

ASSEMBLY, No. 1048

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman DORIA

1 AN ACT concerning small employer health benefits plans and amending  
2 P.L.1992, c.162.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 3 of P.L.1992, c.162 (C.17B:27A-19) is amended to  
8 read as follows:

9 3. a. Except as provided in subsection f. of this section, every  
10 small employer carrier shall, as a condition of transacting business in  
11 this State, offer to every small employer the five health benefit plans  
12 as provided in this section. The board shall establish a standard policy  
13 form for each of the five plans, which except as otherwise provided in  
14 subsection j. of this section, shall be the only plans offered to small  
15 groups on or after January 1, 1994. One policy form shall contain the  
16 benefits provided for in sections 55, 57, and 59 of P.L.1991, c.187  
17 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3). In the case of indemnity  
18 carriers, one policy form shall be established which contains benefits  
19 and cost sharing levels which are equivalent to the health benefits  
20 plans of health maintenance organizations pursuant to the "Health  
21 Maintenance Organization Act of 1973," Pub.L.93-222 (42 U.S.C.  
22 §300e et seq.). The remaining policy forms shall contain basic hospital  
23 and medical-surgical benefits, including, but not limited to:

- 24 (1) Basic inpatient and outpatient hospital care;  
25 (2) Basic and extended medical-surgical benefits;  
26 (3) Diagnostic tests, including X-rays;  
27 (4) Maternity benefits, including prenatal and postnatal care; and  
28 (5) Preventive medicine, including periodic physical examinations  
29 and inoculations.

30 At least three of the forms shall provide for major medical benefits  
31 in varying lifetime aggregates, one of which shall provide at least  
32 \$1,000,000 in lifetime aggregate benefits. The policy forms provided

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

**Matter underlined thus is new matter.**

1 pursuant to this section shall contain benefits representing  
2 progressively greater actuarial values.

3 b. Initially, a carrier shall offer a plan within 90 days of the  
4 approval of such plan by the commissioner. Thereafter, the plans shall  
5 be available to all small employers on a continuing basis. Every small  
6 employer which elects to be covered under any health benefits plan  
7 who pays the premium therefor and who satisfies the participation  
8 requirements of the plan shall be issued a policy or contract by the  
9 carrier.

10 c. The carrier may establish a premium payment plan which  
11 provides installment payments and which may contain reasonable  
12 provisions to ensure payment security, provided that provisions to  
13 ensure payment security are uniformly applied.

14 d. In addition to the five standard policies described in subsection  
15 a. of this section, the board may develop up to five rider packages.  
16 Any such package which a carrier chooses to offer shall be issued to  
17 a small employer who pays the premium therefor, and shall be subject  
18 to the rating methodology set forth in section 9 of P.L.1992, c.162  
19 (C.17B:27A-25).

20 e. Notwithstanding the provisions of subsection a. of this section  
21 to the contrary, the board may approve a health benefits plan  
22 containing only medical-surgical benefits or major medical expense  
23 benefits, or a combination thereof, which is issued as a separate policy  
24 in conjunction with a contract of insurance for hospital expense  
25 benefits issued by a hospital service corporation, if the health benefits  
26 plan and hospital service corporation contract combined otherwise  
27 comply with the provisions of P.L.1992, c.162 (C.17B:27A-17 et  
28 seq.).

29 f. Notwithstanding the provisions of this section to the contrary,  
30 a health maintenance organization which is a qualified health  
31 maintenance organization pursuant to the "Health Maintenance  
32 Organization Act of 1973," Pub.L.93-222 (42 U.S.C. §300e et seq.)  
33 shall be permitted to offer health benefits plans formulated by the  
34 board and approved by the commissioner which are in accordance with  
35 the provisions of that law in lieu of the five plans required pursuant to  
36 this section.

37 Notwithstanding the provisions of this section to the contrary, a  
38 health maintenance organization which is approved pursuant to  
39 P.L.1973, c.337 (C.26:2J-1 et seq.) shall be permitted to offer health  
40 benefits plans formulated by the board and approved by the  
41 commissioner which are in accordance with the provisions of that law  
42 in lieu of the five plans required pursuant to this section, except that  
43 the plans shall provide the same level of benefits as required for a  
44 federally qualified health maintenance organization, including any  
45 requirements concerning copayments by enrollees.

46 g. A carrier shall not be required to own or control a health

1 maintenance organization or otherwise affiliate with a health  
2 maintenance organization in order to comply with the provisions of  
3 this section, but the carrier shall be required to offer the five health  
4 benefits plans which are formulated by the board and approved by the  
5 commissioner, including one plan which contains benefits and cost  
6 sharing levels that are equivalent to those required for health  
7 maintenance organizations.

8 h. Notwithstanding the provisions of subsection a. of this section  
9 to the contrary, the board may modify the benefits provided for in  
10 sections 55, 57 and 59 of P.L.1991, c.187 (C.17:48E-22.2, 17B:26B-2  
11 and 26:2J-4.3).

12 i. (1) In addition to the rider packages provided for in subsection  
13 d. of this section, every carrier may offer, in connection with the five  
14 health benefits plans required to be offered by this section, any number  
15 of riders which may revise the coverage offered by the five plans in  
16 any way, provided, however, that any form of such rider or  
17 amendment thereof which decreases benefits or decreases the actuarial  
18 value of one of the five plans shall be filed for informational purposes  
19 with the board and for approval by the commissioner before such rider  
20 may be sold. Any rider or amendment thereof which adds benefits or  
21 increases the actuarial value of one of the five plans shall be filed with  
22 the board for informational purposes before such rider may be sold.

23 The commissioner shall disapprove any rider filed pursuant to this  
24 subsection that is unjust, unfair, inequitable, unreasonably  
25 discriminatory, misleading, contrary to law or the public policy of this  
26 State. The commissioner shall not approve any rider which reduces  
27 benefits below those required by sections 55, 57 and 59 of P.L.1991,  
28 c.187 (C.17:48E-22.2, 17B:26B-2 and 26:2J-4.3) and required to be  
29 sold pursuant to this section. The commissioner's determination shall  
30 be in writing and shall be appealable.

31 (2) The benefit riders provided for in paragraph (1) of this  
32 subsection shall be subject to the provisions of section 2, subsection  
33 b. of section 3, and sections 6, 7, 8, 9 and 11 of P.L.1992, c.162  
34 (C.17B:27A-18, 17B:27A-19b., 17B:27A-22, 17B:27A-23,  
35 17B:27A-24, 17B:27A-25, and 17B:27A-27).

36 j. (1) Notwithstanding the provisions of P.L.1992, c.162  
37 (C.17B:27A-17 et seq.) to the contrary, a health benefits plan issued  
38 by or through a carrier, association, multiple employer arrangement or  
39 out-of-State trust prior to January 1, 1994, at the option of a small  
40 employer policy or contract holder, may be renewed or continued after  
41 February 28, 1994, or in the case of such a health benefits plan whose  
42 anniversary date occurred between March 1, 1994 and the effective  
43 date of P.L.1994, c.11 (C.17B:27A-19.1 et al) may be reinstated  
44 within 60 days of that anniversary date, for two successive 12-month  
45 periods commencing with the first 12-month anniversary date  
46 occurring after February 28, 1994, notwithstanding the provisions of

1 P.L.1992, c.162 (C.17B:27A-17 et seq.) to the contrary, if, beginning  
2 on the first 12-month anniversary date occurring on or after the  
3 sixtieth day after the board adopts regulations concerning the  
4 implementation of the rating factors permitted by section 9 of  
5 P.L.1992, c.162 (C.17B:27A-25) and, regardless of the situs of  
6 delivery of the health benefits plan, the health benefits plan renewed,  
7 continued or reinstated pursuant to this subsection complies with the  
8 provisions of section 2, subsection b. of section 3, and sections 6, 7,  
9 8, 9 and 11 of P.L.1992, c.162 (C.17B:27A-18, 17B:27A-19b.,  
10 17B:27A-22, 17B:27A-23, 17B:27A-24, 17B:27A-25 and  
11 17B:27A-27).

12 Nothing in this subsection shall be construed to require an  
13 association, multiple employer arrangement or out-of-state trust to  
14 provide health benefits coverage to small employers that are not  
15 contemplated by the organizational documents, bylaws, or other  
16 regulations governing the purpose and operation of the association,  
17 multiple employer arrangement or out-of-state trust. Notwithstanding  
18 the foregoing provision to the contrary, an association, multiple  
19 employer arrangement or out-of-state trust that offers health benefits  
20 coverage to its members' employees and dependents shall offer  
21 coverage to all eligible employees and their dependents within the  
22 membership of the association, multiple employer arrangement or  
23 out-of-state trust and an association, multiple employer arrangement  
24 or out-of-state trust shall not use actual or expected health status in  
25 determining its membership.

26 (2) Notwithstanding the provisions of this subsection to the  
27 contrary, a carrier or out-of-State trust which writes the health  
28 benefits plans required pursuant to subsection a. of this section, shall  
29 be required to offer those plans to any small employer, association or  
30 multiple employer arrangement.

31 (3) A carrier, association, multiple employer arrangement or  
32 out-of-State trust shall not withdraw a health benefits plan marketed  
33 to small employers that was in effect on December 31, 1993 without  
34 the approval of the commissioner. The commissioner shall approve a  
35 request to withdraw a plan only on the grounds that retention of the  
36 plan would present a substantial threat to the financial condition of the  
37 carrier.

38 (4) Notwithstanding the provisions of P.L.1992, c.162  
39 (C.17B:27A-17 et seq.) to the contrary, a health benefits plan in effect  
40 on the effective date of P.L.1994, c.11 (C.17B:27A-19.1 et al) shall  
41 remain in effect until the third 12-month anniversary date occurring  
42 after February 28, 1994 of that policy or contract and may, at the  
43 option of the policy or contract holder, be renewed or continued until  
44 the second 12-month anniversary date of that policy or contract  
45 occurring after February 28, 1994.

46 (5) A health benefits plan that otherwise conforms to the

1 requirements of this subsection shall be deemed to be in compliance  
2 with this subsection, notwithstanding any change in the plan's  
3 deductible or copayment.

4 (6) A health benefits plan renewed, continued or reinstated  
5 pursuant to this subsection shall be filed with the commissioner for  
6 informational purposes within 30 days after its renewal date. No later  
7 than 60 days after the board adopts regulations concerning the  
8 implementation of the rating factors permitted by section 9 of  
9 P.L.1992, c.162, (C.17B:27A-25) the filing shall be amended to show  
10 any modifications in the plan that are necessary to comply with the  
11 provisions of this subsection. The commissioner shall monitor  
12 compliance of any such plan with the requirements of this subsection,  
13 except that the board shall enforce the loss ratio requirements.

14 (7) Notwithstanding the provisions of P.L.1992, c.162  
15 (C.17B:27A-17 et seq.) to the contrary, an association, multiple  
16 employer arrangement or out-of-state trust may offer a health benefits  
17 plan authorized to be renewed, continued or reinstated pursuant to this  
18 subsection to small employer groups that are otherwise eligible  
19 pursuant to paragraph (1) of subsection j. of this section during the  
20 period for which such health benefits plan is otherwise authorized to  
21 be renewed, continued or reinstated.

22 (8) Notwithstanding the provisions of P.L.1992, c.162  
23 (C.17B:27A-17 et seq.) to the contrary, a carrier, association, multiple  
24 employer arrangement or out-of-state trust may offer coverage under  
25 a health benefits plan authorized to be renewed, continued or  
26 reinstated pursuant to this subsection to new employees of small  
27 employer groups that were covered by the health benefits plan on  
28 December 31, 1993, during the period for which such health benefits  
29 plan is otherwise authorized to be renewed, continued or reinstated.

30 (9) Notwithstanding the provisions of P.L.1992, c.162  
31 (C.17B:27A-17 et seq.) or P.L.1992, c.161 (C.17B:27A-2 et seq.) to  
32 the contrary, any individual, who is eligible for small employer  
33 coverage under a policy issued, renewed, continued or reinstated  
34 pursuant to this subsection, but who would be subject to a preexisting  
35 condition exclusion under the small employer health benefits plan, or  
36 who is a member of a small employer group who has been denied  
37 coverage under the small employer group health benefits plan for  
38 health reasons, may elect to purchase or continue coverage under an  
39 individual health benefits plan until such time as the group health  
40 benefits plan covering the small employer group of which the  
41 individual is a member complies with the provisions of P.L.1992, c.162  
42 (C.17B:27A-17 et seq.).

43 k. A covered individual may freely choose any licensed health care  
44 provider currently recognized by the State of New Jersey for treatment  
45 of those diseases and conditions for which treatment is being sought

1 and for which benefits are provided under a health benefits plan  
2 pursuant to this section.

3 (cf: P.L.1994, c.11, s.2)

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5 2. This act shall take effect immediately.

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STATEMENT

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10 This bill permits an individual covered under a small employer  
11 health benefits plan to freely choose a licensed health care provider  
12 currently recognized by the State of New Jersey for the treatment of  
13 those conditions and diseases for which treatment is being sought and  
14 for which benefits are provided under that plan.

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19 Permits choice of provider for treatment of diseases and conditions  
20 covered under small employer health benefits plans.