

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1532

STATE OF NEW JERSEY

ADOPTED MAY 2, 1996

Sponsored by Assemblymen KAVANAUGH, GREGG,
Assemblywoman VANDERVALK, Assemblymen FELICE,
Augustine, Blee, Lance, Malone, Assemblywomen Murphy and
J. Smith

1 AN ACT concerning the provision of health care services to low
2 income 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 7 through 12 of P.L. , c. (C.)(pending before the
13 Legislature as this bill):

14 "Administrator" means the administrator of the Health Care
15 Subsidy 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 "Commission" means the New Jersey Essential Health Services
24 Commission established pursuant to section 4 of this act.

25 "Commissioner" means the Commissioner of Health.

26 "Department" means the Department of Health.

27 "Disproportionate share hospital" means a hospital designated by
28 the Commissioner of Human Services pursuant to Pub.L.89-97 (42
29 U.S.C.§1396a et seq.) and Pub.L.102-234.

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

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

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

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

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

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

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

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

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

27

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

30 5. The commissioner shall:

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

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

41 c. Establish and implement by January 1, 1997, a schedule of
42 payments for reimbursement of the charity care component of the
43 disproportionate share payment for services provided to emergency
44 room patients who do not require those services on an emergency
45 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 of the
9 disproportionate share payment and periodically report a summary of
10 this information to the Governor and Legislature. The demographic
11 information shall include, at a minimum, the recipient's age, sex,
12 marital status, employment status, type of health insurance coverage,
13 if any, and if the recipient is a child under 18 years of age who does
14 not have health insurance coverage or a married person who does not
15 have health insurance coverage, whether the child's parent or the
16 married person's spouse, as the case may be, has health insurance;

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

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

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

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

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

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

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

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

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

32 p. Report annually, by December 1 of each year, to the Governor
33 and the [Legislature] Senate and General Assembly standing reference
34 committees on budget and appropriations on the 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 pursuant to section 11 of P.L. , c. (C.)(pending before
46 the Legislature as this bill), revenues from interest and penalties

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

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

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

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

24 d. The administrator shall establish separate accounts for the
25 charity care component of the disproportionate share hospital subsidy,
26 other uncompensated care component of the disproportionate share
27 hospital subsidy, hospital and other health care initiatives funding and
28 the payments for subsidies for insurance premiums to provide care in
29 disproportionate share hospitals, known as the Health Access New
30 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 7 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
38 reallocate the] surplus monies [to the Health Access New Jersey
39 subsidy account] in calendar years 1996 and 1997 shall lapse to the
40 unemployment compensation fund established pursuant to R.S.43:21-
41 9, and each year thereafter shall lapse to the charity care component
42 of the disproportionate share hospital subsidy account for distribution
43 in subsequent years.

44 (cf: P.L.1995, c.133, s.4)

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

3 9. a. The commissioner shall allocate such funds as specified in
4 subsection e. of this section to the charity care component of the
5 disproportionate share hospital subsidy account. In a given year, the
6 department shall transfer from the fund to the Division of Medical
7 Assistance and Health Services in the Department of Human Services
8 such funds as may be necessary for the total approved charity care
9 disproportionate share payments to hospitals for that year.

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

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

$$\begin{array}{l}
21 \\
22 \quad \text{Hospital Specific Approved Uncompensated Care-1991} \\
23 \quad \text{.....} \\
24 \quad \text{Hospital Specific Preliminary Cost Base-1992} \\
25 \quad = \text{Hospital Specific \% Uncompensated Care (\%UC)} \\
26
\end{array}$$

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

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

$$\begin{array}{l}
32 \quad \text{Hospital Specific Approved Uncompensated Care-1991} \\
33 \quad \text{.....} \\
34 \quad \text{Total approved Uncompensated Care All Eligible Hospitals-1991} \\
35 \quad \quad \text{X \$500 million} \\
36 \quad = \text{Maximum Amount of Hospital Specific} \\
37 \quad \quad \text{Charity Care Subsidy for 1993} \\
38
\end{array}$$

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

45 The demographic information shall include the recipient's age, sex,
46 marital status, employment status, type of health insurance coverage,

1 if any, and if the recipient is a child under 18 years of age who does
2 not have health insurance coverage or a married person who does not
3 have health insurance coverage, whether the child's parent or the
4 married person's spouse, as the case may be, has health insurance.

5 (4) A hospital shall be reimbursed for the cost of eligible charity
6 care at the same rate paid to that hospital by the Medicaid program;
7 except that charity care services provided to emergency room patients
8 who do not require those services on an emergency basis shall be
9 reimbursed at a rate appropriate for primary care, according to a
10 schedule of payments developed by the commission.

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

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

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

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

31 If there are additional charity care balances available after the 1994
32 distribution based on 1993 charity care costs, the department shall
33 transfer these available balances from the fund to the Division of
34 Medical Assistance and Health Services for an approved one-time
35 additional disproportionate share payment to hospitals according to
36 the methodology provided in section 12 of P.L.1995, c.133
37 (C.26:2H-18.59a). The total payment for all hospitals shall not exceed
38 \$75.5 million.

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

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

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

1 e. The total amount allocated for charity care subsidy payments
2 shall be: in 1994, \$450 million [and]; in 1995, \$400 million; in 1996,
3 \$310 million; and in 1997, \$300 million. Total payments to hospitals
4 shall not exceed the amount allocated for each given year.

5 f. Beginning January 1, 1995:

6 (1) The charity care subsidy shall be determined pursuant to
7 section 13 of P.L.1995, c.133 (C.26:2H-18.59b).

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

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

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

17
18 5. Section 14 of P.L.1995, c.133 (C.26:2H-18.59c) is amended to
19 read as follows:

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

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

32 b. A hospital shall submit all financial data required by the
33 department for the purposes of calculating the payer mix factor as
34 defined in sections 12 and 13 of P.L.1995, c.133 (C.26:2H-18.59a and
35 C.26:2H-18.59b) and section 7 of P.L. , c. (C.)(pending before
36 the Legislature as this bill).

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

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

45
46 6. Section 13 of P.L.1992, c.160 (C.26:2H-18.63) is amended to

1 read as follows:

2 13. a. [A] Any person or entity who makes a false statement or
3 misrepresentation of a material fact in order to qualify any person or
4 entity for any benefits to which he is not entitled under this act or
5 P.L. c. (C.)(pending before the Legislature as this bill), [and a
6 hospital or an employee thereof in the course of his employment who
7 makes a false statement or misrepresentation of a material fact in order
8 to receive disproportionate share hospital subsidy payments to which
9 the hospital is not entitled under this act] shall be liable to civil
10 penalties of:

11 (1) payment of interest on the amount of the excess benefits or
12 subsidy payments at the maximum legal rate in effect on the date the
13 benefits were provided to the person or payment was made to the
14 [hospital] person or entity, for the period from the date upon which
15 benefits were provided or payment was made to the date upon which
16 repayment is made to the department; and

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

19 b. A hospital which, without intent to violate this act, obtains a
20 subsidy payment in excess of the amount to which it is entitled, shall
21 be liable to a civil penalty of payment of interest on the amount of the
22 excess payment at the maximum legal rate in effect on the date the
23 payment was made to the hospital, from the date upon which payment
24 was made to the date upon which repayment is made to the
25 department, except that a hospital shall not be liable to the civil
26 penalty when an excess subsidy payment is obtained by the hospital as
27 a result of an error made by the department, as determined by the
28 commissioner.

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

33 d. In order to satisfy any recovery claim asserted against a hospital
34 under this section, whether or not that claim has been the subject of
35 final agency adjudication, the commissioner is authorized to withhold
36 subsidy payments otherwise payable under this act to the hospital.
37 (cf: P.L.1995, c.133, s.9)

38

39 7. (New section) a. Beginning January 1, 1996 through December
40 31, 1997, and except as provided in section 8 of P.L. , c.
41 (C.) (pending before the Legislature as this bill), the charity care
42 subsidy shall be determined according to the following methodology.

43 If the Statewide total of adjusted charity care is less than available
44 charity care funding, a hospital's charity care subsidy shall equal its
45 adjusted charity care.

46 If the Statewide total of adjusted charity care is greater than

1 available charity care funding, then the hospital-specific charity care
 2 subsidy shall be determined by allocating available charity care funds
 3 so as to equalize hospital-specific payer mix factors to the Statewide
 4 target payer mix factor. Those hospitals with a payer mix factor
 5 greater than the Statewide target payer mix factor shall be eligible to
 6 receive a subsidy sufficient to reduce their factor to that Statewide
 7 level; those hospitals with a payer mix factor that is equal to or less
 8 than the Statewide target payer mix factor shall not be eligible to
 9 receive a subsidy.

10 Charity care subsidy payments shall be based upon actual
 11 documented hospital charity care.

12 As used in this section:

13 (1) The hospital-specific "documented charity care" shall be equal
 14 to the dollar amount of charity care provided by the hospital that is
 15 verified in the department's most recent charity care audit conducted
 16 under the most recent charity care eligibility rules adopted by the
 17 department and valued at the same rate paid to that hospital by the
 18 Medicaid program.

19 For 1996, documented charity care shall equal the audited,
 20 Medicaid-priced amounts reported for the first three quarters of 1995.
 21 This amount shall be multiplied by 1.33 to determine the annualized
 22 1995 charity care amount. For 1997, documented charity care shall be
 23 equal to the audited Medicaid-priced amounts for the last quarter two
 24 years prior to the payment period and the first three quarters of the
 25 year prior to the payment period;

26 (2) In 1996, the hospital-specific "operating margin" shall be equal
 27 to: the hospital's 1993 and 1994 income from operations minus its
 28 1993 and 1994 charity care subsidies divided by its 1993 and 1994
 29 total operating revenue minus its 1993 and 1994 charity care subsidies.
 30 After calculating each hospital's operating margin, the department shall
 31 determine the Statewide median operating margin.

32 In 1997, the hospital-specific "operating margin" shall be
 33 calculated in the same manner as for 1996, but on the basis of income
 34 from operations, total operating revenue and charity care subsidies
 35 data from the three most current years;

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

41

$$\begin{aligned}
 & .75 \times (\text{hospital specific operating} \\
 & \text{margin} - \text{Statewide median operating margin}) \\
 44 \quad 1 - & \dots\dots\dots \\
 & \text{highest hospital specific operating} \\
 & \text{margin} - \text{Statewide median operating margin}
 \end{aligned}$$

45
46

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

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

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

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

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

20 c. Charity care subsidy payments shall commence on or after the
21 date of enactment of P.L. , c. (pending before the Legislature as this
22 bill) and the full calendar year 1996 allocation shall be disbursed by
23 January 31, 1997.

24

25 8. (New section) Within 30 days of the date of enactment of
26 P.L. , c. (pending before the Legislature as this bill), the
27 Commissioner of Human Services, in consultation with the
28 Commissioner of Health and the State Treasurer, shall pursue for any
29 necessary waivers from the federal Department of Health and Human
30 Services in order to implement a health care program to provide low
31 income residents of the State who qualify pursuant to section 10 of
32 P.L.1992, c.160 (C.26:2H-18.60), with eligible charity care services
33 on a managed care basis. The program shall be implemented by the
34 Commissioner of Health in consultation with the Commissioner of
35 Human Services and the State Treasurer.

36 a. The program shall be administered Statewide by one or more
37 program administrators under contract with the State Treasurer
38 pursuant to this section. For the purposes of this section, program
39 administrator may include, but not be limited to, an acute care hospital
40 which receives charity care reimbursements or a health maintenance
41 organization.

42 b. The Commissioner of Health, in consultation with the
43 Commissioner of Human Services and the State Treasurer, shall,
44 within 30 days after approval of the federal waiver, and at appropriate
45 intervals thereafter, solicit proposals from entities in the State
46 interested in administering the health care program.

1 c. The contract shall include, but not be limited to, provisions for:

2 (1) providing charity care services on a managed care basis as
3 specified by the Commissioner of Health, in consultation with the
4 Commissioner of Human Services and the State Treasurer. An
5 administrator shall be responsible for determining the most appropriate
6 and cost-effective means of providing the health care services required
7 by an eligible person and for directing the person to that means for
8 receipt of the services;

9 (2) the determination of eligibility criteria for health care providers
10 who choose to participate in the program;

11 (3) a methodology established by the Commissioner of Health for
12 reimbursement of participating hospitals and other health care
13 providers;

14 (4) the development and use of a uniform method for determining
15 eligibility of State residents for health care services under the program;
16 and

17 (5) the submission of quarterly reports to the Department of
18 Health and the Department of the Treasury, in a form and manner
19 required by the department, detailing expenditures of health care
20 funds in the program.

21 The contract shall also provide that provider participation in the
22 program shall ensure the maximum receipt by the State of federal
23 disproportionate share monies pursuant to Pub.L.89-97 (42
24 U.S.C.§1396a et seq.) and Pub.L.102-234.

25 d. The Commissioner of Health shall report 12 months after the
26 contract with the administrator or administrators is entered into by the
27 State Treasurer and each year thereafter to the standing reference
28 committees on health and appropriations of the Senate and General
29 Assembly and the Governor on:

30 (1) expenditures related to the provision of health care services
31 on a managed care basis, the number of persons served, the types of
32 services provided, the hospitals participating in the program, the
33 number and types of other health care providers participating in the
34 program and such other information as may be required by the
35 Legislature;

36 (2) the effectiveness of the program in containing or reducing
37 costs for providing health care services to qualified low income
38 residents of the State; and

39 (3) recommendations developed in consultation with the
40 Commissioner of Human Services and the State Treasurer concerning
41 additional cost containment actions that may be adopted for the
42 provision of health care services to qualified low income persons.

43 e. Nothing in this section shall be construed to expand covered
44 health care services to include services not covered by the charity care
45 program in effect on the effective date of this act.

46 f. The implementation of the health care program pursuant to this

1 section or other subsidies for charity care that affect the Medicaid
2 State plan shall be contingent upon receipt of federal approvals that
3 assure continuation of an acceptable level of federal Medicaid
4 matching funds, including disproportionate share monies, as
5 determined by the Director of the Division of Medical Assistance and
6 Health Services in the Department of Human Services and the Director
7 of the Division of Budget and Accounting in the Department of the
8 Treasury.

9
10 9. (New section) The Commissioner of Health, in consultation
11 with the State Treasurer, shall establish a technology infrastructure to
12 support the Statewide health care program established pursuant to
13 section 8 of P.L. , c. (C.)(pending before the Legislature as this
14 bill).

15 The State Treasurer, in consultation with the Commissioners of
16 Health and Human Services may, if deemed to be in the State's best
17 interests, include system features and provisions in the technology
18 infrastructure to satisfy the requirements of multiple programs and
19 purposes, including, but not limited to, programs such as, Medicaid,
20 food stamps, public assistance, and purposes such as the exchange and
21 consolidation of health care information permitted by law, eligibility
22 and identity verification, claims processing, the use of electronic
23 patient identification technology and electronic data interchange.

24
25 10. (New section) With the exception of the Catastrophic Illness
26 in Children Relief Fund, established pursuant to P.L.1987, c.370
27 (C.26:2-148 et seq.) and the Victims of Crime Compensation Board
28 established pursuant to section 3 of P.L.1971, c.317 (C.52:4B-3), the
29 Health Care Subsidy Fund is the payer of last resort for persons who
30 otherwise qualify for charity care or managed health care services
31 pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.) and P.L. , c.
32 (pending before the Legislature as this bill). A hospital or other health
33 care provider shall not submit a claim for charity care or managed
34 health care services reimbursement on behalf of any individual
35 otherwise eligible for charity care or managed health care services for
36 whom the hospital or other health care provider is eligible to receive
37 reimbursement under any State or federal program not specifically
38 exempted in this section or any other third party payer.

39
40 11. (New section) a. The Health Care Subsidy Fund shall be
41 funded with \$15 million in General Fund revenues in calendar year
42 1996 and \$41 million in General Fund revenues in calendar year 1997.

43 b. In calendar year 1998, the Health Care Subsidy Fund shall be
44 supported with revenues derived from efficiencies achieved by State
45 use of an electronic data interchange system for health care claims and
46 related information, in amounts necessary to provide funding for the

1 health care program pursuant to section 8 of P.L. , c.
2 (C.)(pending before the Legislature as this bill).

3
4 12. (New section) a. The Commissioner of Health shall transfer
5 to the Hospital Health Care Subsidy account in the Division of
6 Medical Assistance and Health Services of the Department of Human
7 Services from the Health Care Subsidy Fund, \$35 million in calendar
8 year 1996 and \$71 million in calendar year 1997, according to a
9 schedule to be determined by the Commissioner of Health in
10 consultation with the Commissioner of Human Services. These funds
11 shall be distributed to eligible disproportionate share hospitals
12 according to a methodology adopted by the Commissioner of Human
13 Services pursuant to N.J.A.C.10:52-8.2, using hospital expenditure
14 data for the most recent calendar year available for reimbursements
15 from these funds.

16 b. In calendar years 1996 and 1997, the Governor shall
17 recommend and the Legislature shall appropriate to the Hospital
18 Health Care Subsidy account for distribution to disproportionate share
19 hospitals which are eligible for reimbursement pursuant to subsection
20 a. of this section, those federal funds received in connection with the
21 provision of hospital reimbursements from that account.

22
23 13. R.S.43:21-7 is amended to read as follows:

24 43:21-7. Contributions. Employers other than governmental
25 entities, whose benefit financing provisions are set forth in section 4
26 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
27 liable for payment in lieu of contributions on the basis set forth in
28 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
29 for the unemployment compensation fund, contributions as set forth
30 in subsections (a), (b) and (c) hereof, and the provisions of subsections
31 (d) and (e) shall be applicable to all employers, consistent with the
32 provisions of the "unemployment compensation law" and the
33 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
34 seq.).

35 (a) Payment.

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

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

1 (b) Rate of contributions. Each employer shall pay the following
2 contributions:

3 (1) For the calendar year 1947, and each calendar year thereafter,
4 2 7/10% of wages paid by him during each such calendar year, except
5 as otherwise prescribed by subsection (c) of this section.

6 (2) The "wages" of any individual, with respect to any one
7 employer, as the term is used in this subsection (b) and in subsections
8 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid
9 during calendar year 1975, for services performed either within or
10 without this State; provided that no contribution shall be required by
11 this State with respect to services performed in another state if such
12 other state imposes contribution liability with respect thereto. If an
13 employer (hereinafter referred to as a successor employer) during any
14 calendar year acquires substantially all the property used in a trade or
15 business of another employer (hereinafter referred to as a
16 predecessor), or used in a separate unit of a trade or business of a
17 predecessor, and immediately after the acquisition employs in his
18 trade or business an individual who immediately prior to the
19 acquisition was employed in the trade or business of such predecessor,
20 then, for the purpose of determining whether the successor employer
21 has paid wages with respect to employment equal to the first
22 \$4,800.00 paid during calendar year 1975, any wages paid to such
23 individual by such predecessor during such calendar year and prior to
24 such acquisition shall be considered as having been paid by such
25 successor employer.

26 (3) For calendar years beginning on and after January 1, 1976, the
27 "wages" of any individual, as defined in the preceding paragraph (2)
28 of this subsection (b), shall be established and promulgated by the
29 Commissioner of Labor on or before September 1 of the preceding
30 year and shall be 28 times the Statewide average weekly remuneration
31 paid to workers by employers, as determined under R.S.43:21-3(c),
32 raised to the next higher multiple of \$100.00 if not already a multiple
33 thereof, provided that if the amount of wages so determined for a
34 calendar year is less than the amount similarly determined for the
35 preceding year, the greater amount will be used; provided, further, that
36 if the amount of such wages so determined does not equal or exceed
37 the amount of wages as defined in subsection (b) of section 3306 of
38 the Federal Unemployment Tax Act, Chapter 23 of the Internal
39 Revenue Code of 1986 (26 U.S.C. §3306(b)), the wages as determined
40 in this paragraph in any calendar year shall be raised to equal the
41 amount established under the Federal Unemployment Tax Act for that
42 calendar year.

43 (c) Future rates based on benefit experience.

44 (1) A separate account for each employer shall be maintained and
45 this shall be credited with all the contributions which he has paid on
46 his own behalf on or before January 31 of any calendar year with

1 respect to employment occurring in the preceding calendar year;
2 provided, however, that if January 31 of any calendar year falls on a
3 Saturday or Sunday, an employer's account shall be credited as of
4 January 31 of such calendar year with all the contributions which he
5 has paid on or before the next succeeding day which is not a Saturday
6 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be
7 construed to grant any employer or individuals in his service prior
8 claims or rights to the amounts paid by him into the fund either on his
9 own behalf or on behalf of such individuals. Benefits paid with respect
10 to benefit years commencing on and after January 1, 1953, to any
11 individual on or before December 31 of any calendar year with respect
12 to unemployment in such calendar year and in preceding calendar years
13 shall be charged against the account or accounts of the employer or
14 employers in whose employment such individual established base
15 weeks constituting the basis of such benefits. Benefits paid under a
16 given benefit determination shall be charged against the account of the
17 employer to whom such determination relates. When each benefit
18 payment is made, either a copy of the benefit check or other form of
19 notification shall be promptly sent to the employer against whose
20 account the benefits are to be charged. Such copy or notification shall
21 identify the employer against whose account the amount of such
22 payment is being charged, shall show at least the name and social
23 security account number of the claimant and shall specify the period
24 of unemployment to which said check applies. If the total amount of
25 benefits paid to a claimant and charged to the account of the
26 appropriate employer exceeds 50% of the total base year, base week
27 wages paid to the claimant by that employer, then such employer shall
28 have canceled from his account such excess benefit charges as
29 specified above.

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

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

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

43 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2
44 8/10%, except as otherwise provided in the following provisions. No
45 employer's rate for the 12 months commencing July 1 of any calendar
46 year shall be other than 2 8/10%, unless as of the preceding January 31

1 such employer shall have paid contributions with respect to wages paid
2 in each of the three calendar years immediately preceding such year,
3 in which case such employer's rate for the 12 months commencing July
4 1 of any calendar year shall be determined on the basis of his record up
5 to the beginning of such calendar year. If, at the beginning of such
6 calendar year, the total of all his contributions, paid on his own behalf,
7 for all past years exceeds the total benefits charged to his account for
8 all such years, his contribution rate shall be:

9 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
10 5%, of his average annual payroll (as defined in paragraph (2),
11 subsection (a) of R.S.43:21-19);

12 (2) $2\frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less than
13 6%, of his average annual payroll;

14 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
15 7%, of his average annual payroll;

16 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
17 8%, of his average annual payroll;

18 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
19 9%, of his average annual payroll;

20 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
21 of his average annual payroll;

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

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

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

30 (1) 4%, if such excess is less than 10% of his average annual
31 payroll;

32 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
33 20%, of his average annual payroll;

34 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
35 annual payroll.

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

41 (i) if the reserve balance in its account is positive, its assigned rate
42 shall be the highest rate in effect for positive balance accounts for that
43 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
44 its account is negative, its assigned rate shall be the highest rate in
45 effect for deficit accounts for that period.

46 (D) The contribution rates prescribed by subparagraphs (A) and

1 (B) of this paragraph (4) shall be increased or decreased in accordance
2 with the provisions of paragraph (5) of this subsection (c) for
3 experience rating periods through June 30, 1986.

4 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March
5 31 of any calendar year the balance in the unemployment trust fund
6 equals or exceeds 4% but is less than 7% of the total taxable wages
7 reported to the controller as of that date in respect to employment
8 during the preceding calendar year, the contribution rate, effective July
9 1 following, of each employer eligible for a contribution rate
10 calculation based upon benefit experience, shall be increased by 3/10
11 of 1% over the contribution rate otherwise established under the
12 provisions of paragraph (3) or (4) of this subsection. If on March 31
13 of any calendar year the balance of the unemployment trust fund
14 exceeds 2 1/2% but is less than 4% of the total taxable wages reported
15 to the controller as of that date in respect to employment during the
16 preceding calendar year, the contribution rate, effective July 1
17 following, of each employer eligible for a contribution rate calculation
18 based upon benefit experience, shall be increased by 6/10 of 1% over
19 the contribution rate otherwise established under the provisions of
20 paragraph (3) or (4) of this subsection.

21 If on March 31 of any calendar year the balance of the
22 unemployment trust fund is less than 2 1/2% of the total taxable wages
23 reported to the controller as of that date in respect to employment
24 during the preceding calendar year, the contribution rate, effective July
25 1 following, of each employer (1) eligible for a contribution rate
26 calculation based upon benefit experience, shall be increased by (i)
27 6/10 of 1% over the contribution rate otherwise established under the
28 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
29 (ii) an additional amount equal to 20% of the total rate established
30 herein, provided, however, that the final contribution rate for each
31 employer shall be computed to the nearest multiple of 1/10% if not
32 already a multiple thereof; (2) not eligible for a contribution rate
33 calculation based upon benefit experience, shall be increased by 6/10
34 of 1% over the contribution rate otherwise established under the
35 provisions of paragraph (4) of this subsection. For the period
36 commencing July 1, 1984 and ending June 30, 1986, the contribution
37 rate for each employer liable to pay contributions under R.S.43:21-7
38 shall be increased by a factor of 10% computed to the nearest multiple
39 of 1/10% if not already a multiple thereof.

40 (B) If on March 31 of any calendar year the balance in the
41 unemployment trust fund equals or exceeds 10% but is less than 12
42 1/2% of the total taxable wages reported to the controller as of that
43 date in respect to employment during the preceding calendar year, the
44 contribution rate, effective July 1 following, of each employer eligible
45 for a contribution rate calculation based upon benefit experience, shall
46 be reduced by 3/10 of 1% under the contribution rate otherwise

1 established under the provisions of paragraphs (3) and (4) of this
2 subsection; provided that in no event shall the contribution rate of any
3 employer be reduced to less than $\frac{4}{10}$ of 1%. If on March 31 of any
4 calendar year the balance in the unemployment trust fund equals or
5 exceeds $12\frac{1}{2}\%$ of the total taxable wages reported to the controller
6 as of that date in respect to employment during the preceding calendar
7 year, the contribution rate, effective July 1 following, of each
8 employer eligible for a contribution rate calculation based upon benefit
9 experience, shall be reduced by $\frac{6}{10}$ of 1% if his account for all past
10 periods reflects an excess of contributions paid over total benefits
11 charged of 3% or more of his average annual payroll, otherwise by
12 $\frac{3}{10}$ of 1% under the contribution rate otherwise established under the
13 provisions of paragraphs (3) and (4) of this subsection; provided that
14 in no event shall the contribution rate of any employer be reduced to
15 less than $\frac{4}{10}$ of 1%.

16 (C) The "balance" in the unemployment trust fund, as the term is
17 used in subparagraphs (A) and (B) above, shall not include moneys
18 credited to the State's account under section 903 of the Social Security
19 Act, as amended (42 U.S.C. §1103), during any period in which such
20 moneys are appropriated for the payment of expenses incurred in the
21 administration of the "unemployment compensation law."

22 (D) Prior to July 1 of each calendar year the controller shall
23 determine the Unemployment Trust Reserve Ratio, which shall be
24 calculated by dividing the balance of the unemployment trust fund as
25 of the prior March 31 by total taxable wages reported to the controller
26 by all employers as of March 31 with respect to their employment
27 during the last calendar year.

28 (E) (i) With respect to experience rating years beginning on or
29 after July 1, 1986 and before July 1, 1997, the new employer rate or
30 the unemployment experience rate of an employer under this section
31 shall be the rate which appears in the column headed by the
32 Unemployment Trust Fund Reserve Ratio as of the applicable
33 calculation date and on the line with the Employer Reserve Ratio, as
34 defined in paragraph 4 of this subsection (R.S.43:21-7 (c)(4)), as set
35 forth in the following table:

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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).

(ii) With respect to experience rating years beginning on or after July 1, 1997, the new employer rate or the unemployment experience rate of an employer under this section shall be the rate which appears in the column headed by the Unemployment Trust Fund Reserve Ratio as of the applicable calculation date and on the line with the Employer Reserve Ratio, as defined in paragraph 4 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLE

	<u>Fund Reserve Ratio¹</u>				
	<u>5.00%</u>	<u>4.00%</u>	<u>3.00%</u>	<u>2.00%</u>	<u>1.99%</u>
<u>Employer</u>	<u>and</u>	<u>to</u>	<u>to</u>	<u>to</u>	<u>and</u>
<u>Reserve</u>	<u>Over</u>	<u>4.99%</u>	<u>3.99%</u>	<u>2.99%</u>	<u>Under</u>
<u>Ratio²</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Positive Reserve Ratio:</u>					
<u>17% and over</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>1.2</u>
<u>16.00% to 16.99%</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
<u>15.00% to 15.99%</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>
<u>14.00% to 14.99%</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>1.2</u>
<u>13.00% to 13.99%</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.2</u>
<u>12.00% to 12.99%</u>	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>
<u>11.00% to 11.99%</u>	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>
<u>10.00% to 10.99%</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
<u>9.00% to 9.99%</u>	<u>1.0</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>
<u>8.00% to 8.99%</u>	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
<u>7.00% to 7.99%</u>	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
<u>6.00% to 6.99%</u>	<u>1.7</u>	<u>2.1</u>	<u>2.5</u>	<u>2.8</u>	<u>3.0</u>
<u>5.00% to 5.99%</u>	<u>1.9</u>	<u>2.4</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>
<u>4.00% to 4.99%</u>	<u>2.0</u>	<u>2.6</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>
<u>3.00% to 3.99%</u>	<u>2.1</u>	<u>2.7</u>	<u>3.2</u>	<u>3.6</u>	<u>3.9</u>
<u>2.00% to 2.99%</u>	<u>2.2</u>	<u>2.8</u>	<u>3.3</u>	<u>3.7</u>	<u>4.0</u>
<u>1.00% to 1.99%</u>	<u>2.3</u>	<u>2.9</u>	<u>3.4</u>	<u>3.8</u>	<u>4.1</u>
<u>0.00% to 0.99%</u>	<u>2.4</u>	<u>3.0</u>	<u>3.6</u>	<u>4.0</u>	<u>4.3</u>
<u>Deficit Reserve Ratio:</u>					
<u>-0.00% to -2.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.6</u>	<u>6.1</u>
<u>-3.00% to -5.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.7</u>	<u>6.2</u>
<u>-6.00% to -8.99%</u>	<u>3.5</u>	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>	<u>6.3</u>
<u>-9.00% to -11.99%</u>	<u>3.5</u>	<u>4.5</u>	<u>5.3</u>	<u>5.9</u>	<u>6.4</u>
<u>-12.00% to -14.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>
<u>-15.00% to -19.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.5</u>	<u>6.1</u>	<u>6.6</u>
<u>-20.00% to -24.99%</u>	<u>3.7</u>	<u>4.7</u>	<u>5.6</u>	<u>6.2</u>	<u>6.7</u>
<u>-25.00% to -29.99%</u>	<u>3.7</u>	<u>4.8</u>	<u>5.6</u>	<u>6.3</u>	<u>6.8</u>
<u>-30.00% to -34.99%</u>	<u>3.8</u>	<u>4.8</u>	<u>5.7</u>	<u>6.3</u>	<u>6.9</u>
<u>-35.00% and under</u>	<u>5.4</u>	<u>5.4</u>	<u>5.8</u>	<u>6.4</u>	<u>7.0</u>
<u>New Employer Rate</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>

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) (i) With respect to experience rating years beginning on or after July 1, 1986 and before July 1, 1997, 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.

(ii) With respect to experience rating years beginning on or after July 1, 1997, if the fund reserve ratio, based on the fund balance as of the prior

1 March 31, is less than 1.00%, the contribution rate for each employer
2 liable to pay contributions, as computed under subparagraph E of this
3 paragraph (5), shall be increased by a factor of 10% computed to the
4 nearest multiple of 1/10% if not already a multiple thereof.

5 (G) On or after January 1, 1993, notwithstanding any other provisions
6 of this paragraph (5), the contribution rate for each employer liable to pay
7 contributions, as computed under subparagraph (E) of this paragraph (5),
8 shall be decreased by 0.1%, except that, during any experience rating year
9 in which the fund reserve ratio is equal to or greater than 7.00%, there
10 shall be no decrease pursuant to this subparagraph (G) in the contribution
11 of any employer who has a deficit reserve ratio of negative 35.00% or
12 under.

13 (H) On or after January 1, 1993 until December 31, 1993,
14 notwithstanding any other provisions of this paragraph (5), the
15 contribution rate for each employer liable to pay contributions, as
16 computed under subparagraph (E) of this paragraph (5), shall be decreased
17 by a factor of 52.0% computed to the nearest multiple of 1/10%, except
18 that, if an employer has a deficit reserve ratio of negative 35.0% or under,
19 the employer's rate of contribution shall not be reduced pursuant to this
20 subparagraph (H) to less than 5.4%. The amount of the reduction in the
21 employer contributions stipulated by this subparagraph (H) shall be in
22 addition to the amount of the reduction in the employer contributions
23 stipulated by subparagraph (G) of this paragraph (5), except that the rate
24 of contribution of an employer who has a deficit reserve ratio of negative
25 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
26 less than 5.4% and the rate of contribution of any other employer shall not
27 be reduced to less than 0.0%.

28 On or after January 1, 1994 until December 31, 1995, except as
29 provided pursuant to subparagraph (I) of this paragraph (5),
30 notwithstanding any other provisions of this paragraph (5), the
31 contribution rate for each employer liable to pay contributions, as
32 computed under subparagraph (E) of this paragraph (5), shall be decreased
33 by a factor of 36.0% computed to the nearest multiple of 1/10%, except
34 that, if an employer has a deficit reserve ratio of negative 35.0% or under,
35 the employer's rate of contribution shall not be reduced pursuant to this
36 subparagraph (H) to less than 5.4%. The amount of the reduction in the
37 employer contributions stipulated by this subparagraph (H) shall be in
38 addition to the amount of the reduction in the employer contributions
39 stipulated by subparagraph (G) of this paragraph (5), except that the rate
40 of contribution of an employer who has a deficit reserve ratio of negative
41 35.0% or under shall not be reduced pursuant to this subparagraph (H)
42 to less than 5.4% and the rate of contribution of any other employer shall
43 not be reduced to less than 0.0%.

44 On or after April 1, 1996 until December 31, 1996, the contribution
45 rate for each employer liable to pay contributions, as computed under
46 subparagraph (E) of this paragraph (5), shall be decreased by a factor of

1 25.0% computed to the nearest multiple of 1/10%, except that, if an
2 employer has a deficit reserve ratio of negative 35.0% or under, the
3 employer's rate of contribution shall not be reduced pursuant to this
4 subparagraph (H) to less than 5.4%. The amount of the reduction in the
5 employer contributions stipulated by this subparagraph (H) shall be in
6 addition to the amount of the reduction in the employer contributions
7 stipulated by subparagraph (G) of this paragraph (5), except that the rate
8 of contribution of an employer who has a deficit reserve ratio of negative
9 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
10 less than 5.4% and the rate of contribution of any other employer shall not
11 be reduced to less than 0.0%.

12 On or after January 1, 1997 until December 31, 1997, the contribution
13 rate for each employer liable to pay contributions, as computed under
14 subparagraph (E) of this paragraph (5), shall be decreased by a factor of
15 10.0% computed to the nearest multiple of 1/10%, except that, if an
16 employer has a deficit reserve ratio of negative 35.0% or under, the
17 employer's rate of contribution shall not be reduced pursuant to this
18 subparagraph (H) to less than 5.4%. The amount of the reduction in the
19 employer contributions stipulated by this subparagraph (H) shall be in
20 addition to the amount of the reduction in the employer contributions
21 stipulated by subparagraph (G) of this paragraph (5), except that the rate
22 of contribution of an employer who has a deficit reserve ratio of negative
23 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
24 less than 5.4% and the rate of contribution of any other employer shall not
25 be reduced to less than 0.0%.

26 (I) If the fund reserve ratio decreases to a level of less than 4.00% on
27 March 31 of calendar year 1994 or calendar year 1995, the provisions of
28 subparagraph (H) of this paragraph (5) shall cease to be in effect as of July
29 1 of that calendar year.

30 If, upon calculating the unemployment compensation fund reserve ratio
31 pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1998, the controller
32 finds that the fund reserve ratio has decreased to a level of less than
33 3.00%, the Commissioner of Labor shall notify the State Treasurer of this
34 fact and of the dollar amount necessary to bring the fund reserve ratio up
35 to a level of 3.00%. The State Treasurer shall, prior to March 31, 1998,
36 transfer from the General Fund to the unemployment compensation fund,
37 revenues in the amount specified by the commissioner and which, upon
38 deposit in the unemployment compensation fund, shall result, upon
39 recalculation, in a fund reserve ratio used to determine employer
40 contributions beginning July 1, 1998 of at least 3.00%.

41 If, upon calculating the unemployment compensation fund reserve ratio
42 pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1999, the controller
43 finds that the fund reserve ratio has decreased to a level of less than
44 3.00%, the Commissioner of Labor shall notify the State Treasurer of this
45 fact and of the dollar amount necessary to bring the fund reserve ratio up
46 to a level of 3.00%. The State Treasurer shall, prior to March 31, 1999,

1 transfer from the General Fund to the unemployment compensation fund,
2 revenues in the amount specified by the commissioner and which, upon
3 deposit in the unemployment compensation fund, shall result, upon
4 recalculation, in a fund reserve ratio used to determine employer
5 contributions beginning July 1, 1999 of at least 3.00%.

6 (6) Additional contributions.

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

27 (7) Transfers.

28 (A) Upon the transfer of the organization, trade or business, or
29 substantially all the assets of an employer to a successor in interest,
30 whether by merger, consolidation, sale, transfer, descent or otherwise, the
31 controller shall transfer the employment experience of the predecessor
32 employer to the successor in interest, including credit for past years,
33 contributions paid, annual payrolls, benefit charges, et cetera, applicable
34 to such predecessor employer, pursuant to regulation, if it is determined
35 that the employment experience of the predecessor employer with respect
36 to the organization, trade, assets or business which has been transferred
37 may be considered indicative of the future employment experience of the
38 successor in interest. Unless the predecessor employer was owned or
39 controlled (by legally enforceable means or otherwise), directly or
40 indirectly, by the successor in interest, or the predecessor employer and
41 the successor in interest were owned or controlled (by legally enforceable
42 means or otherwise), directly or indirectly, by the same interest or
43 interests, the transfer of the employment experience of the predecessor
44 shall not be effective if such successor in interest, within four months of
45 the date of such transfer of the organization, trade, assets or business, or
46 thereafter upon good cause shown, files a written notice protesting the

1 transfer of the employment experience of the predecessor employer.

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

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

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

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

43 (B) Effective January 1, 1978 there shall be no contributions by
44 workers in the employ of any governmental or nongovernmental employer
45 electing or required to make payments in lieu of contributions unless the
46 employer is covered by the State plan under the "Temporary Disability

1 Benefits Law" (C.43:21-37 et seq.), and in that case contributions shall be
2 at the rate of 1/2 of 1%, except that commencing July 1, 1986, workers
3 in the employ of any nongovernmental employer electing or required to
4 make payments in lieu of contributions shall be required to make
5 contributions to the fund at the same rate prescribed for workers of other
6 nongovernmental employers.

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

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

32 (D) Notwithstanding any other provisions of this paragraph (1), during
33 the period starting January 1, 1993 and ending June 30, 1994, each worker
34 shall contribute to the unemployment compensation fund 0.5% of wages
35 paid with respect to the worker's employment with a governmental
36 employer electing or required to pay contributions or nongovernmental
37 employer, including a nonprofit organization which is an employer as
38 defined under paragraph 6 of subsection (h) of R.S.43:21-19, regardless
39 of whether that nonprofit organization elects or is required to finance its
40 benefit costs with contributions to the fund or by payments in lieu of
41 contributions, after that employer has satisfied the conditions set forth in
42 subsection (h) of R.S.43:21-19 with respect to becoming an employer. No
43 contributions, however, shall be made by the worker while the worker is
44 covered by an approved private plan under the "Temporary Disability
45 Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker
46 is exempt under section 7 of P.L.1948, c.110 (C.43:21-31) or any other

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

11 Each worker shall, starting on January 1, 1996 and ending March 31,
12 1996, contribute to the unemployment compensation fund 0.60% of wages
13 paid with respect to the worker's employment with a governmental
14 employer electing or required to pay contributions or nongovernmental
15 employer, including a nonprofit organization which is an employer as
16 defined under paragraph 6 of subsection (h) of R.S.43:21-19, regardless
17 of whether that nonprofit organization elects or is required to finance its
18 benefit costs with contributions to the fund or by payments in lieu of
19 contributions, after that employer has satisfied the conditions set forth in
20 subsection (h) of R.S.43:21-19 with respect to becoming an employer,
21 provided that the contributions shall be at the rate of 0.10% of wages paid
22 with respect to employment with the State of New Jersey or any other
23 governmental entity or instrumentality electing or required to make
24 payments in lieu of contributions.

25 Each worker shall, starting on January 1, 1998 contribute to the
26 unemployment compensation fund 0.40% of wages paid with respect to
27 the worker's employment with a governmental employer electing or
28 required to pay contributions or nongovernmental employer, including a
29 nonprofit organization which is an employer as defined under paragraph
30 6 of subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
31 organization elects or is required to finance its benefit costs with
32 contributions to the fund or by payments in lieu of contributions, after that
33 employer has satisfied the conditions set forth in subsection (h) of
34 R.S.43:21-19 with respect to becoming an employer, provided that the
35 contributions shall be at the rate of 0.10% of wages paid with respect to
36 employment with the State of New Jersey or any other governmental
37 entity or instrumentality electing or required to make payments in lieu of
38 contributions.

39 (E) Each employer shall, notwithstanding any provision of law in this
40 State to the contrary, withhold in trust the amount of his workers'
41 contributions from their wages at the time such wages are paid, shall show
42 such deduction on his payroll records, shall furnish such evidence thereof
43 to his workers as the division or controller may prescribe, and shall
44 transmit all such contributions, in addition to his own contributions, to the
45 office of the controller in such manner and at such times as may be
46 prescribed. If any employer fails to deduct the contributions of any of his

1 workers at the time their wages are paid, or fails to make a deduction
2 therefor at the time wages are paid for the next succeeding payroll period,
3 he alone shall thereafter be liable for such contributions, and for the
4 purpose of R.S.43:21-14, such contributions shall be treated as employer's
5 contributions required from him.

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

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

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

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

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

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

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

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

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

30 (3) If an employee receives wages from more than one employer
31 during any calendar year, and either the sum of his contributions deposited
32 in and credited to the State disability benefits fund [(in accordance with
33 paragraph (2) of this subsection)] plus the amount of his contributions, if
34 any, required towards the costs of benefits under one or more approved
35 private plans under the provisions of section 9 of the "Temporary
36 Disability Benefits Law" (C.43:21-33) and deducted from his wages, or
37 the sum of such latter contributions, if the employee is covered during
38 such calendar year only by two or more private plans, exceeds an amount
39 equal to 1/2 of 1% of the "wages" determined in accordance with the
40 provisions of R.S.43:21-7(b)(3) during the calendar years beginning on or
41 after January 1, 1976, the employee shall be entitled to a refund of the
42 excess if he makes a claim to the controller within two years after the end
43 of the calendar year in which the wages are received with respect to which
44 the refund is claimed and establishes his right to such refund. Such refund
45 shall be made by the controller from the State disability benefits fund. No
46 interest shall be allowed or paid with respect to any such refund. The

1 controller shall, in accordance with prescribed regulations, determine the
2 portion of the aggregate amount of such refunds made during any calendar
3 year which is applicable to private plans for which deductions were made
4 under section 9 of the "Temporary Disability Benefits Law," such
5 determination to be based upon the ratio of the amount of such wages
6 exempt from contributions to such fund, as provided in subparagraph (B)
7 of paragraph (1) of this subsection with respect to coverage under private
8 plans, to the total wages so exempt plus the amount of such wages subject
9 to contributions to the disability benefits fund, as provided in
10 subparagraph [(B)] G of paragraph [(2)] 1 of this subsection. The
11 controller shall, in accordance with prescribed regulations, prorate the
12 amount so determined among the applicable private plans in the
13 proportion that the wages covered by each plan bear to the total private
14 plan wages involved in such refunds, and shall assess against and recover
15 from the employer, or the insurer if the insurer has indemnified the
16 employer with respect thereto, the amount so prorated. The provisions of
17 R.S.43:21-14 with respect to collection of employer contributions shall
18 apply to such assessments. The amount so recovered by the controller
19 shall be paid into the State disability benefits fund.

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

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

41 (6) Contributions by workers, payable to the controller as herein
42 provided, shall be exempt from garnishment, attachment, execution, or any
43 other remedy for the collection of debts.

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

45 (1) Except as hereinafter provided, each employer shall, in addition to
46 the contributions required by subsections (a), (b), and (c) of this section,

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

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

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

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

46 (C) The controller may prescribe regulations for the establishment,

1 maintenance, and dissolution of joint accounts by two or more employers,
2 and shall, in accordance with such regulations and upon application by two
3 or more employers to establish such an account, or to merge their several
4 individual accounts in a joint account, maintain such joint account as if it
5 constituted a single employer's account.

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

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

15 (2) If the minimum requirements in (1) above have been fulfilled and
16 the credited contributions exceed the benefits charged by more than
17 \$500.00, such preliminary rate shall be as follows:

18 (i) $\frac{2}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is less than
19 $1\frac{1}{4}\%$ of his average annual payroll (as defined in this chapter
20 (R.S.43:21-1 et seq.));

21 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
22 $\frac{1}{4}\%$ but is less than $1\frac{1}{2}\%$ of his average annual payroll;

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

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

30 (4) If the minimum requirements in (1) above have been fulfilled and
31 the benefits charged exceed the contributions credited by more than
32 \$500.00, such preliminary rate shall be as follows:

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

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

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

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

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

43 (5) Determination of the preliminary rate as specified in (2), (3) and
44 (4) above shall be subject, however, to the condition that it shall in no
45 event be decreased by more than $\frac{1}{10}$ of 1% of wages or increased by
46 more than $\frac{2}{10}$ of 1% of wages from the preliminary rate determined for

1 the preceding year in accordance with (1), (2), (3) or (4), whichever shall
2 have been applicable.

3 (E) (1) Prior to July 1 of each calendar year the controller shall
4 determine the amount of the State disability benefits fund as of December
5 31 of the preceding calendar year, increased by the contributions paid
6 thereto during January of the current calendar year with respect to
7 employment occurring in the preceding calendar year. If such amount
8 exceeds the net amount withdrawn from the unemployment trust fund
9 pursuant to section 23 of the "Temporary Disability Benefits Law,"
10 P.L.1948, c.110 (C.43:21-47) plus the amount at the end of such
11 preceding calendar year of the unemployment disability account (as
12 defined in section 22 of said law (C.43:21-46)), such excess shall be
13 expressed as a percentage of the wages on which contributions were paid
14 to the State disability benefits fund on or before January 31 with respect
15 to employment in the preceding calendar year.

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

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

27 (ii) If the percentage determined in accordance with paragraph (E)(1)
28 of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than $1\frac{1}{4}$ of
29 1% , the final employer rates shall be the preliminary employer rates.

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

41 (iv) If the amount of the State disability benefits fund determined as
42 provided in paragraph (E)(1) of this subsection is equal to or less than $\frac{1}{4}$
43 of 1% , then the final rate shall be $\frac{2}{5}$ of 1% in the case of an employer
44 whose preliminary rate is determined as provided in (D)(2) hereof, $\frac{7}{10}$
45 of 1% in the case of an employer whose preliminary rate is determined as
46 provided in (D)(1) and (D)(3) hereof, and 1.1% in the case of an employer

1 whose preliminary rate is determined as provided in (D)(4) hereof.
2 Notwithstanding any other provision of law or any determination made by
3 the controller with respect to any 12-month period commencing on July
4 1, 1970, the final rates for all employers for the period beginning January
5 1, 1971, shall be as set forth herein.
6 (cf: P.L.1995, c.422, s.1)

7

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

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

15 Beginning April 1, 1996 through December 31, 1996, each employee
16 shall, in such a manner and at such times as determined by the
17 commissioner, contribute to the fund an amount equal to 0.6% of the
18 employee's taxable wages, except that the total amount contributed to the
19 fund when combined with the employee's contribution made pursuant to
20 R.S.43:31-7(d)(1)(D) for the period January 1, 1996 through March 31,
21 1996, shall not exceed 0.6% of the employee's taxable wages for the
22 1996 calendar year.

23 Beginning January 1, 1997 through December 31, 1997, each
24 employee shall, in such a manner and at such times as determined by the
25 commissioner, contribute to the fund an amount equal to 0.5% of the
26 employee's taxable wages.

27 Also beginning on January 1, 1993 until December 31, 1995 [, except
28 as provided pursuant to subsection b. of this section] and beginning April
29 1, 1996 until December 31, 1997, each employer shall, in such a manner
30 and at such times as determined by the commissioner, contribute to the
31 fund an amount equal to the amount that the employer's contribution to
32 the unemployment compensation fund is decreased pursuant to
33 subparagraph (H) of paragraph (5) of subsection (c) of R.S.43:21-7.

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

44 c. If the total amount of contributions to the fund pursuant to this
45 section during the calendar year 1993 exceeds \$600 million, all
46 contributions which exceed \$600 million shall be deposited in the

1 unemployment compensation fund. If the total amount of contributions
2 to the fund pursuant to this section during calendar year 1994 or calendar
3 year 1995 exceeds \$500 million, all contributions which exceed \$500
4 million shall be deposited in the unemployment compensation fund. If the
5 total amount of contributions made to the fund pursuant to this section for
6 the calendar year 1996 or 1997 exceeds \$330 million, all contributions
7 which exceed \$330 million in calendar year 1996 or 1997 shall be
8 deposited in the unemployment compensation fund.

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

12

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

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

25 If an employee receives wages from more than one employer during the
26 calendar year 1996 and the sum of the employee's contributions deposited
27 in the unemployment compensation fund during the period January 1,
28 1996 through March 31, 1996 and the employee's contributions deposited
29 in the health care subsidy fund during the period April 1, 1996 through
30 December 31, 1996 exceeds an amount equal to 0.6% of the wages
31 determined in accordance with the provisions of paragraph (3) of
32 subsection (b) of R.S.43:21-7 which wages are received during the period
33 January 1, 1996 through December 31, 1996, the employee shall be
34 entitled to a refund of the excess if a claim establishing the employee's
35 right to the refund is made within two years after the end of the respective
36 calendar year in which the wages are received and are the subject of the
37 claim. The commissioner shall refund any overpayment without interest
38 from the unemployment compensation fund or the health care subsidy
39 fund, or both, as appropriate.

40 If an employee receives wages from more than one employer during the
41 calendar year 1997, and the sum of the employee's contributions deposited
42 in the fund exceeds an amount equal to 0.5% of the wages determined in
43 accordance with the provisions of paragraph (3) of subsection (b) of
44 R.S.43:21-7 during calendar year 1997, the employee shall be entitled to
45 a refund of the excess if a claim establishing the employee's right to the
46 refund is made within two years after the end of the respective calendar

1 year in which the wages are received and are the subject of the claim. The
2 commissioner shall refund any overpayment from the fund without
3 interest.

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

17

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

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

28 (b) Any governmental entity or instrumentality may, as an alternative
29 to financing benefits by payments in lieu of contributions, elect to pay
30 contributions beginning with the date on which its subjectivity begins by
31 filing written notice of its election with the department no later than 120
32 days after such subjectivity begins, provided that such election shall be
33 effective for at least two full calendar years; or it may elect to pay
34 contributions for a period of not less than two calendar years beginning
35 January 1 of any year if written notice of such election is filed with the
36 department not later than February 1 of such year; provided, further, that
37 such governmental entity or instrumentality shall remain liable for
38 payments in lieu of contributions with respect to all benefits paid based on
39 base year wages earned in the employ of such entity or instrumentality in
40 the period during which it financed its benefits by payments in lieu of
41 contributions.

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

1 termination.

2 (d) Any governmental entity or instrumentality electing the option for
3 contributions financing shall report and pay contributions in accordance
4 with the provisions of R.S.43:21-7 except that, notwithstanding the
5 provisions of that section, the contribution rate for such governmental
6 entity or instrumentality shall be 1% for the entire calendar year 1978 and
7 the contribution rate for any subsequent calendar years shall be the rate
8 established for governmental entities or instrumentalities under subsection
9 (e) of this section.

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

17 (f) Any covered governmental entity or instrumentality electing to pay
18 contributions shall each year appropriate, out of its general funds, moneys
19 to pay the projected costs of benefits at the rate determined under
20 subsection (e) of this section. These funds shall be held in a trust fund
21 maintained by the governmental entity for this purpose. Any surplus
22 remaining in this trust fund may be retained in reserve for payment of
23 benefit costs for subsequent years either by contributions or payments in
24 lieu of contributions.

25 (g) Any governmental entity or instrumentality electing to finance
26 benefit costs with payments in lieu of contributions shall pay into the fund
27 an amount equal to all benefit costs for which it is liable pursuant to the
28 provisions of the "unemployment compensation law." Each subject
29 governmental entity or instrumentality shall require payments from its
30 workers in the same manner and amount as prescribed under
31 R.S.43:21-7(d) for governmental entities and instrumentalities financing
32 their benefit costs with contributions. No such payment shall be used for
33 a purpose other than to meet the benefits liability of such governmental
34 entity or instrumentality. In addition, each subject governmental entity or
35 instrumentality shall appropriate out of its general funds sufficient moneys
36 which, in addition to any worker payments it requires, are necessary to
37 pay its annual benefit costs estimated on the basis of its past benefit cost
38 experience; provided that for its first year of coverage, its benefit costs
39 shall be deemed to require an appropriation equal to 1% of the projected
40 total of its taxable wages for the year. These appropriated moneys and
41 worker payments shall be held in a trust fund maintained by the
42 governmental entity or instrumentality for this purpose. Any surplus
43 remaining in this trust fund shall be retained in reserve for payment of
44 benefit costs in subsequent years. If a governmental entity or
45 instrumentality requires its workers to make payments as authorized
46 herein, such workers shall not be subject to the contributions required in

1 R.S.43:21-7(d).

2 (h) Notwithstanding the provisions of the above subsection (g),
3 commencing July 1, 1986 worker contributions to the unemployment trust
4 fund with respect to wages paid by any governmental entity or
5 instrumentality electing or required to make payments in lieu of
6 contributions, including the State of New Jersey, shall be made in
7 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
8 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each governmental
9 entity or instrumentality electing or required to make payments in lieu of
10 contributions shall, except during the period starting January 1, 1993 and
11 ending December 31, 1995 and the period starting April 1, 1996 and
12 ending December 31, 1996 or, if the unemployment compensation fund
13 reserve ratio, as determined pursuant to paragraph (5) of subsection (c)
14 of R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
15 calendar year 1994 or calendar year 1995, ending July 1 of that calendar
16 year, require payments from its workers at the [rate of 0.50%] following
17 rates of wages paid, which amounts are to be held in the trust fund
18 maintained by the governmental entity or instrumentality for payment of
19 benefit costs: for calendar year 1998 and each calendar year thereafter,
20 0.30%.

21 (cf: P.L1992, c.205, s.1)

22

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

25 1. Any employee who is paid wages by two or more employers
26 aggregating more than [\$3,000.00 during any calendar year prior to
27 January 1, 1968, \$3,600.00 during any calendar year commencing on or
28 after January 1, 1968 and prior to January 1, 1972, \$4,200.00 during any
29 calendar year commencing on or after January 1, 1972 and prior to
30 January 1, 1975, or \$4,800.00 during any calendar year commencing on
31 or after January 1, 1975, and prior to January 1, 1976, and thereafter] the
32 amount of "wages" determined in accordance with the provisions of
33 R.S.43:21-7(b)(3) shall be entitled to a refund of the amount of
34 contributions deducted from such wages and paid to the Division of
35 Employment Security in excess of the contribution which is determined
36 pursuant to R.S.43:21-7(d)(1)(D) required on [\$3,000.00 of such wages
37 paid during any calendar year prior to January 1, 1968, \$3,600.00 during
38 any calendar year commencing on or after January 1, 1968 and prior to
39 January 1, 1972, \$4,200.00 during any calendar year commencing on or
40 after January 1, 1972 and prior to January 1, 1975, or \$4,800.00 during
41 any calendar year commencing on or after January 1, 1975, and prior to
42 January 1, 1976, and thereafter] the amount of "wages" determined in
43 accordance with the provisions of R.S.43:21-7(b)(3) except that no such
44 refund shall be made unless the employee makes a claim, establishing his
45 right thereto, within 2 years after the calendar year in which the wages are
46 paid with respect to which refund of contribution is claimed. No interest

1 shall be allowed or paid with respect to any such refund.

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

3

4 18. This act shall take effect immediately and shall be retroactive to

5 January 1, 1996.

6

7

8

9

10 Provides funding for charity care subsidies and establishes health care
11 program for low income persons.