

17:48-6.10 to 17:48-6.12

LEGISLATIVE HISTORY CHECKLIST

(Hospital insurance benefits for certain disabled persons)

NJSA 17:48-6.10 to 17:48-6.12

LAWS 1981

CHAPTER 455

Bill No. A2041

Sponsor(s) Paterniti and others

Date Introduced Sept. 29, 1980

Committee: Assembly Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes Amendments during passage denoted by asterisks

Date of Passage: Assembly June 25, 1981

Senate Dec. 14, 1981

Date of approval Jan. 11, 1982

Following statements are attached if available:

Sponsor statement Yes (Below)

Committee Statement: Assembly Yes

Senate Yes

Fiscal Note No

Veto Message No

Message on signing No

Following were printed:

Reports No

Hearings Yes

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.

§74. 90 New Jersey. Legislature. Assembly. Committee on Institutions, Health & Welfare. H236

1981 d Public Hearing on "the definition of disability", held 9-23-81. Trenton, 1981

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1-11-82

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[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 2041

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 29, 1980

By Assemblymen PATERNITI, KARCHER, SCHWARTZ and
BORNHEIMER

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 17 of the Revised 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 insurance company and a group contract issued]* *contract
4 or individual group certificate delivered or issued for delivery*
5 by a ***[health]* *hospital* service corporation ***[or]* ***, medical
6 service corporation****[**, *health maintenance organization]** or
7 similar corporation or organization.**

8 b. "Insurer" means the entity issuing a group ***[policy]* *con-**
9 tract* or an individual ***[policy or converted policy]* *group**
10 certificate*.

11 c. "Insurance", "Insures" and "Insured" refer to coverage under
12 a group ***[policy]* *contract or individual group certificate* on a
13 premium-paying basis.**

14 d. "Premium" includes any premium or other consideration
15 payable for coverage under a group *contract* or individual
16 ***[policy]* *group certificate*.**

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18 Security Act as amended or superseded.

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

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

1 2. A group **[policy]** *contract or individual group certificate*
 2 delivered or issued for delivery in this State which **[insures]**
 3 *covers* employees or members and their dependents for hospital,
 4 **[surgical]** *medical-surgical* or major medical **[insurance]**
 5 *coverage* on an expense incurred or service basis, other than
 6 for specific diseases or for accidental injuries only, shall provide
 7 that employees or members whose **[insurance]** *coverage* under
 8 the group **[policy]** *contract or individual group certificate*
 9 would otherwise terminate because of termination of employment
 10 or membership due to **[disability permanent in quality and partial**
 11 **in character or disability permanent in quality and total in char-**
 12 **acter as defined in R. S. 34:15-36]** *total disability of the employee*
 13 *or member* shall be entitled to continue their hospital, **[surgical]**
 14 *medical-surgical* and major medical **[insurance]** *coverage*
 15 under that group **[policy]** *contract or individual group certifi-*
 16 *cate* for themselves and their eligible dependents, subject to all
 17 of the group **[policy's]** *contract's or individual group certifi-*
 18 *cate's* terms and conditions applicable to those forms of **[insur-**
 19 **ance]** *coverage* and subject to the following conditions:

20 a. Continuation shall only be available to any employee or mem-
 21 ber who has been continuously **[insured]** *covered* under the
 22 group **[policy]** *contract or individual group certificate* during
 23 the entire 3 months' period ending with such termination.

24 b. Continuation shall be available for any person who is covered
 25 by or eligible for Medicare, *subject to any nonduplication of*
 26 *benefits provisions of the group contract or individual group cer-*
 27 *tificate*.

28 c. In addition to hospital, **[surgical]** *medical-surgical*, or
 29 major medical benefits, continuation shall include **[all]** *any*
 30 other *health care expense* benefit **[provided under the group**
 31 **policy]**, including dental, vision care, or prescription drug benefits
 32 *available through the insured group*.

33 d. An employee or member electing continuation shall pay to the
 34 group **[policyholder]** *contract holder* or his employer, on a
 35 monthly basis in advance, the amount of contribution required by
 36 the **[policyholder]** *contract holder* or employer, but not more
 37 than the group rate for the **[insurance]** *coverage* being con-
 38 tinued under the group **[policy]** *contract or individual group*
 39 *certificate* on the due date of each payment. The employee's or
 40 member's written election for continuation, together with the first
 41 contribution required to establish contributions on a monthly basis
 42 in advance, shall be given to the **[policyholder]** *contract holder*
 43 or employer within 31 days of the date the employee's or member's
 44 **[insurance]** *coverage* would otherwise terminate.

45 e. Continuation of ***[insurance]*** *coverage* under the group
 46 ***[policy]*** *contract or individual group certificate* for any person
 47 shall terminate at the first to occur *of* the following:

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

51 **(2) The date the employee again becomes employed and eligible*
 52 *for benefits under another group plan providing health care ex-*
 53 *penditure benefits, or in the case of a qualified eligible dependent, the*
 54 *date such dependent becomes employed and eligible for such bene-*
 55 *fits.**

56 ***[(2)]*** **(3)** The date on which the group ***[policy]*** *contract*
 57 *or individual group certificate* is terminated or, in the case of an
 58 employee, the date his employer terminates participation under the
 59 group ***[policy]*** *contract or individual group certificate*, pro-
 60 vided that

61 (a) the employee or member shall have the right to become
 62 covered under any new group ***[policy]*** *contract or indi-*
 63 *vidual group certificate* contracted for by the employer, for
 64 the balance of the period that he would have remained covered
 65 under the prior group ***[policy]*** *contract or individual group*
 66 *certificate* in accordance with this act had a termination of a
 67 group not occurred;

68 (b) the minimum level of benefits to be provided by the
 69 other group ***[policy]*** *contract or individual group certi-*
 70 *cate* shall be the applicable level of benefits ***[or]*** *of* the
 71 prior group ***[policy]*** *group contract or individual group*
 72 *certificate* reduced by any benefits payable under that prior
 73 group ***[policy]*** *group contract or individual group certi-*
 74 *cate*, and

75 (c) the prior group ***[policy]*** *contract or individual group*
 76 *certificate* shall continue to provide benefits to the extent of
 77 its accrued liabilities and extensions of benefits ***[as if the]*** *,*
 78 *but only when* replacement ***[had not]*** occurred.

79 f. A notification of the continuation privilege shall be included in
 80 ***[each certificate of coverage]*** *any individual group certificate*
 81 *or employee booklet*.

1 3. ***[This legislation applies to all group contracts in which the**
 2 **insurer reserves the right to change the premium.]*** *The provisions*
 3 *of this act shall not apply to any contract or individual group*
 4 *certificate in which the insurer does not have the right to terminate*
 5 *the contract or individual group certificate without the consent of*
 6 *the insured.**

1 4. This act shall take effect ***[90]*** *180* days after enactment.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2041

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 hospital service corporations and medical service corporations 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, notably Blue Cross and Blue Shield, do provide health care coverage without special qualification for insurability, such coverage is limited, often includes deductibles or co-payments, and does not provide for major medical coverage or other 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. 2041

STATE OF NEW JERSEY

DATED: NOVEMBER 12, 1981

This bill would require that group health insurance contracts issued by hospital service corporations and medical service corporations after the effective date of this bill provide that an employee or member whose coverage would otherwise terminate because of total disability is entitled to continue his hospital, medical-surgical and major medical coverage for himself and eligible dependents, as long as he pays the premium previously paid by the employer or contract holder. The insured could not be required to pay more than the group premium rate for the continued coverage; payments would have to be paid monthly in advance.

Continuation of benefits would include all health care expense benefits available through the insured group, including dental, vision care or prescription drug benefits. Continuation would be available for persons who are covered by or eligible for medicare, except in areas where the group contract or individual group certificate contained nonduplication of benefits provisions. Continuation would only be available to an employee or member who had been continuously covered under the group contract or individual group certificate during the entire 3 month period ending with his termination.

Continuation of coverage would terminate if the insured failed to make timely payment of a premium due, or became employed and eligible for benefits under another group health benefits plan.

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 insurers, notably Blue Cross and Blue Shield, do provide coverage for individuals without special qualification for insurability, the coverage available is limited, sometimes includes deductibles or copayments, and does not provide for major medical or other benefits such as prescription drug benefits.

Large groups insured for group health benefits are generally experience rated: the premium is based on the claims experience of the group. The inclusion of disabled individuals in the group would probably have an impact on the group claims experience, and therefore on the premiums paid by the employer.

The Senate Labor, Industry and Professions Committee made a technical amendment to the bill.