

ASSEMBLY, No. 1532

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Assemblymen KAVANAUGH, FELICE, Bateman, Malone,
Assemblywoman J. Smith, Assemblymen Augustine, Lance,
Gregg, and Assemblywoman Murphy

1 AN ACT concerning the provision of health care to low income
2 persons and revising parts of statutory law.

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

6
7 1. Section 2 of P.L. 1992, c.160 (C.26:2H-18.52) is amended to
8 read as follows:

9 2. As used in sections 1 through 17 of [this act and] P.L.1992,
10 c.160 (C.26:2H-18.51 through 26:2H-18.67), sections 12 through 15
11 of P.L.1995, c.133 (C.26:2H-18.59a through C.26:2H-18.59d) and
12 sections 11 through 14 of P.L. , c. (C.)(pending before the
13 Legislature as this bill):

14 "Administrator" means the administrator of the Health Care Subsidy
15 Fund appointed by the commissioner.

16 "Charity care" means care provided at disproportionate share
17 hospitals that may be eligible for a charity care subsidy pursuant to this
18 act.

19 "Charity care subsidy" means the component of the
20 disproportionate share payment that is attributable to care provided at
21 a disproportionate share hospital to persons unable to pay for that
22 care, as provided in this act.

23 "Charity health care" means health care services provided by or
24 through the University of Medicine and Dentistry of New Jersey
25 pursuant to section 12 of P.L. , c. (C.)(pending before the
26 Legislature as this bill).

27 "Commission" means the New Jersey Essential Health Services
28 Commission established pursuant to section 4 of this act.

29 "Commissioner" means the Commissioner of Health.

30 "Department" means the Department of Health.

31 "Disproportionate share hospital" means a hospital designated by
32 the Commissioner of Human Services pursuant to Pub.L.89-97 (42

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

Matter underlined thus is new matter.

1 U.S.C. §1396a et seq.) and Pub.L.102-234.

2 "Disproportionate share payment" means those payments made by
3 the Division of Medical Assistance and Health Services in the
4 Department of Human Services to hospitals defined as
5 disproportionate share hospitals by the Commissioner of Human
6 Services in accordance with federal laws and regulations applicable to
7 hospitals serving a disproportionate number of low income patients.

8 "Fund" means the Health Care Subsidy Fund established pursuant
9 to section 8 of this act.

10 "Hospital" means an acute care hospital licensed by the Department
11 of Health pursuant to P.L.1971, c.136 (C.26:2H-1 et al.).

12 "Medicaid" means the New Jersey Medical Assistance and Health
13 Services Program in the Department of Human Services established
14 pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.).

15 "Medicare" means the program established pursuant to Pub.L.89-97
16 (42 U.S.C. §1395 et seq.).

17 "Other uncompensated care" means all costs not reimbursed by
18 hospital payers excluding charity care, graduate medical education,
19 discounts, bad debt and reduction in Medicaid payments.

20 "Poverty level" means the official poverty level based on family size
21 established and adjusted under Section 673(2) of Subtitle B, the
22 "Community Services Block Grant Act," Pub.L. 97-35 (42 U.S.C.
23 §9902(2)).

24 "Preliminary cost base" means the preliminary cost base defined in
25 section 2 of P.L.1971, c.136 (C.26:2H-2), as determined by the
26 Hospital Rate Setting Commission.

27 (cf: P.L.1995,c.133,s.1)

28

29 2. Section 5 of P.L.1992, c.160 (C.26:2H-18.55) is amended to
30 read as follows:

31 5. The commissioner shall:

32 a. Administer the fund and establish a mechanism to allocate
33 monies received from the Commissioner of Labor pursuant to section
34 29 of P.L.1992, c.160 (C.43:21-7b) to the appropriate accounts in the
35 fund as specified in this act;

36 b. Establish eligibility determination and claims pricing systems for
37 the charity care component of the disproportionate share subsidy,
38 including the development of uniform forms for determining eligibility
39 and submitting claims. The commissioner may contract with a private
40 claims administrator or processor for the purpose of processing
41 hospital claims for charity care pursuant to this act;

42 c. Establish a schedule of payments for reimbursement of the
43 charity care component of the disproportionate share payment for
44 services provided to emergency room patients who do not require
45 those services on an emergency basis;

46 d. In cooperation with the Departments of Insurance and Human

1 Services, develop and provide for the implementation of the Health
2 Access New Jersey program pursuant to section 15 of [this act]
3 P.L.1992, c.160 (C.26:2H-18.65);

4 e. Study and, if feasible, establish hospital cost and outcome
5 reports to provide assistance to consumers of health care in this State
6 in making prudent health care choices;

7 f. Compile demographic information on recipients of, and types of
8 services paid for by, the charity care component and the charity health
9 care component, as applicable. of the disproportionate share payment
10 and periodically report a summary of this information to the Governor
11 and Legislature. The demographic information shall include, at a
12 minimum, the recipient's age, sex, marital status, employment status,
13 type of health insurance coverage, if any, and if the recipient is a child
14 under 18 years of age who does not have health insurance coverage or
15 a married person who does not have health insurance coverage,
16 whether the child's parent or the married person's spouse, as the case
17 may be, has health insurance;

18 g. (Deleted by amendment, P.L.1995, c.133.)

19 h. (Deleted by amendment, P.L.1995, c.133.)

20 i. (Deleted by amendment, P.L.1995, c.133.)

21 j (Deleted by amendment, P.L.1995, c.133.)

22 k. (Deleted by amendment, P.L.1995, c.133.)

23 l. Encourage the use of centralized data storage and transmission
24 technology that utilizes personal and image identification systems as
25 well as identity verification technology for the purposes of enabling a
26 hospital to access medical history, insurance information and other
27 personal information, as appropriate;

28 m. (Deleted by amendment, P.L.1995, c.133.)

29 n. (Deleted by amendment, P.L.1995, c.133.)

30 o. Take such other actions as the commissioner deems necessary
31 and appropriate to carry out the provisions of P.L.1992, c.160
32 (C.26:2H-18.51 et al.); and

33 p. Report annually to the Governor and the Legislature on the
34 status of the fund.

35 (cf: P. L.1995,c.133,s.2)

36

37 3. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to
38 read as follows:

39 8. There is established the Health Care Subsidy Fund in the
40 Department of Health.

41 a. The fund shall be comprised of revenues from employee and
42 employer contributions made pursuant to section 29 of P.L.1992,
43 c.160 (C.43:21-7b), revenues from the hospital assessment made
44 pursuant to section 12 of [this act] P.L.1992, c.160 (C.26:2H-18.62),
45 revenues from interest and penalties collected pursuant to this act and
46 revenues from such other sources as the Legislature shall determine.

1 Interest earned on the monies in the fund shall be credited to the fund.

2 The fund shall be a nonlapsing fund dedicated for use by the State
3 to: (1) distribute charity care, charity health care and other
4 uncompensated care disproportionate share payments to hospitals, and
5 provide subsidies for the Health Access New Jersey program
6 established pursuant to section 15 of [this act] P.L.1992, c.160
7 (C.26:2H-18.65); and (2) assist hospitals and other health care
8 facilities in the underwriting of innovative and necessary health care
9 services.

10 b. The fund shall be administered by a person appointed by the
11 commissioner.

12 The administrator of the fund is responsible for overseeing and
13 coordinating the collection and reimbursement of fund monies. The
14 administrator is responsible for promptly informing the commissioner
15 if monies are not or are not reasonably expected to be collected or
16 disbursed [or if the fund's reserve as established in subsection c. of this
17 section falls below the required level].

18 c.[The fund shall maintain a reserve in an amount not to exceed \$20
19 million.] The commissioner shall adopt rules and regulations to
20 [govern the use of the reserve and to] ensure the integrity of the fund,
21 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
22 (C.52:14B-1 et seq.).

23 d. The administrator shall establish separate accounts for the
24 charity care component of the disproportionate share hospital subsidy,
25 other uncompensated care component of the disproportionate share
26 hospital subsidy, charity health care component of the disproportionate
27 share hospital subsidy. hospital and other health care initiatives
28 funding and the payments for subsidies for insurance premiums to
29 provide care in disproportionate share hospitals, known as the Health
30 Access New Jersey subsidy account, respectively.

31 e. In the event that the charity care component of the
32 disproportionate share hospital subsidy account has a surplus in a
33 given year after payments are distributed pursuant to the methodology
34 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
35 section 11 of P.L. , c. (C.)(pending before the Legislature as this
36 bill) and within the limitations provided in subsection e. of section 9
37 of P.L.1992, c.160 (C.26:2H-18.59), the commissioner may reallocate
38 the surplus monies to the [Health Access New Jersey] charity health
39 care subsidy account.
40 (cf:P.L.1995,c.133,s.4).

41

42 4. Section 9 of P.L.1992, c.160 (C.26:2H-18.59) is amended to
43 read as follows:

44 9. a. The commissioner shall allocate such funds as specified in
45 subsection e. of this section to the charity care component of the
46 disproportionate share hospital subsidy account. In a given year, the

1 department shall transfer from the fund to the Division of Medical
2 Assistance and Health Services in the Department of Human Services
3 such funds as may be necessary for the total approved charity care
4 disproportionate share payments to hospitals for that year.

5 b. For the period January 1, 1993 to December 31, 1993, the
6 commission shall allocate \$500 million to the charity care component
7 of the disproportionate share hospital subsidy account. The
8 Department of Health shall recommend the amount that the Division
9 of Medical Assistance and Health Services shall pay to an eligible
10 hospital on a provisional, monthly basis pursuant to paragraphs (1) and
11 (2) of this subsection. The department shall also advise the
12 commission and each eligible hospital of the amount a hospital is
13 entitled to receive.

14 (1) The department shall determine if a hospital is eligible to
15 receive a charity care subsidy in 1993 based on the following:

$$\begin{aligned}
& \text{Hospital Specific Approved Uncompensated Care-1991} \\
& \dots\dots\dots \\
& \text{Hospital Specific Preliminary Cost Base-1992} \\
& = \text{Hospital Specific \% Uncompensated Care (\%UC)}
\end{aligned}$$

22 A hospital is eligible for a charity care subsidy in 1993 if, upon
23 establishing a rank order of the %UC for all hospitals, the hospital is
24 among the 80% of hospitals with the highest %UC.

25 (2) The maximum amount of the charity care subsidy an eligible
26 hospital may receive in 1993 shall be based on the following:

$$\begin{aligned}
& \text{Hospital Specific Approved Uncompensated Care-1991} \\
& \dots\dots\dots \\
& \text{Total approved Uncompensated Care All Eligible Hospitals-1991} \\
& \quad \text{X \$500 million} \\
& = \text{Maximum Amount of Hospital Specific} \\
& \quad \text{Charity Care Subsidy for 1993}
\end{aligned}$$

34 (3) A hospital shall be required to submit all claims for charity care
35 cost reimbursement, as well as demographic information about the
36 persons who qualify for charity care, to the department in a manner
37 and time frame specified by the Commissioner of Health, in order to
38 continue to be eligible for a charity care subsidy in 1993 and in
39 subsequent years.

40 The demographic information shall include the recipient's age, sex,
41 marital status, employment status, type of health insurance coverage,
42 if any, and if the recipient is a child under 18 years of age who does
43 not have health insurance coverage or a married person who does not
44 have health insurance coverage, whether the child's parent or the
45 married person's spouse, as the case may be, has health insurance.

46 (4) A hospital shall be reimbursed for the cost of eligible charity

1 care at the same rate paid to that hospital by the Medicaid program;
2 except that charity care services provided to emergency room patients
3 who do not require those services on an emergency basis shall be
4 reimbursed at a rate appropriate for primary care, according to a
5 schedule of payments developed by the commission.

6 (5) The department shall provide for an audit of a hospital's charity
7 care for 1993 within a time frame established by the department.

8 c. For the period January 1, 1994 to December 31, 1994, a hospital
9 shall receive disproportionate share payments from the Division of
10 Medical Assistance and Health Services based on the amount of
11 charity care submitted to the commission or its designated agent, in a
12 form and manner specified by the commission. The commission or its
13 designated agent shall review and price all charity care claims and
14 notify the Division of Medical Assistance and Health Services of the
15 amount it shall pay to each hospital on a monthly basis based on actual
16 services rendered.

17 (1) (Deleted by amendment, P.L.1995, c.133.)

18 (2) If the commission is not able to fully implement the charity care
19 claims pricing system by January 1, 1994, the commission shall
20 continue to make provisional disproportionate share payments to
21 eligible hospitals, through the Division of Medical Assistance and
22 Health Services, based on the charity care costs incurred by all
23 hospitals in 1993, until such time as the commission is able to
24 implement the claims pricing system.

25 If there are additional charity care balances available after the 1994
26 distribution based on 1993 charity care costs, the department shall
27 transfer these available balances from the fund to the Division of
28 Medical Assistance and Health Services for an approved one-time
29 additional disproportionate share payment to hospitals according to
30 the methodology provided in section 12 of P.L.1995, c.133
31 (C.26:2H-18.59a). The total payment for all hospitals shall not exceed
32 \$75.5 million.

33 (3) A hospital shall be reimbursed for the cost of eligible charity
34 care at the same rate paid to that hospital by the Medicaid program;
35 except that charity care services provided to emergency room patients
36 who do not require those services on an emergency basis shall be
37 reimbursed at a rate appropriate for primary care, according to a
38 schedule of payments developed by the commission.

39 (4) (Deleted by amendment, P.L.1995, c.133.)

40 d. (Deleted by amendment, P.L.1995, c.133.)

41 e. The total amount allocated for charity care subsidy payments
42 shall be: in 1994, \$450 million [and], in 1995, \$400 million and from
43 January 1, 1996 to June 30, 1996, \$150 million. Total payments to
44 hospitals shall not exceed the amount allocated for each given year.

45 f. Beginning January 1, 1995:

46 (1) The charity care subsidy shall be determined pursuant to

1 section 13 of P.L.1995, c.133 (C.26:2H-18.59b).

2 (2) A charity care claim shall be valued at the same rate paid to
3 that hospital by the Medicaid program, except that charity care
4 services provided to emergency room patients who do not require
5 those services on an emergency basis shall be valued at a rate
6 appropriate for primary care according to a schedule of payments
7 adopted by the commissioner.

8 (3) The department shall provide for an audit of a hospital's charity
9 care within a time frame established by the commissioner.

10 (cf:P.L.1995,c.133,s.5)

11

12 5. Section 14 of P.L.1995, c.133 (C.26:2H-18.59c) is amended to
13 read as follows:

14 14. All acute care hospitals licensed pursuant to P.L.1971, c.136
15 (C.26:2H-1 et al.) shall submit to the department all demographic and
16 financial data specified in this section, in a manner and time frame
17 specified by the commissioner.

18 a. A hospital shall submit demographic information about the
19 persons who qualify for charity care, charity health care or to whom
20 the hospital provides uncompensated care, which includes, at a
21 minimum: the individual's age, sex, marital status, employment status,
22 type of health insurance coverage, if any, and if the individual is a child
23 under 18 years of age who does not have health insurance coverage or
24 a married person who does not have health insurance coverage,
25 whether the child's parent or the married person's spouse, as the case
26 may be, has health insurance.

27 b. A hospital shall submit all financial data required by the
28 department for the purposes of calculating the payer mix factor as
29 defined in sections 12 and 13 of P.L.1995, c.133 (C.26:2H-18.59a and
30 C.26:2H-18.59b) and section 11 of P.L. , c. (C.)(pending before
31 the Legislature as this bill).

32 c. A hospital which fails to provide the information required
33 pursuant to this section in a manner and time frame specified by the
34 commissioner, shall be liable to a civil penalty not to exceed \$1,000
35 for each day in which the hospital is not in compliance. The
36 commissioner shall recover the penalty in an administrative proceeding
37 held pursuant to the "Administrative Procedure Act," P.L.1968, c.410
38 (C.52:14B-1 et seq.).

39 (cf: P.L.1995,c.133,s.14).

40

41 6. Section 10 of P.L.1992, c.160 (C.26:2H-18.60) is amended to
42 read as follows:

43 10. a. The commissioner shall establish a uniform charity care
44 eligibility and reimbursement claim form that a hospital shall be
45 required to use in order to receive reimbursement for charity care
46 under this act.

1 b. A person whose individual or, if applicable, family gross income
2 is less than or equal to 300% of the poverty level shall be eligible for
3 charity care or reduced charge charity care for necessary health care
4 services provided at a hospital.

5 The commissioner shall establish:

6 (1) the maximum level of income at which a person is eligible for
7 full charity care;

8 (2) a sliding scale based on income which specifies the percentage
9 of hospital charges for which a person who is eligible for reduced
10 charity care is responsible; and

11 (3) assets eligibility criteria for full charity care and reduced charge
12 charity care, respectively.

13 c. A person whose individual or, if applicable, family gross income
14 is less than or equal to 300% of the poverty level shall be eligible for
15 charity health care or reduced charge charity health care for medically
16 necessary health care services provided by or through the University
17 of Medicine and Dentistry of New Jersey pursuant to section 12 of
18 P.L. , c. (C.)(pending before the Legislature as this bill).

19 The commissioner shall establish:

20 (1) the maximum level of income at which a person is eligible for
21 full charity health care;

22 (2) a sliding scale based on income which specifies the percentage
23 of hospital charges for which a person who is eligible for reduced
24 charity health care is responsible; and

25 (3) assets eligibility criteria for full charity health care and reduced
26 charge charity health care, respectively.

27 (cf: P.L.1995,c.133,s.6)

28
29 7. Section 13 of P.L.1992, c.160 (C.26:2H-18.63) is amended to
30 read as follows:

31 13. a. A person who makes a false statement or misrepresentation
32 of a material fact in order to qualify for any benefits to which he is not
33 entitled under this act or P.L. c. (C.)(pending before the
34 Legislature as this bill), and a hospital or health care provider or an
35 employee thereof in the course of his employment who makes a false
36 statement or misrepresentation of a material fact in order to receive
37 disproportionate share hospital subsidy payments or payments made
38 pursuant to P.L. c. (C.)(pending before the Legislature as this bill)
39 to which the hospital or health care provider is not entitled under this
40 act or P.L. c. (C.)(pending before the Legislature as this bill) ,
41 shall be liable to civil penalties of:

42 (1) payment of interest on the amount of the excess benefits or
43 subsidy payments at the maximum legal rate in effect on the date the
44 benefits were provided to the person or payment was made to the
45 hospital or health care provider, for the period from the date upon
46 which benefits were provided or payment was made to the date upon

1 which repayment is made to the department; and

2 (2) payment of an amount not to exceed three times the amount of
3 the excess benefit or subsidy payment.

4 b. A hospital which, without intent to violate this act, obtains a
5 subsidy payment in excess of the amount to which it is entitled, shall
6 be liable to a civil penalty of payment of interest on the amount of the
7 excess payment at the maximum legal rate in effect on the date the
8 payment was made to the hospital, from the date upon which payment
9 was made to the date upon which repayment is made to the
10 department, except that a hospital shall not be liable to the civil
11 penalty when an excess subsidy payment is obtained by the hospital as
12 a result of an error made by the department, as determined by the
13 commissioner.

14 c. All interest and civil penalties provided for in this section shall
15 be recovered in an administrative proceeding held pursuant to the
16 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
17 seq.).

18 d. In order to satisfy any recovery claim asserted against a hospital
19 under this section, whether or not that claim has been the subject of
20 final agency adjudication, the commissioner is authorized to withhold
21 subsidy payments otherwise payable under this act to the hospital.

22 (cf: P.L.1995,c.133,s.9)

23

24 8. Section 15 of P.L.1992, c.160 (C.26:2H-18.65) is amended to
25 read as follows:

26 15. There is established in the Department of Health the Health
27 Access New Jersey program. The purpose of the program is to
28 provide subsidies for health benefits coverage, in order to provide for
29 health care [which shall be delivered in disproportionate share
30 hospitals and by other community-based health care providers] for
31 low income, uninsured children, working people and those temporarily
32 unemployed, based on a sliding income scale with modest copayments.
33 The program shall include the provision of early preventive and
34 primary care [to help reduce costs for families and individuals].

35 The commissioner shall adopt regulations pursuant to the
36 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
37 seq.) that determine eligibility for and allocation of all funds allocated
38 to this account.

39 The commissioner shall contract with health insurance carriers,
40 health maintenance organizations and other appropriate entities in the
41 State to administer the program.

42 (cf:P.L.1995,c.133,s.10)

43

44 9. Section 16 of P.L.1992, c.160 (C.26:2H-18.66) is amended to
45 read as follows:

46 16. The Health Access New Jersey subsidy account shall be

1 allocated \$50 million in 1995[, \$100 million in 1996, and \$150 million
2 in 1997 and each year thereafter].
3 (cf:P.L.1995,c.133,s.11).

4

5 10. (New section) a. Beginning January 1, 1996 to June 30, 1996,
6 the charity care subsidy shall be determined according to the following
7 methodology.

8 If the Statewide total of adjusted charity care is less than available
9 charity care funding, a hospital's charity care subsidy shall equal its
10 adjusted charity care.

11 If the Statewide total of adjusted charity care is greater than
12 available charity care funding, then the hospital-specific charity care
13 subsidy shall be determined by allocating available charity care funds
14 so as to equalize hospital-specific payer mix factors to the Statewide
15 target payer mix factor. Those hospitals with a payer mix factor
16 greater than the Statewide target payer mix factor shall be eligible to
17 receive a subsidy sufficient to reduce their factor to that Statewide
18 level; those hospitals with a payer mix factor that is equal to or less
19 than the Statewide target payer mix factor shall not be eligible to
20 receive a subsidy.

21 Charity care subsidy payments shall be based upon actual
22 documented hospital charity care.

23 As used in this section:

24 (1) The hospital-specific "documented charity care" shall be equal
25 to the dollar amount of charity care provided by the hospital that is
26 verified in the department's most recent charity care audit conducted
27 under the most recent charity care eligibility rules adopted by the
28 department and valued at the same rate paid to that hospital by the
29 Medicaid program.

30 Documented charity care shall equal the audited, Medicaid-priced
31 amounts reported for the first three quarters of 1995. This amount
32 shall be multiplied by 1.33 to determine the annualized 1995 charity
33 care amount;

34 (2) The hospital-specific "operating margin" shall be equal to: the
35 hospital's 1993 and 1994 income from operations minus its 1993 and
36 1994 charity care subsidies divided by its 1993 and 1994 total
37 operating revenue minus its 1993 and 1994 charity care subsidies.
38 After calculating each hospital's operating margin, the department shall
39 determine the Statewide median operating margin;

40 (3) The hospital-specific "profitability factor" shall be determined
41 annually as follows. Those hospitals that are equal to or below the
42 Statewide median operating margin shall be assigned a profitability
43 factor of "1". For those hospitals that are above the Statewide median
44 operating margin, the profitability factor shall be equal to:

1 .75 x (hospital specific operating
2 margin - Statewide median operating margin)
3 1 -
4 highest hospital specific operating
5 margin - Statewide median operating margin
6

7 (4) The hospital-specific "adjusted charity care" shall be equal to
8 a hospital's documented charity care times its profitability factor;

9 (5) The hospital-specific "revenue from private payers" shall be
10 equal to the sum of the gross revenues, as reported to the department
11 in the hospital's most recently available New Jersey Hospital Cost
12 Reports for all non-governmental third party payers including, but not
13 limited to, Blue Cross and Blue Shield plans, commercial insurers and
14 health maintenance organizations;

15 (6) The hospital-specific "payer mix factor" shall be equal to a
16 hospital's adjusted charity care divided by its revenue from private
17 payers; and

18 (7) The "Statewide target payer mix factor" is the lowest payer mix
19 factor to which all hospitals receiving charity care subsidies can be
20 reduced by spending all available charity care subsidy funding for that
21 year.

22 b. For the purposes of this section, "income from operations" and
23 "total operating revenue" shall be defined by the department in
24 accordance with financial reporting requirements established pursuant
25 to N.J.A.C.8:31B-3.3.

26 c. Any charity care subsidy funds that are not distributed in a given
27 year pursuant to this section shall lapse to the Health Care Subsidy
28 Fund as provided in subsection e. of section 8 of P.L.1992, c.160
29 (C.26:2H-18.58).

30

31 11. (New section) Effective July 1, 1996, the commissioner shall
32 designate the University of Medicine and Dentistry of New Jersey as
33 the State's provider of managed charity health care for all low income
34 residents of the State who require and qualify for charity health care
35 services pursuant to section 10 of P.L.1992, c.160 (C.26:2H-18.60).

36 a. The commissioner shall contract with the university to provide
37 medically necessary managed health care services to qualified residents
38 of the State in accordance with this section. The contract shall
39 provide that the State will make an annual grant to the university in an
40 amount determined by the Legislature for the provision of managed
41 charity health care services.

42 b. The university shall:

43 (1) be responsible for the provision of medically necessary,
44 managed inpatient acute care and outpatient primary health care
45 services to all qualified residents of the State through the use of a
46 managed care provider network;

- 1 (2) determine those hospitals and other health care providers who
2 shall be eligible to participate and ensure reasonable geographic access
3 of participating hospitals and other providers for all State residents;
4 (3) establish the rates of reimbursement for the participating
5 hospitals and other providers and provide for a method of payment to
6 the participating providers for medically necessary health care services
7 provided pursuant to this section;
8 (4) develop and use a uniform method for determining eligibility of
9 State residents for charity health care services; and
10 (5) report by December 31, 1996 and annually thereafter to the
11 standing reference committees on health and appropriations in the
12 Senate and General Assembly on expenditures related to the provision
13 of charity health care services, the number of persons served, the
14 types of services received, the hospitals participating in the network,
15 the number and types of other health care providers participating in
16 the network and such other information as may be required by the
17 Legislature.

18

19 12. (New section) The University of Medicine and Dentistry of
20 New Jersey shall establish a one-year demonstration program in
21 conjunction with the provision of charity health care services pursuant
22 to section 12 of P.L. , c. (C.)(pending before the Legislature as
23 this bill), that will utilize an electronic data interchange system that
24 supports the use of patient cards which contain a microprocessor
25 chip, commonly known as "smart cards."

26 In order to conduct the demonstration project, the university shall
27 enter into a public/private partnership with a corporation actively
28 involved in the use of smart cards and interested in participating in
29 and providing funding for the demonstration project.

30 The university shall report its findings and recommendations about
31 the demonstration project to the standing reference committees on
32 health and appropriations in the Senate and General Assembly. The
33 report shall include an analysis of the costs and projected
34 administrative savings that can be achieved through the use of the
35 cards for the health care system Statewide.

36

37 13. (New section) As a potential source of funding a part or all of
38 charity health care services provided pursuant to section 12 of P.L.
39 , c. (C.)(pending before the Legislature as this bill) in Fiscal Year
40 1997, the State Treasurer shall, in consultation with the Commissioner
41 of Labor, investigate the sale of part or all of the assets of the
42 program established under the "Temporary Disability Benefits Law,"
43 P.L.1948, c.110 (C.43:21-25 et seq.).

44 Within 30 days of the date of enactment of P.L. , c. (pending
45 before the Legislature as this bill), or as soon as the State Treasurer's
46 investigation is completed, if earlier, the State Treasurer shall report

1 his findings and recommendations to the standing reference
2 committees on budget and appropriations in the Senate and General
3 Assembly.

4

5 14. R.S.43:21-7 is amended to read as follows:

6 43:21-7. Contributions. Employers other than governmental
7 entities, whose benefit financing provisions are set forth in section 4
8 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
9 liable for payment in lieu of contributions on the basis set forth in
10 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
11 for the unemployment compensation fund, contributions as set forth
12 in subsections (a), (b) and (c) hereof, and the provisions of subsections
13 (d) and (e) shall be applicable to all employers, consistent with the
14 provisions of the "unemployment compensation law" and the
15 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
16 seq.).

17 (a) Payment.

18 (1) Contributions shall accrue and become payable by each
19 employer for each calendar year in which he is subject to this chapter
20 (R.S.43:21-1 et seq.), with respect to having individuals in his employ
21 during that calendar year, at the rates and on the basis hereinafter set
22 forth. Such contributions shall become due and be paid by each
23 employer to the controller for the fund, in accordance with such
24 regulations as may be prescribed, and shall not be deducted, in whole
25 or in part, from the remuneration of individuals in his employ.

26 (2) In the payment of any contributions, a fractional part of a cent
27 shall be disregarded unless it amounts to \$0.005 or more, in which
28 case it shall be increased to \$0.01.

29 (b) Rate of contributions. Each employer shall pay the following
30 contributions:

31 (1) For the calendar year 1947, and each calendar year thereafter,
32 2 7/10% of wages paid by him during each such calendar year, except
33 as otherwise prescribed by subsection (c) of this section.

34 (2) The "wages" of any individual, with respect to any one
35 employer, as the term is used in this subsection (b) and in subsections
36 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid
37 during calendar year 1975, for services performed either within or
38 without this State; provided that no contribution shall be required by
39 this State with respect to services performed in another state if such
40 other state imposes contribution liability with respect thereto. If an
41 employer (hereinafter referred to as a successor employer) during any
42 calendar year acquires substantially all the property used in a trade or
43 business of another employer (hereinafter referred to as a
44 predecessor), or used in a separate unit of a trade or business of a
45 predecessor, and immediately after the acquisition employs in his
46 trade or business an individual who immediately prior to the

1 acquisition was employed in the trade or business of such predecessor,
2 then, for the purpose of determining whether the successor employer
3 has paid wages with respect to employment equal to the first
4 \$4,800.00 paid during calendar year 1975, any wages paid to such
5 individual by such predecessor during such calendar year and prior to
6 such acquisition shall be considered as having been paid by such
7 successor employer.

8 (3) For calendar years beginning on and after January 1, 1976, the
9 "wages" of any individual, as defined in the preceding paragraph (2)
10 of this subsection (b), shall be established and promulgated by the
11 Commissioner of Labor on or before September 1 of the preceding
12 year and shall be 28 times the Statewide average weekly remuneration
13 paid to workers by employers, as determined under R.S.43:21-3(c),
14 raised to the next higher multiple of \$100.00 if not already a multiple
15 thereof, provided that if the amount of wages so determined for a
16 calendar year is less than the amount similarly determined for the
17 preceding year, the greater amount will be used; provided, further, that
18 if the amount of such wages so determined does not equal or exceed
19 the amount of wages as defined in subsection (b) of section 3306 of
20 the Federal Unemployment Tax Act, Chapter 23 of the Internal
21 Revenue Code of 1986 (26 U.S.C. §3306(b)), the wages as determined
22 in this paragraph in any calendar year shall be raised to equal the
23 amount established under the Federal Unemployment Tax Act for that
24 calendar year.

25 (c) Future rates based on benefit experience.

26 (1) A separate account for each employer shall be maintained and
27 this shall be credited with all the contributions which he has paid on
28 his own behalf on or before January 31 of any calendar year with
29 respect to employment occurring in the preceding calendar year;
30 provided, however, that if January 31 of any calendar year falls on a
31 Saturday or Sunday, an employer's account shall be credited as of
32 January 31 of such calendar year with all the contributions which he
33 has paid on or before the next succeeding day which is not a Saturday
34 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be
35 construed to grant any employer or individuals in his service prior
36 claims or rights to the amounts paid by him into the fund either on his
37 own behalf or on behalf of such individuals. Benefits paid with respect
38 to benefit years commencing on and after January 1, 1953, to any
39 individual on or before December 31 of any calendar year with respect
40 to unemployment in such calendar year and in preceding calendar years
41 shall be charged against the account or accounts of the employer or
42 employers in whose employment such individual established base
43 weeks constituting the basis of such benefits. Benefits paid under a
44 given benefit determination shall be charged against the account of the
45 employer to whom such determination relates. When each benefit
46 payment is made, either a copy of the benefit check or other form of

1 notification shall be promptly sent to the employer against whose
2 account the benefits are to be charged. Such copy or notification shall
3 identify the employer against whose account the amount of such
4 payment is being charged, shall show at least the name and social
5 security account number of the claimant and shall specify the period
6 of unemployment to which said check applies. If the total amount of
7 benefits paid to a claimant and charged to the account of the
8 appropriate employer exceeds 50% of the total base year, base week
9 wages paid to the claimant by that employer, then such employer shall
10 have canceled from his account such excess benefit charges as
11 specified above.

12 Each employer shall be furnished an annual summary statement of
13 benefits charged to his account.

14 (2) Regulations may be prescribed for the establishment,
15 maintenance, and dissolution of joint accounts by two or more
16 employers, and shall, in accordance with such regulations and upon
17 application by two or more employers to establish such an account, or
18 to merge their several individual accounts in a joint account, maintain
19 such joint account as if it constituted a single employer's account.

20 (3) No employer's rate shall be lower than 5.4% unless assignment
21 of such lower rate is consistent with the conditions applicable to
22 additional credit allowance for such year under section 3303(a)(1) of
23 the Internal Revenue Code of 1986 (26 U.S.C. §3303(a)(1)), any other
24 provision of this section to the contrary notwithstanding.

25 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2
26 $\frac{8}{10}\%$, except as otherwise provided in the following provisions. No
27 employer's rate for the 12 months commencing July 1 of any calendar
28 year shall be other than $2\frac{8}{10}\%$, unless as of the preceding January 31
29 such employer shall have paid contributions with respect to wages paid
30 in each of the three calendar years immediately preceding such year,
31 in which case such employer's rate for the 12 months commencing July
32 1 of any calendar year shall be determined on the basis of his record up
33 to the beginning of such calendar year. If, at the beginning of such
34 calendar year, the total of all his contributions, paid on his own behalf,
35 for all past years exceeds the total benefits charged to his account for
36 all such years, his contribution rate shall be:

37 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
38 5%, of his average annual payroll (as defined in paragraph (2),
39 subsection (a) of R.S.43:21-19);

40 (2) $2\frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less than
41 6%, of his average annual payroll;

42 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
43 7%, of his average annual payroll;

44 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
45 8%, of his average annual payroll;

1 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
2 9%, of his average annual payroll;

3 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
4 of his average annual payroll;

5 (7) $\frac{7}{10}$ of 1%, if such excess equals or exceeds 10%, but is less
6 than 11%, of his average annual payroll;

7 (8) $\frac{4}{10}$ of 1%, if such excess equals or exceeds 11% of his
8 average annual payroll.

9 (B) If the total of an employer's contributions, paid on his own
10 behalf, for all past periods for the purposes of this paragraph (4), is
11 less than the total benefits charged against his account during the same
12 period, his rate shall be:

13 (1) 4%, if such excess is less than 10% of his average annual
14 payroll;

15 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
16 20%, of his average annual payroll;

17 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
18 annual payroll.

19 (C) Specially assigned rates. If no contributions were paid on
20 wages for employment in any calendar year used in determining the
21 average annual payroll of an employer eligible for an assigned rate
22 under this paragraph (4), the employer's rate shall be specially assigned
23 as follows:

24 (i) if the reserve balance in its account is positive, its assigned rate
25 shall be the highest rate in effect for positive balance accounts for that
26 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
27 its account is negative, its assigned rate shall be the highest rate in
28 effect for deficit accounts for that period.

29 (D) The contribution rates prescribed by subparagraphs (A) and
30 (B) of this paragraph (4) shall be increased or decreased in accordance
31 with the provisions of paragraph (5) of this subsection (c) for
32 experience rating periods through June 30, 1986.

33 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
34 of any calendar year the balance in the unemployment trust fund equals
35 or exceeds 4% but is less than 7% of the total taxable wages reported
36 to the controller as of that date in respect to employment during the
37 preceding calendar year, the contribution rate, effective July 1
38 following, of each employer eligible for a contribution rate calculation
39 based upon benefit experience, shall be increased by $\frac{3}{10}$ of 1% over
40 the contribution rate otherwise established under the provisions of
41 paragraph (3) or (4) of this subsection. If on March 31 of any
42 calendar year the balance of the unemployment trust fund exceeds 2
43 $\frac{1}{2}\%$ but is less than 4% of the total taxable wages reported to the
44 controller as of that date in respect to employment during the
45 preceding calendar year, the contribution rate, effective July 1
46 following, of each employer eligible for a contribution rate calculation

1 based upon benefit experience, shall be increased by 6/10 of 1% over
2 the contribution rate otherwise established under the provisions of
3 paragraph (3) or (4) of this subsection.

4 If on March 31 of any calendar year the balance of the
5 unemployment trust fund is less than 2 1/2% of the total taxable wages
6 reported to the controller as of that date in respect to employment
7 during the preceding calendar year, the contribution rate, effective July
8 1 following, of each employer (1) eligible for a contribution rate
9 calculation based upon benefit experience, shall be increased by (i)
10 6/10 of 1% over the contribution rate otherwise established under the
11 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
12 (ii) an additional amount equal to 20% of the total rate established
13 herein, provided, however, that the final contribution rate for each
14 employer shall be computed to the nearest multiple of 1/10% if not
15 already a multiple thereof; (2) not eligible for a contribution rate
16 calculation based upon benefit experience, shall be increased by 6/10
17 of 1% over the contribution rate otherwise established under the
18 provisions of paragraph (4) of this subsection. For the period
19 commencing July 1, 1984 and ending June 30, 1986, the contribution
20 rate for each employer liable to pay contributions under R.S.43:21-7
21 shall be increased by a factor of 10% computed to the nearest multiple
22 of 1/10% if not already a multiple thereof.

23 (B) If on March 31 of any calendar year the balance in the
24 unemployment trust fund equals or exceeds 10% but is less than 12
25 1/2% of the total taxable wages reported to the controller as of that
26 date in respect to employment during the preceding calendar year, the
27 contribution rate, effective July 1 following, of each employer eligible
28 for a contribution rate calculation based upon benefit experience, shall
29 be reduced by 3/10 of 1% under the contribution rate otherwise
30 established under the provisions of paragraphs (3) and (4) of this
31 subsection; provided that in no event shall the contribution rate of any
32 employer be reduced to less than 4/10 of 1%. If on March 31 of any
33 calendar year the balance in the unemployment trust fund equals or
34 exceeds 12 1/2% of the total taxable wages reported to the controller
35 as of that date in respect to employment during the preceding calendar
36 year, the contribution rate, effective July 1 following, of each
37 employer eligible for a contribution rate calculation based upon benefit
38 experience, shall be reduced by 6/10 of 1% if his account for all past
39 periods reflects an excess of contributions paid over total benefits
40 charged of 3% or more of his average annual payroll, otherwise by
41 3/10 of 1% under the contribution rate otherwise established under the
42 provisions of paragraphs (3) and (4) of this subsection; provided that
43 in no event shall the contribution rate of any employer be reduced to
44 less than 4/10 of 1%.

45 (C) The "balance" in the unemployment trust fund, as the term is
46 used in subparagraphs (A) and (B) above, shall not include moneys

1 credited to the State's account under section 903 of the Social Security
2 Act, as amended (42 U.S.C. § 1103), during any period in which such
3 moneys are appropriated for the payment of expenses incurred in the
4 administration of the "unemployment compensation law."

5 (D) Prior to July 1 of each calendar year the controller shall
6 determine the Unemployment Trust Reserve Ratio, which shall be
7 calculated by dividing the balance of the unemployment trust fund as
8 of the prior March 31 by total taxable wages reported to the controller
9 by all employers as of March 31 with respect to their employment
10 during the last calendar year.

11 (E) With respect to experience rating years beginning on or after
12 July 1, 1986, the new employer rate or the unemployment experience
13 rate of an employer under this section shall be the rate which appears
14 in the column headed by the Unemployment Trust Fund Reserve Ratio
15 as of the applicable calculation date and on the line with the Employer
16 Reserve Ratio, as defined in paragraph 4 of this subsection
17 (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLE						
Fund Reserve Ratio ¹						
	10.00%	7.00%	4.00%	2.50%	2.49%	
Employer Reserve Ratio ²	and Over	to 9.99%	to 6.99%	to 3.99%	and Under	
	A	B	C	D	E	
Positive Reserve Ratio:						
17% and over	0.3	0.4	0.5	0.6	1.2	
16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2	
15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2	
14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2	
13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2	
12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2	
11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2	
10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6	
9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9	
8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3	
7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6	
6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0	
5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4	
4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7	
3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9	
2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0	
1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1	
0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3	
Deficit Reserve Ratio:						
-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1	
-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2	
-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3	
-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4	
-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5	
-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6	
-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7	
-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8	
-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9	
-35.00% and under	5.4	5.4	5.8	6.4	7.0	
New Employer Rate	2.8	2.8	2.8	3.1	3.4	

¹Fund balance as of March 31 as a percentage of taxable wages in the prior calendar year.

²Employer Reserve Ratio (Contributions minus benefits as a percentage of employer's taxable wages).

(F) With respect to experience rating years beginning on or after July 1, 1986, if the balance of the unemployment trust fund as of the prior March 31 is negative, the contribution rate for each employer liable to pay contributions, as computed under subparagraph E of this paragraph (5), shall be increased by a factor of 10% computed to the nearest multiple of 1/10% if not already a multiple thereof.

(G) On or after January 1, 1993, notwithstanding any other provisions of this paragraph (5), the contribution rate for each employer liable to pay contributions, as computed under subparagraph (E) of this paragraph (5),

1 shall be decreased by 0.1%, except that, during any experience rating year
2 in which the fund reserve ratio is equal to or greater than 7.00%, there
3 shall be no decrease pursuant to this subparagraph (G) in the contribution
4 of any employer who has a deficit reserve ratio of negative 35.00% or
5 under.

6 (H) On or after January 1, 1993 until December 31, 1993,
7 notwithstanding any other provisions of this paragraph (5), the
8 contribution rate for each employer liable to pay contributions, as
9 computed under subparagraph (E) of this paragraph (5), shall be decreased
10 by a factor of 52.0% computed to the nearest multiple of 1/10%, except
11 that, if an employer has a deficit reserve ratio of negative 35.0% or under,
12 the employer's rate of contribution shall not be reduced pursuant to this
13 subparagraph (H) to less than 5.4%. The amount of the reduction in the
14 employer contributions stipulated by this subparagraph (H) shall be in
15 addition to the amount of the reduction in the employer contributions
16 stipulated by subparagraph (G) of this paragraph (5), except that the rate
17 of contribution of an employer who has a deficit reserve ratio of negative
18 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
19 less than 5.4% and the rate of contribution of any other employer shall not
20 be reduced to less than 0.0%.

21 On or after January 1, 1994 until December 31, 1995, except as
22 provided pursuant to subparagraph (I) of this paragraph (5),
23 notwithstanding any other provisions of this paragraph (5), the
24 contribution rate for each employer liable to pay contributions, as
25 computed under subparagraph (E) of this paragraph (5), shall be decreased
26 by a factor of 36.0% computed to the nearest multiple of 1/10%, except
27 that, if an employer has a deficit reserve ratio of negative 35.0% or under,
28 the employer's rate of contribution shall not be reduced pursuant to this
29 subparagraph (H) to less than 5.4%. The amount of the reduction in the
30 employer contributions stipulated by this subparagraph (H) shall be in
31 addition to the amount of the reduction in the employer contributions
32 stipulated by subparagraph (G) of this paragraph (5), except that the rate
33 of contribution of an employer who has a deficit reserve ratio of negative
34 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
35 less than 5.4% and the rate of contribution of any other employer shall not
36 be reduced to less than 0.0%.

37 On or after January 1, 1996 until December 31, 1996, the contribution
38 rate for each employer liable to pay contributions, as computed under
39 subparagraph (E) of this paragraph (5), shall be decreased by a factor of
40 18.0% computed to the nearest multiple of 1/10%, except that, if an
41 employer has a deficit reserve ratio of negative 35.0% or under, the
42 employer's rate of contribution shall not be reduced pursuant to this
43 subparagraph (H) to less than 5.4%. The amount of the reduction in the
44 employer contributions stipulated by this subparagraph (H) shall be in
45 addition to the amount of the reduction in the employer contributions
46 stipulated by subparagraph (G) of this paragraph (5), except that the rate

1 of contribution of an employer who has a deficit reserve ratio of negative
2 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
3 less than 5.4% and the rate of contribution of any other employer shall not
4 be reduced to less than 0.0%.

5 (I) If the fund reserve ratio decreases to a level of less than 4.00% on
6 March 31 of calendar year 1994 or calendar year 1995, the provisions of
7 subparagraph (H) of this paragraph (5) shall cease to be in effect as of July
8 1 of that calendar year.

9 (6) Additional contributions.

10 Notwithstanding any other provision of law, any employer who has
11 been assigned a contribution rate pursuant to subsection (c) of this section
12 for the year commencing July 1, 1948, and for any year commencing July
13 1 thereafter, may voluntarily make payment of additional contributions,
14 and upon such payment shall receive a recomputation of the experience
15 rate applicable to such employer, including in the calculation the additional
16 contribution so made. Any such additional contribution shall be made
17 during the 30-day period following the date of the mailing to the
18 employer of the notice of his contribution rate as prescribed in this
19 section, unless, for good cause, the time for payment has been extended
20 by the controller for not to exceed an additional 60 days; provided that in
21 no event may such payments which are made later than 120 days after the
22 beginning of the year for which such rates are effective be considered in
23 determining the experience rate for the year in which the payment is made.
24 Any employer receiving any extended period of time within which to make
25 such additional payment and failing to make such payment timely shall be,
26 in addition to the required amount of additional payment, a penalty of 5%
27 thereof or \$5.00, whichever is greater, not to exceed \$50.00. Any
28 adjustment under this subsection shall be made only in the form of credits
29 against accrued or future contributions.

30 (7) Transfers.

31 (A) Upon the transfer of the organization, trade or business, or
32 substantially all the assets of an employer to a successor in interest,
33 whether by merger, consolidation, sale, transfer, descent or otherwise, the
34 controller shall transfer the employment experience of the predecessor
35 employer to the successor in interest, including credit for past years,
36 contributions paid, annual payrolls, benefit charges, et cetera, applicable
37 to such predecessor employer, pursuant to regulation, if it is determined
38 that the employment experience of the predecessor employer with respect
39 to the organization, trade, assets or business which has been transferred
40 may be considered indicative of the future employment experience of the
41 successor in interest. Unless the predecessor employer was owned or
42 controlled (by legally enforceable means or otherwise), directly or
43 indirectly, by the successor in interest, or the predecessor employer and
44 the successor in interest were owned or controlled (by legally enforceable
45 means or otherwise), directly or indirectly, by the same interest or
46 interests, the transfer of the employment experience of the predecessor

1 shall not be effective if such successor in interest, within four months of
2 the date of such transfer of the organization, trade, assets or business, or
3 thereafter upon good cause shown, files a written notice protesting the
4 transfer of the employment experience of the predecessor employer.

5 (B) An employer who transfers part of his or its organization, trade,
6 assets or business to a successor in interest, whether by merger,
7 consolidation, sale, transfer, descent or otherwise, may jointly make
8 application with such successor in interest for transfer of that portion of
9 the employment experience of the predecessor employer relating to the
10 portion of the organization, trade, assets or business transferred to the
11 successor in interest, including credit for past years, contributions paid,
12 annual payrolls, benefit charges, et cetera, applicable to such predecessor
13 employer. The transfer of employment experience may be allowed
14 pursuant to regulation only if it is found that the employment experience
15 of the predecessor employer with respect to the portion of the
16 organization, trade, assets or business which has been transferred may be
17 considered indicative of the future employment experience of the
18 successor in interest. Credit shall be given to the successor in interest
19 only for the years during which contributions were paid by the predecessor
20 employer with respect to that part of the organization, trade, assets or
21 business transferred.

22 (C) A transfer of the employment experience in whole or in part having
23 become final, the predecessor employer thereafter shall not be entitled to
24 consideration for an adjusted rate based upon his or its experience or the
25 part thereof, as the case may be, which has thus been transferred. A
26 successor in interest to whom employment experience or a part thereof is
27 transferred pursuant to this subsection shall, as of the date of the transfer
28 of the organization, trade, assets or business, or part thereof, immediately
29 become an employer if not theretofore an employer subject to this chapter
30 (R.S.43:21-1 et seq.).

31 (d) Contributions of workers to the unemployment compensation fund
32 and the State disability benefits fund.

33 (1) (A) For periods after January 1, 1975, each worker shall
34 contribute to the fund 1% of his wages with respect to his employment
35 with an employer, which occurs on and after January 1, 1975, after such
36 employer has satisfied the condition set forth in subsection (h) of
37 R.S.43:21-19 with respect to becoming an employer; provided, however,
38 that such contributions shall be at the rate of 1/2 of 1% of wages paid with
39 respect to employment while the worker is in the employ of the State of
40 New Jersey, or any governmental entity or instrumentality which is an
41 employer as defined under R.S.43:21-19(h)(5), or is covered by an
42 approved private plan under the "Temporary Disability Benefits Law" or
43 while the worker is exempt from the provisions of the "Temporary
44 Disability Benefits Law" under section 7 of that law, P.L.1948, c.110
45 (C.43:21-31).

1 (B) Effective January 1, 1978 there shall be no contributions by
2 workers in the employ of any governmental or nongovernmental employer
3 electing or required to make payments in lieu of contributions unless the
4 employer is covered by the State plan under the "Temporary Disability
5 Benefits Law" (C.43:21-37 et seq.), and in that case contributions shall be
6 at the rate of 1/2 of 1%, except that commencing July 1, 1986, workers
7 in the employ of any nongovernmental employer electing or required to
8 make payments in lieu of contributions shall be required to make
9 contributions to the fund at the same rate prescribed for workers of other
10 nongovernmental employers.

11 (C) (i) Notwithstanding the above provisions of this paragraph (1),
12 during the period starting July 1, 1986 and ending December 31, 1992,
13 each worker shall contribute to the fund 1.125% of wages paid with
14 respect to his employment with a governmental employer electing or
15 required to pay contributions or nongovernmental employer, including a
16 nonprofit organization which is an employer as defined under
17 R.S.43:21-19(h)(6), regardless of whether that nonprofit organization
18 elects or is required to finance its benefit costs with contributions to the
19 fund or by payments in lieu of contributions, after that employer has
20 satisfied the conditions set forth in subsection R.S.43:21-19(h) with
21 respect to becoming an employer. Contributions, however, shall be at the
22 rate of 0.625% while the worker is covered by an approved private plan
23 under the "Temporary Disability Benefits Law" while the worker is
24 exempt under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
25 other provision of that law; provided that such contributions shall be at the
26 rate of 0.625% of wages paid with respect to employment with the State
27 of New Jersey or any other governmental entity or instrumentality electing
28 or required to make payments in lieu of contributions and which is
29 covered by the State plan under the "Temporary Disability Benefits Law,"
30 except that, while the worker is exempt from the provisions of the
31 "Temporary Disability Benefits Law" under section 7 of that law,
32 P.L.1948, c.110 (C.43:21-31) or any other provision of that law, or is
33 covered for disability benefits by an approved private plan of the
34 employer, the contributions to the fund shall be 0.125%.

35 (ii) (Deleted by amendment, P.L.1995, c.422.)

36 (D) Notwithstanding any other provisions of this paragraph (1), during
37 the period starting January 1, 1993 and ending June 30, 1994, each worker
38 shall contribute to the unemployment compensation fund 0.5% of wages
39 paid with respect to the worker's employment with a governmental
40 employer electing or required to pay contributions or nongovernmental
41 employer, including a nonprofit organization which is an employer as
42 defined under paragraph 6 of subsection (h) of R.S.43:21-19, regardless
43 of whether that nonprofit organization elects or is required to finance its
44 benefit costs with contributions to the fund or by payments in lieu of
45 contributions, after that employer has satisfied the conditions set forth in
46 subsection (h) of R.S.43:21-19 with respect to becoming an employer. No

1 contributions, however, shall be made by the worker while the worker is
2 covered by an approved private plan under the "Temporary Disability
3 Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker
4 is exempt under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
5 provision of that law; provided that the contributions shall be at the rate
6 of 0.50% of wages paid with respect to employment with the State of New
7 Jersey or any other governmental entity or instrumentality electing or
8 required to make payments in lieu of contributions and which is covered
9 by the State plan under the "Temporary Disability Benefits Law," except
10 that, while the worker is exempt from the provisions of the "Temporary
11 Disability Benefits Law" under section 7 of that law, P.L.1948, c.110
12 (C.43:21-31) or any other provision of that law, or is covered for
13 disability benefits by an approved private plan of the employer, no
14 contributions shall be made to the fund.

15 Each worker shall, starting on January 1, 1996 and ending December
16 31, 1996, contribute to the unemployment compensation fund [0.60%]
17 0.48% of wages paid with respect to the worker's employment with a
18 governmental employer electing or required to pay contributions or
19 nongovernmental employer, including a nonprofit organization which is an
20 employer as defined under paragraph 6 of subsection (h) of R.S.43:21-19,
21 regardless of whether that nonprofit organization elects or is required to
22 finance its benefit costs with contributions to the fund or by payments in
23 lieu of contributions, after that employer has satisfied the conditions set
24 forth in subsection (h) of R.S.43:21-19 with respect to becoming an
25 employer, provided that the contributions shall be at the rate of 0.10% of
26 wages paid with respect to employment with the State of New Jersey or
27 any other governmental entity or instrumentality electing or required to
28 make payments in lieu of contributions.

29 On and after January 1, 1997, each worker shall contribute to the
30 unemployment compensation fund 0.60% of wages paid with respect to
31 the worker's employment with a governmental employer electing or
32 required to pay contributions or nongovernmental employer, including a
33 nonprofit organization which is an employer as defined under paragraph
34 6 of subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
35 organization elects or is required to finance its benefit costs with
36 contributions to the fund or by payments in lieu of contributions, after that
37 employer has satisfied the conditions set forth in subsection (h) of
38 R.S.43:21-19 with respect to becoming an employer, provided that the
39 contributions shall be at the rate of 0.10% of wages paid with respect to
40 employment with the State of New Jersey or any other governmental
41 entity or instrumentality electing or required to make payments in lieu of
42 contributions.

43 (E) Each employer shall, notwithstanding any provision of law in this
44 State to the contrary, withhold in trust the amount of his workers'
45 contributions from their wages at the time such wages are paid, shall show
46 such deduction on his payroll records, shall furnish such evidence thereof

1 to his workers as the division or controller may prescribe, and shall
2 transmit all such contributions, in addition to his own contributions, to the
3 office of the controller in such manner and at such times as may be
4 prescribed. If any employer fails to deduct the contributions of any of his
5 workers at the time their wages are paid, or fails to make a deduction
6 therefor at the time wages are paid for the next succeeding payroll period,
7 he alone shall thereafter be liable for such contributions, and for the
8 purpose of R.S.43:21-14, such contributions shall be treated as employer's
9 contributions required from him.

10 (F) As used in this chapter (R.S.43:21-1 et seq.), except when the
11 context clearly requires otherwise, the term "contributions" shall include
12 the contributions of workers pursuant to this section.

13 (G) Each worker shall, starting on July 1, 1994, contribute to the State
14 disability benefits fund an amount equal to 0.50% of wages paid with
15 respect to the worker's employment with a government employer electing
16 or required to pay contributions to the State disability benefits fund or
17 nongovernmental employer, including a nonprofit organization which is an
18 employer as defined under paragraph 6 of subsection (h) of R.S. 43:21-19,
19 unless the employer is covered by an approved private disability plan or
20 is exempt from the provisions of the "Temporary Disability Benefits Law,"
21 P.L.1948 c.110 (C.43:21-25 et seq.) under section 7 of that law
22 (C.43:21-31) or any other provision of that law.

23 (2) (A) (Deleted by amendment, P.L.1984, c.24.)

24 (B) (Deleted by amendment, P.L.1984, c.24.)

25 (C) (Deleted by amendment, P.L.1994, c.112.)

26 (D) (Deleted by amendment, P.L.1994, c.112.)

27 (E) (i) (Deleted by amendment, P.L.1994, c.112.)

28 (ii) [Notwithstanding any other provision of this paragraph (2), with
29 respect to wages paid during the period beginning on January 1, 1993 and
30 ending June 30, 1994, there shall be deposited in and credited to the State
31 disability benefits fund all worker contributions received by the
32 controller.](Deleted by amendment, P.L. , c.).

33 (iii) (Deleted by amendment, P.L.1994, c.112.)

34 (3) If an employee receives wages from more than one employer
35 during any calendar year, and either the sum of his contributions deposited
36 in and credited to the State disability benefits fund [(in accordance with
37 paragraph (2) of this subsection)] plus the amount of his contributions, if
38 any, required towards the costs of benefits under one or more approved
39 private plans under the provisions of section 9 of the "Temporary
40 Disability Benefits Law" (C.43:21-33) and deducted from his wages, or
41 the sum of such latter contributions, if the employee is covered during
42 such calendar year only by two or more private plans, exceeds an amount
43 equal to 1/2 of 1% of the "wages" determined in accordance with the
44 provisions of R.S.43:21-7(b)(3) during the calendar years beginning on or
45 after January 1, 1976, the employee shall be entitled to a refund of the
46 excess if he makes a claim to the controller within two years after the end

1 of the calendar year in which the wages are received with respect to which
2 the refund is claimed and establishes his right to such refund. Such refund
3 shall be made by the controller from the State disability benefits fund. No
4 interest shall be allowed or paid with respect to any such refund. The
5 controller shall, in accordance with prescribed regulations, determine the
6 portion of the aggregate amount of such refunds made during any calendar
7 year which is applicable to private plans for which deductions were made
8 under section 9 of the "Temporary Disability Benefits Law," such
9 determination to be based upon the ratio of the amount of such wages
10 exempt from contributions to such fund, as provided in subparagraph (B)
11 of paragraph (1) of this subsection with respect to coverage under private
12 plans, to the total wages so exempt plus the amount of such wages subject
13 to contributions to the disability benefits fund, as provided in
14 subparagraph [(B)] (G) of paragraph [(2)] (1) of this subsection. The
15 controller shall, in accordance with prescribed regulations, prorate the
16 amount so determined among the applicable private plans in the
17 proportion that the wages covered by each plan bear to the total private
18 plan wages involved in such refunds, and shall assess against and recover
19 from the employer, or the insurer if the insurer has indemnified the
20 employer with respect thereto, the amount so prorated. The provisions of
21 R.S.43:21-14 with respect to collection of employer contributions shall
22 apply to such assessments. The amount so recovered by the controller
23 shall be paid into the State disability benefits fund.

24 (4) If an individual does not receive any wages from the employing
25 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is treated
26 as his employer, or receives his wages from some other employing unit,
27 such employer shall nevertheless be liable for such individual's
28 contributions in the first instance; and after payment thereof such
29 employer may deduct the amount of such contributions from any sums
30 payable by him to such employing unit, or may recover the amount of such
31 contributions from such employing unit, or, in the absence of such an
32 employing unit, from such individual, in a civil action; provided
33 proceedings therefor are instituted within three months after the date on
34 which such contributions are payable. General rules shall be prescribed
35 whereby such an employing unit may recover the amount of such
36 contributions from such individuals in the same manner as if it were the
37 employer.

38 (5) Every employer who has elected to become an employer subject to
39 this chapter (R.S.43:21-1 et seq.), or to cease to be an employer subject
40 to this chapter (R.S.43:21-1 et seq.), pursuant to the provisions of
41 R.S.43:21-8, shall post and maintain printed notices of such election on
42 his premises, of such design, in such numbers, and at such places as the
43 director may determine to be necessary to give notice thereof to persons
44 in his service.

45 (6) Contributions by workers, payable to the controller as herein
46 provided, shall be exempt from garnishment, attachment, execution, or any

1 other remedy for the collection of debts.

2 (e) Contributions by employers to State disability benefits fund.

3 (1) Except as hereinafter provided, each employer shall, in addition to
4 the contributions required by subsections (a), (b), and (c) of this section,
5 contribute 1/2 of 1% of the wages paid by such employer to workers with
6 respect to employment unless he is not a covered employer as defined in
7 section 3 of the "Temporary Disability Benefits Law" (C.43:21-27 (a)),
8 except that the rate for the State of New Jersey shall be 1/10 of 1% for the
9 calendar year 1980 and for the first six months of 1981. Prior to July 1,
10 1981 and prior to July 1 each year thereafter, the controller shall review
11 the experience accumulated in the account of the State of New Jersey and
12 establish a rate for the next following fiscal year which, in combination
13 with worker contributions, will produce sufficient revenue to keep the
14 account in balance; except that the rate so established shall not be less
15 than 1/10 of 1%. Such contributions shall become due and be paid by the
16 employer to the controller for the State disability benefits fund as
17 established by law, in accordance with such regulations as may be
18 prescribed, and shall not be deducted, in whole or in part, from the
19 remuneration of individuals in his employ. In the payment of any
20 contributions, a fractional part of a cent shall be disregarded unless it
21 amounts to \$0.005 or more, in which case it shall be increased to \$0.01.

22 (2) During the continuance of coverage of a worker by an approved
23 private plan of disability benefits under the "Temporary Disability Benefits
24 Law," the employer shall be exempt from the contributions required by
25 subparagraph (1) above with respect to wages paid to such worker.

26 (3) (A) The rates of contribution as specified in subparagraph (1)
27 above shall be subject to modification as provided herein with respect to
28 employer contributions due on and after July 1, 1951.

29 (B) A separate disability benefits account shall be maintained for each
30 employer required to contribute to the State disability benefits fund and
31 such account shall be credited with contributions deposited in and credited
32 to such fund with respect to employment occurring on and after January
33 1, 1949. Each employer's account shall be credited with all contributions
34 paid on or before January 31 of any calendar year on his own behalf and
35 on behalf of individuals in his service with respect to employment
36 occurring in preceding calendar years; provided, however, that if January
37 31 of any calendar year falls on a Saturday or Sunday an employer's
38 account shall be credited as of January 31 of such calendar year with all
39 the contributions which he has paid on or before the next succeeding day
40 which is not a Saturday or Sunday. But nothing in this act shall be
41 construed to grant any employer or individuals in his service prior claims
42 or rights to the amounts paid by him to the fund either on his own behalf
43 or on behalf of such individuals. Benefits paid to any covered individual
44 in accordance with Article III of the "Temporary Disability Benefits Law"
45 on or before December 31 of any calendar year with respect to disability
46 in such calendar year and in preceding calendar years shall be charged

1 against the account of the employer by whom such individual was
2 employed at the commencement of such disability or by whom he was last
3 employed, if out of employment.

4 (C) The controller may prescribe regulations for the establishment,
5 maintenance, and dissolution of joint accounts by two or more employers,
6 and shall, in accordance with such regulations and upon application by two
7 or more employers to establish such an account, or to merge their several
8 individual accounts in a joint account, maintain such joint account as if it
9 constituted a single employer's account.

10 (D) Prior to July 1 of each calendar year, the controller shall make a
11 preliminary determination of the rate of contribution for the 12 months
12 commencing on such July 1 for each employer subject to the contribution
13 requirements of this subsection (e).

14 (1) Such preliminary rate shall be $\frac{1}{2}$ of 1% unless on the preceding
15 January 31 of such year such employer shall have been a covered employer
16 who has paid contributions to the State disability benefits fund with
17 respect to employment in the three calendar years immediately preceding
18 such year.

19 (2) If the minimum requirements in (1) above have been fulfilled and
20 the credited contributions exceed the benefits charged by more than
21 \$500.00, such preliminary rate shall be as follows:

22 (i) $\frac{2}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is less than
23 $1\frac{1}{4}$ % of his average annual payroll (as defined in this chapter
24 (R.S.43:21-1 et seq.));

25 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
26 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

27 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds $1\frac{1}{2}$ %
28 of his average annual payroll.

29 (3) If the minimum requirements in (1) above have been fulfilled and
30 the contributions credited exceed the benefits charged but by not more
31 than \$500.00 plus 1% of his average annual payroll, or if the benefits
32 charged exceed the contributions credited but by not more than \$500.00,
33 the preliminary rate shall be $\frac{1}{4}$ of 1%.

34 (4) If the minimum requirements in (1) above have been fulfilled and
35 the benefits charged exceed the contributions credited by more than
36 \$500.00, such preliminary rate shall be as follows:

37 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$ of 1% of
38 his average annual payroll;

39 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds $\frac{1}{4}$
40 of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

41 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds $\frac{1}{2}$
42 of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

43 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds $\frac{3}{4}$
44 of 1% but is less than 1% of his average annual payroll;

45 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1%
46 of his average annual payroll.

1 (5) Determination of the preliminary rate as specified in (2), (3) and
2 (4) above shall be subject, however, to the condition that it shall in no
3 event be decreased by more than 1/10 of 1% of wages or increased by
4 more than 2/10 of 1% of wages from the preliminary rate determined for
5 the preceding year in accordance with (1), (2), (3) or (4), whichever shall
6 have been applicable.

7 (E) (1) Prior to July 1 of each calendar year the controller shall
8 determine the amount of the State disability benefits fund as of December
9 31 of the preceding calendar year, increased by the contributions paid
10 thereto during January of the current calendar year with respect to
11 employment occurring in the preceding calendar year. If such amount
12 exceeds the net amount withdrawn from the unemployment trust fund
13 pursuant to section 23 of the "Temporary Disability Benefits Law,"
14 P.L.1948, c.110 (C.43:21-47) plus the amount at the end of such
15 preceding calendar year of the unemployment disability account (as
16 defined in section 22 of said law (C.43:21-46)), such excess shall be
17 expressed as a percentage of the wages on which contributions were paid
18 to the State disability benefits fund on or before January 31 with respect
19 to employment in the preceding calendar year.

20 (2) The controller shall then make a final determination of the rates of
21 contribution for the 12 months commencing July 1 of such year for
22 employers whose preliminary rates are determined as provided in (D)
23 hereof, as follows:

24 (i) If the percentage determined in accordance with paragraph (E)(1)
25 of this subsection equals or exceeds 1 1/4%, the final employer rates shall
26 be the preliminary rates determined as provided in (D) hereof, except that
27 if the employer's preliminary rate is determined as provided in (D)(2) or
28 (D)(3) hereof, the final employer rate shall be the preliminary employer
29 rate decreased by such percentage of excess taken to the nearest 5/100 of
30 1%, but in no case shall such final rate be less than 1/10 of 1%.

31 (ii) If the percentage determined in accordance with paragraph (E)(1)
32 of this subsection equals or exceeds 3/4 of 1% and is less than 1 1/4 of
33 1%, the final employer rates shall be the preliminary employer rates.

34 (iii) If the percentage determined in accordance with paragraph (E)(1)
35 of this subsection is less than 3/4 of 1%, but in excess of 1/4 of 1%, the
36 final employer rates shall be the preliminary employer rates determined as
37 provided in (D) hereof increased by the difference between 3/4 of 1% and
38 such percentage taken to the nearest 5/100 of 1%; provided, however, that
39 no such final rate shall be more than 1/4 of 1% in the case of an employer
40 whose preliminary rate is determined as provided in (D)(2) hereof, more
41 than 1/2 of 1% in the case of an employer whose preliminary rate is
42 determined as provided in (D)(1) and (D)(3) hereof, nor more than 3/4 of
43 1% in the case of an employer whose preliminary rate is determined as
44 provided in (D)(4) hereof.

45 (iv) If the amount of the State disability benefits fund determined as
46 provided in paragraph (E)(1) of this subsection is equal to or less than 1/4

1 of 1%, then the final rate shall be 2/5 of 1% in the case of an employer
2 whose preliminary rate is determined as provided in (D)(2) hereof, 7/10
3 of 1% in the case of an employer whose preliminary rate is determined as
4 provided in (D)(1) and (D)(3) hereof, and 1.1% in the case of an employer
5 whose preliminary rate is determined as provided in (D)(4) hereof.
6 Notwithstanding any other provision of law or any determination made by
7 the controller with respect to any 12-month period commencing on July
8 1, 1970, the final rates for all employers for the period beginning January
9 1, 1971, shall be as set forth herein.

10 (cf: P.L.1995, c.422, s.1)

11

12 15. Section 29 of P.L.1992, c.160 (C.43:21-7b) is amended to read as
13 follows:

14 29. a. Beginning January 1, 1993 until December 31, 1995, except as
15 provided pursuant to subsection b. of this section, each employee shall, in
16 such a manner and at such times as determined by the commissioner,
17 contribute to the fund an amount equal to 0.6% of the employee's taxable
18 wages.

19 Beginning January 1, 1996 until December 31, 1996, each employee
20 shall, in such a manner and at such times as determined by the
21 commissioner, contribute to the fund an amount equal to 0.12% of the
22 employee's taxable wages.

23 Also beginning on January 1, 1993 until [December 31, 1995, except
24 as provided pursuant to subsection b. of this section] December 31, 1996,
25 each employer shall, in such a manner and at such times as determined by
26 the commissioner, contribute to the fund an amount equal to the amount
27 that the employer's contribution to the unemployment compensation fund
28 is decreased pursuant to subparagraph (H) of paragraph (5) of subsection
29 (c) of R.S.43:21-7.

30 b. If the unemployment compensation fund reserve ratio, as determined
31 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases to
32 a level of less than 4.00% on March 31 of calendar year 1994 or calendar
33 year 1995, the provisions of subsection a. of this section shall cease to be
34 in effect as of July 1 of that calendar year and each employer who would
35 be subject to making the contributions pursuant to subsection a. of this
36 section if that subsection were in effect shall, beginning on July 1 of that
37 calendar year, contribute to the fund an amount equal to 0.62% of the
38 total wages paid by the employer and shall continue to contribute that
39 amount until December 31, 1995.

40 c. If the total amount of contributions to the fund pursuant to this
41 section during the calendar year 1993 exceeds \$600 million, all
42 contributions which exceed \$600 million shall be deposited in the
43 unemployment compensation fund. If the total amount of contributions
44 to the fund pursuant to this section during calendar year 1994 or calendar
45 year 1995 exceeds \$500 million, all contributions which exceed \$500
46 million shall be deposited in the unemployment compensation fund. If the

1 total amount of contributions made to the fund pursuant to this section for
2 the calendar year 1996 exceeds \$150 million, all contributions which
3 exceed \$150 million in a calendar year shall be deposited in the
4 unemployment compensation fund.

5 d. All necessary administrative costs related to the collection of
6 contributions pursuant to this section shall be paid from the contributions.
7 (cf: P.L.1992, c.160, s.29)

8

9 16. Section 32 of P.L.1992, c.160 (C.43:21-7e) is amended to read as
10 follows:

11 32. a. If an employee receives wages from more than one employer
12 during any calendar year, and the sum of the employee's contributions
13 deposited in the fund exceeds an amount equal to 0.6% of the wages
14 determined in accordance with the provisions of paragraph (3) of
15 subsection (b) of R.S.43:21-7 during calendar year 1993, calendar year
16 1994 or calendar year 1995, the employee shall be entitled to a refund of
17 the excess if a claim establishing the employee's right to the refund is made
18 within two years after the end of the respective calendar year in which the
19 wages are received and are the subject of the claim. The commissioner
20 shall refund any overpayment from the fund without interest.

21 If an employee receives wages from more than one employer during the
22 calendar year 1996, and the sum of the employee's contributions
23 deposited in the fund exceeds an amount equal to 0.12% of the wages
24 determined in accordance with the provisions of paragraph (3) of
25 subsection (b) of R.S.43:21-7 during calendar year 1996, the employee
26 shall be entitled to a refund of the excess if a claim establishing the
27 employee's right to the refund is made within two years after the end of
28 the respective calendar year in which the wages are received and are the
29 subject of the claim. The commissioner shall refund any overpayment
30 from the fund without interest.

31 b. Any employee who is a taxpayer and entitled, pursuant to the
32 provisions of subsection a. of this section, to a refund of contributions
33 deducted during a tax year from his wages shall, in lieu of the refund, be
34 entitled to a credit in the full amount thereof against the tax otherwise due
35 on his New Jersey gross income for that tax year if he submits his claim
36 for the credit and accompanies that claim with evidence of his right to the
37 credit in the manner provided by regulation by the Director of the Division
38 of Taxation. In any case in which the amount, or any portion thereof, of
39 any credit allowed hereunder results in or increases an excess of income
40 tax payment over income tax liability, the amount of the new or increased
41 excess shall be considered an overpayment and shall be refunded to the
42 taxpayer in the manner provided by subsection (a) of N.J.S.54A:9-7.
43 (cf: P.L.1992, c.160, s.32)

44

45 17. Section 4 of P.L.1971, c.346 (C.43:21-7.3) is amended to read as
46 follows:

1 4. (a) Notwithstanding any other provisions of the "unemployment
2 compensation law" for the payment of contributions, benefits paid to
3 individuals based upon wages earned in the employ of any governmental
4 entity or instrumentality which is an employer defined under
5 R.S.43:21-19(h)(5) shall, to the extent that such benefits are chargeable
6 to the account of such governmental entity or instrumentality in
7 accordance with the provisions of R.S.43:21-1 et seq., be financed by
8 payments in lieu of contributions.

9 (b) Any governmental entity or instrumentality may, as an alternative
10 to financing benefits by payments in lieu of contributions, elect to pay
11 contributions beginning with the date on which its subjectivity begins by
12 filing written notice of its election with the department no later than 120
13 days after such subjectivity begins, provided that such election shall be
14 effective for at least two full calendar years; or it may elect to pay
15 contributions for a period of not less than two calendar years beginning
16 January 1 of any year if written notice of such election is filed with the
17 department not later than February 1 of such year; provided, further, that
18 such governmental entity or instrumentality shall remain liable for
19 payments in lieu of contributions with respect to all benefits paid based on
20 base year wages earned in the employ of such entity or instrumentality in
21 the period during which it financed its benefits by payments in lieu of
22 contributions.

23 (c) Any governmental entity or instrumentality may terminate its
24 election to pay contributions as of January 1 of any year by filing written
25 notice not later than February 1 of any year with respect to which
26 termination is to become effective. It may not revert to a contributions
27 method of financing for at least two full calendar years after such
28 termination.

29 (d) Any governmental entity or instrumentality electing the option for
30 contributions financing shall report and pay contributions in accordance
31 with the provisions of R.S.43:21-7 except that, notwithstanding the
32 provisions of that section, the contribution rate for such governmental
33 entity or instrumentality shall be 1% for the entire calendar year 1978 and
34 the contribution rate for any subsequent calendar years shall be the rate
35 established for governmental entities or instrumentalities under subsection
36 (e) of this section.

37 (e) On or before September 1 of each year, the Commissioner of Labor
38 shall review the composite benefit cost experience of all governmental
39 entities and instrumentalities electing to pay contributions and, on the
40 basis of that experience, establish the contribution rate for the next
41 following calendar year which can be expected to yield sufficient revenue
42 in combination with worker contributions to equal or exceed the projected
43 costs for that calendar year.

44 (f) Any covered governmental entity or instrumentality electing to pay
45 contributions shall each year appropriate, out of its general funds, moneys
46 to pay the projected costs of benefits at the rate determined under

1 subsection (e) of this section. These funds shall be held in a trust fund
2 maintained by the governmental entity for this purpose. Any surplus
3 remaining in this trust fund may be retained in reserve for payment of
4 benefit costs for subsequent years either by contributions or payments in
5 lieu of contributions.

6 (g) Any governmental entity or instrumentality electing to finance
7 benefit costs with payments in lieu of contributions shall pay into the fund
8 an amount equal to all benefit costs for which it is liable pursuant to the
9 provisions of the "unemployment compensation law." Each subject
10 governmental entity or instrumentality shall require payments from its
11 workers in the same manner and amount as prescribed under
12 R.S.43:21-7(d) for governmental entities and instrumentalities financing
13 their benefit costs with contributions. No such payment shall be used for
14 a purpose other than to meet the benefits liability of such governmental
15 entity or instrumentality. In addition, each subject governmental entity or
16 instrumentality shall appropriate out of its general funds sufficient moneys
17 which, in addition to any worker payments it requires, are necessary to
18 pay its annual benefit costs estimated on the basis of its past benefit cost
19 experience; provided that for its first year of coverage, its benefit costs
20 shall be deemed to require an appropriation equal to 1% of the projected
21 total of its taxable wages for the year. These appropriated moneys and
22 worker payments shall be held in a trust fund maintained by the
23 governmental entity or instrumentality for this purpose. Any surplus
24 remaining in this trust fund shall be retained in reserve for payment of
25 benefit costs in subsequent years. If a governmental entity or
26 instrumentality requires its workers to make payments as authorized
27 herein, such workers shall not be subject to the contributions required in
28 R.S.43:21-7(d).

29 (h) Notwithstanding the provisions of the above subsection (g),
30 commencing July 1, 1986 worker contributions to the unemployment trust
31 fund with respect to wages paid by any governmental entity or
32 instrumentality electing or required to make payments in lieu of
33 contributions, including the State of New Jersey, shall be made in
34 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
35 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each governmental
36 entity or instrumentality electing or required to make payments in lieu of
37 contributions shall, except during the period starting January 1, 1993 and
38 ending December 31, 1995 or, if the unemployment compensation fund
39 reserve ratio, as determined pursuant to paragraph (5) of subsection (c)
40 of R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
41 calendar year 1994 or calendar year 1995, ending July 1 of that calendar
42 year, require payments from its workers at the [rate of 0.50%] following
43 rates of wages paid, which amounts are to be held in the trust fund
44 maintained by the governmental entity or instrumentality for payment of

1 benefit costs: for calendar year 1996, 0.38%; and for calendar year 1997
2 and each calendar year thereafter, 0.50%.

3 (cf: P.L 1992, c.205, s.1)

4

5 18. Section 1 of P.L.1944, c. 81(C.43:21-14.1) is amended to read as
6 follows:

7 1. Any employee who is paid wages by two or more employers
8 aggregating more than [\$3,000.00 during any calendar year prior to
9 January 1, 1968, \$3,600.00 during any calendar year commencing on or
10 after January 1, 1968 and prior to January 1, 1972, \$4,200.00 during any
11 calendar year commencing on or after January 1, 1972 and prior to
12 January 1, 1975, or \$4,800.00 during any calendar year commencing on
13 or after January 1, 1975, and prior to January 1, 1976, and thereafter] the
14 amount of "wages" determined in accordance with the provisions of R.S.
15 43:21-7(b)(3) shall be entitled to a refund of the amount of contributions
16 deducted from such wages and paid to the Division of Employment
17 Security in excess of the contribution which is determined pursuant to
18 R.S.43:21-7(d)(1)(D) required on [\$3,000.00 of such wages paid during
19 any calendar year prior to January 1, 1968, \$3,600.00 during any calendar
20 year commencing on or after January 1, 1968 and prior to January 1,
21 1972, \$4,200.00 during any calendar year commencing on or after January
22 1, 1972 and prior to January 1, 1975, or \$4,800.00 during any calendar
23 year commencing on or after January 1, 1975, and prior to January 1,
24 1976, and thereafter] the amount of "wages" determined in accordance
25 with the provisions of R.S. 43:21-7(b)(3) except that no such refund shall
26 be made unless the employee makes a claim, establishing his right thereto,
27 within 2 years after the calendar year in which the wages are paid with
28 respect to which refund of contribution is claimed. No interest shall be
29 allowed or paid with respect to any such refund.

30 (cf: P. L.1974, c.86, s.6)

31

32 19. Section 14 of P.L.1992, c.160 (C.26:2H-18.64) is repealed.

33

34 20. This act shall take effect immediately and shall be retroactive to
35 January 1, 1996, except that section 20 shall take effect on July 1, 1996.

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STATEMENT

39

40 This bill provides a cost- effective mechanism for providing managed
41 charity health care services to indigent and low income persons in the
42 State.

43 Specifically, the bill directs that effective July 1, 1996, the
44 Commissioner of Health shall designate the University of Medicine and
45 Dentistry of New Jersey (UMDNJ) as the State's provider of managed
46 charity health care for all low income residents of the State who require

1 and qualify for charity health care services. The State will make an annual
2 grant each fiscal year, in an amount determined by the Legislature, to
3 UMDNJ for the provision of managed charity health care services.

4 UMDNJ shall:

5 (1) be responsible for the provision of medically necessary, managed
6 inpatient acute care and outpatient primary health care services to all
7 qualified residents of the State through the use of its managed care
8 provider network;

9 (2) determine those hospitals and other health care providers who shall
10 be eligible to participate and ensure reasonable geographic access of
11 participating hospitals and other providers for all State residents;

12 (3) establish the rates of reimbursement for the participating hospitals
13 and other providers and provide for a method of payment to the
14 participating providers for medically necessary health care services
15 provided pursuant to this bill;

16 (4) develop and use a uniform method for determining eligibility of
17 State residents for charity health care services; and

18 (5) report by December 31, 1996 and annually thereafter to the
19 standing reference committees on health and appropriations in the Senate
20 and General Assembly on expenditures related to the provision of charity
21 health care services, the number of persons served, the types of services
22 received, the hospitals participating in the network, the number and types
23 of other health care providers participating in the network and such other
24 information as may be required by the Legislature.

25 Under this new managed charity health care program, it will no longer
26 be necessary to require all hospitals in the State to admit or provide
27 services to a patient regardless of that patient's ability to pay, since only
28 those hospitals in the network will be required to provide charity health
29 care services. Accordingly, this bill repeals section 14 of P.L.1992, c.160
30 (C.26:2H-18.64).

31 Also, in order to achieve even greater efficiency in the delivery of
32 charity health care, and to test the feasibility of using "smart cards" in the
33 State, the bill provides that UMDNJ shall establish a one-year
34 demonstration program that will utilize an electronic data interchange
35 system that supports the use of patient smart cards. To conduct the
36 demonstration project, the UMDNJ shall enter into a public/private
37 partnership with a corporation actively involved in the use of smart cards
38 and interested in participating in and providing funding for the
39 demonstration project. UMDNJ shall report its findings and
40 recommendations about the demonstration project to the standing
41 reference committees on health and appropriations in the Senate and
42 General Assembly. The report shall include an analysis of the costs and
43 projected administrative savings that can be achieved through the use of
44 the cards for the health care system Statewide.

45 For the interim period January 1, 1996 to June 30, 1996, the State shall
46 distribute charity care funding to hospitals pursuant to a methodology

1 similar to that used in 1995 for the distribution of charity care subsidies.
2 The bill provides that \$150 million from employer and employee
3 contributions shall be allocated for charity care subsidies for the six-
4 month period.

5 Further, as a potential source of funding for part or all of the initial
6 grant to UMDNJ in Fiscal Year 1997 to provide managed charity care
7 services, the bill directs the State Treasurer, in consultation with the
8 Commissioner of Labor, to investigate the sale of part or all of the assets
9 of the program established under the "Temporary Disability Benefits
10 Law," P.L.1948, c.110 (C.43:21-25 et seq.). Within 30 days of the date
11 of enactment of this bill, or as soon as the State Treasurer's investigation
12 is completed, if earlier, the State Treasurer shall report his findings and
13 recommendations to the standing reference committees on budget and
14 appropriations in the Senate and General Assembly.

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19 Establishes system for managed charity care services.