 4 or skilled nursing facility care, it shall also provide coverage for
 5 home health care.

1 ***[3.** Every policy shall provide benefits required by section 2
 2 without:

- 3 a. A separate deductible for the home health care benefit;
- 4 b. Separate coinsurance or copayment on the home health care
 5 benefit; and
- 6 c. Limiting the total dollar amount of benefits provided by the
 7 policy.]*

1 ***[4.** Notwithstanding any provision of law to the contrary, if a
 2 policy contains a noncancelable or a noncancelable and guaranteed
 3 renewable provision, the insurer and the insured must renegotiate
 4 the amount of the future premium payable to the insurer by the
 5 insured, in order to reflect increased or decreased costs attributable
 6 to the effect of this act.]*

1 *4. *Every policy shall provide benefits required by section 3 with-*
 2 *out a separate deductible or coinsurance provision for the home*
 3 *health care benefit. For the purpose of determining the benefits*
 4 *for home health care, each visit by a member of a home health care*
 5 *team shall be considered as one home health care visit. The policy*
 6 *may contain a limitation on the number of home health care visits,*
 7 *but no policy may provide for less than 60 home health care visits*
 8 *in any calendar year or in any continuous period of 12 months.**

1 5. The State Commissioner of Insurance, after consultation with
 2 the State Commissioner of Health, shall provide for a system of

3 direct reimbursement to home health care providers for services
4 rendered pursuant to this act.

1 6. The State Commissioner of Insurance, after consultation with
2 the State Commissioner of Health, is hereby empowered and
3 directed to promulgate regulations necessary to effectuate the pro-
4 visions of this act.

1 ***[7.** Notwithstanding any definition in section 1 of this act, an
2 insurer shall not pay for services rendered for the purpose of
3 meeting the patient management objectives described in subparts
4 (3) and (4) of subsection b. unless the physician certifies that
5 delivery of such services for said purposes has a reasonable likeli-
6 hood of postponing, eliminating or reducing the need for institu-
7 tional care.]*

1 ***[8.]*** *7.* This act shall take effect 6 months following enact-
2 ment.

1 3. Every policy shall provide benefits required by section 2
2 without:

3 a. A separate deductible for the home health care benefit;

4 b. Separate coinsurance or copayment on the home health care
5 benefit; and

6 c. Limiting the total dollar amount of benefits provided by the
7 policy.

1 4. Notwithstanding any provision of law to the contrary, if a
2 policy contains a noncancelable or a noncancelable and guaranteed
3 renewable provision, the insurer and the insured must renegotiate
4 the amount of the future premium payable to the insurer by the
5 insured, in order to reflect increased or decreased costs attributable
6 to the effect of this act.

1 5. The State Commissioner of Insurance, after consultation with
2 the State Commissioner of Health, shall provide for a system of
3 direct reimbursement to home health care providers for services
4 rendered pursuant to this act.

1 6. The State Commissioner of Insurance, after consultation with
2 the State Commissioner of Health, is hereby empowered and
3 directed to promulgate regulations necessary to effectuate the pro-
4 visions of this act.

1 7. Notwithstanding any definition in section 1 of this act, an
2 insurer shall not pay for services rendered for the purpose of
3 meeting the patient management objectives described in subparts
4 (3) and (4) of subsection b. unless the physician certifies that
5 delivery of such services for said purposes has a reasonable likeli-
6 hood of postponing, eliminating or reducing the need for institu-
7 tional care.

1 8. This act shall take effect 6 months following enactment.

STATEMENT

Home health services are increasingly being utilized to provide an alternative to institutional health care. However, few private insurance policies cover this type of proven health care, with the result that expenses must be paid out of pocket.

This bill provides for inclusion of home health coverage in hospitalization policies, at little or no expense to the insurer or patient, since in-home services would be performed in lieu of continued hospitalization or in support of persons who might otherwise have to go into a general or mental hospital or nursing home.

REFERENCE USE ONLY

ASSEMBLY COMMERCE, BANKING AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 677

with Assembly committee amendments

—◆—
STATE OF NEW JERSEY
—◆—

DATED: MAY 20, 1976

This legislation would mandate coverage for home health care in all health insurance contracts issued by commercial carriers pursuant to Chapter 26 of Title 17B of the New Jersey Statutes, whenever the policy provides coverage for inpatient hospital care or skilled nursing facility care. These benefits would have to be provided without a separate deductible or separate coinsurance or copayment.

The bill requires that a plan of care be established by a physician in collaboration with a home health care provider within 14 days following commencement of home health care. Home health care services eligible for benefits would include nursing care, physical therapy, occupational therapy, medical social work, nutrition services, speech therapy, and home health aide services. Medical appliances and equipment, drugs, laboratory services and special meals would be covered to the extent such items would have been covered under the policy if the covered person were in the hospital. Certain diagnostic or therapeutic services would also be covered under the policy if such benefits are included in the policy if performed as inpatient hospital services.

The legislation also directs the Commissioner of Insurance and the Commissioner of Health to provide for a system of direct reimbursement to home health care providers and to promulgate regulations to effectuate the purposes of the act.

This legislation is intended to provide an alternative to hospitalization or nursing home care for patients who can be cared for in their homes by home health care providers. The committee hopes that a substantial long-term saving in the cost of health care will be realized because many individuals will be hospitalized for periods of shorter duration if the home care option is available to them. New York has recently passed similar legislation.

Traditionally, home health care has been provided by visiting nurse associations, who have expanded their services in recent years to include various kinds of therapy and rehabilitation programs. In addition, a number of proprietary agencies have recently been established to perform the same kind of services; some large companies have established comprehensive programs which include services ranging from nursing care to home maintenance.

The committee amendments would require hospitalization before an individual is eligible for home health care benefits. It is hoped that this will prevent abuses in the overutilization of such benefits. The committee has broadened the scope of the legislation to include proprietary as well as voluntary home health care provider. The committee has also added a provision which would require coverage to include at least 60 home health care visits in any calendar year or in any continuous period of 12 months.

FROM THE OFFICE OF THE GOVERNOR

RELEASE IMMEDIATELY

FOR FURTHER INFORMATION

MAY 23 ,1977

Bob Dowd 292-8656

Governor Brendan Byrne signed into law today two bills which will bring better health care insurance coverage to the people of New Jersey. Assembly Bills 677 and 679 require health insurance policies to extend coverage to pay for professional home health care following hospitalization in either a hospital facility or a skilled nursing facility.

Governor Byrne said, "these two bills I believe are good for people. They expand health insurance coverage to home health care, and, they hopefully will make people's lives a little better."

The expansion of coverage applies to both group and individual health insurance plans and will enable a patient to leave a hospital sooner, but retain professional services while recuperating at home.

Many residents will now have available the services provided by home health agencies such as the visiting nurse associations, public health nursing division and home care departments of various hospitals around the state.

The sponsors of the legislation are Assemblymen Thomas Deverin and John Gregorio of Union and Senator Thomas Dunn of Elizabeth.

Blue Cross, Medicare and Medicaid already offer this type of home coverage and now other insurance carriers will begin offering the same coverage effective in November. The legislation has a six month delay for insurance company administrative purposes.

The legislation was signed today at Saint Elizabeth's Hospital in Elizabeth.

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