

ASSEMBLY, No. 1590

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 22, 1996

By Assemblywoman VANDERVALK and Assemblyman  
FELICE

1 AN ACT providing funding for hospital charity care subsidies and other  
2 purposes, revising parts of the statutory law, and making an  
3 appropriation.  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
7

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

10 2. As used in sections 1 through 17 of [this act and] P.L.1992,  
11 c.160 (C.26:2H-18.51 through 26:2H-18.67), sections 12 through 15  
12 of P.L.1995, c.133 (C.26:2H-18.59a through C.26:2H-18.59d) and  
13 sections 7 through 14 of P.L. , c. (C. )(pending before the  
14 Legislature as this bill):

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

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

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

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

26 "Commissioner" means the Commissioner of Health.

27 "Department" means the Department of Health.

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

31 "Disproportionate share payment" means those payments made by  
32 the Division of Medical Assistance and Health Services in the  
33 Department of Human Services to hospitals defined as

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

**Matter underlined thus is new matter.**

1 disproportionate share hospitals by the Commissioner of Human  
2 Services in accordance with federal laws and regulations applicable to  
3 hospitals serving a disproportionate number of low income patients.

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

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

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

11 "Medicare" means the program established pursuant to Pub.L.89-97  
12 (42 U.S.C.§1395 et seq.).

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

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

20 "Preliminary cost base" means the preliminary cost base defined in  
21 section 2 of P.L.1971, c.136 (C.26:2H-2), as determined by the  
22 Hospital Rate Setting Commission.  
23 (cf: P.L.1995, c.133, s.1)

24

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

27 5. The commissioner shall:

28 a. Administer the fund and establish a mechanism to allocate  
29 monies received from the Commissioner of Labor pursuant to section  
30 29 of P.L.1992, c.160 (C.43:21-7b) to the appropriate accounts in the  
31 fund as specified in this act;

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

38 c. Establish a schedule of payments for reimbursement of the  
39 charity care component of the disproportionate share payment for  
40 services provided to emergency room patients who do not require  
41 those services on an emergency basis;

42 d. In cooperation with the Departments of Insurance and Human  
43 Services, develop and provide for the implementation of the Health  
44 Access New Jersey program pursuant to section 15 of [this act]  
45 P.L.1992, c.160 (C.26:2H-18.65);

46 e. Study and, if feasible, establish hospital cost and outcome

- 1 reports to provide assistance to consumers of health care in this State  
2 in making prudent health care choices;
- 3 f. Compile demographic information on recipients of, and types of  
4 services paid for by, the charity care component of the  
5 disproportionate share payment and periodically report a summary of  
6 this information to the Governor and Legislature. The demographic  
7 information shall include, at a minimum, the recipient's age, sex,  
8 marital status, employment status, type of health insurance coverage,  
9 if any, and if the recipient is a child under 18 years of age who does  
10 not have health insurance coverage or a married person who does not  
11 have health insurance coverage, whether the child's parent or the  
12 married person's spouse, as the case may be, has health insurance;
- 13 g. (Deleted by amendment, P.L.1995, c.133.)
- 14 h. (Deleted by amendment, P.L.1995, c.133.)
- 15 i. (Deleted by amendment, P.L.1995, c.133.)
- 16 j. (Deleted by amendment, P.L.1995, c.133.)
- 17 k. (Deleted by amendment, P.L.1995, c.133.)
- 18 l. Encourage the use of centralized data storage and transmission  
19 technology that utilizes personal and image identification systems as  
20 well as identity verification technology for the purposes of enabling a  
21 hospital to access medical history, insurance information and other  
22 personal information, as appropriate;
- 23 m. (Deleted by amendment, P.L.1995, c.133.)
- 24 n. (Deleted by amendment, P.L.1995, c.133.)
- 25 o. Take such other actions as the commissioner deems necessary  
26 and appropriate to carry out the provisions of P.L.1992, c.160  
27 (C.26:2H-18.51 et al.); and
- 28 p. Report annually, by December 31 of each year, to the Governor  
29 and the [Legislature] Senate and General Assembly standing reference  
30 committees on budget and appropriations on the status of the fund and  
31 include the amount of any balances in the fund and the expected  
32 expenditures from the fund in the next calendar year.  
33 (cf: P.L.1995, c.133, s.2)
- 34
- 35 3. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to  
36 read as follows:
- 37 8. There is established the Health Care Subsidy Fund in the  
38 Department of Health.
- 39 a. The fund shall be comprised of revenues from employee and  
40 employer contributions made pursuant to section 29 of P.L.1992,  
41 c.160 (C.43:21-7b), revenues pursuant to sections 11 and 12 of  
42 P.L. , c. (C. )(pending before the Legislature as this bill),  
43 revenues from the hospital assessment made pursuant to section 12 of  
44 [this act] P.L.1992, c.160 (C.26:2H-18.62), revenues from interest  
45 and penalties collected pursuant to [this act] P.L.1992, c.160  
46 (C.26:2H-18.51 et al.) and revenues from such other sources as the

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

3 The fund shall be a nonlapsing fund dedicated for use by the State  
4 to: (1) distribute charity care disproportionate share payments to  
5 hospitals, [and] distribute other uncompensated care disproportionate  
6 share payments to hospitals pursuant to section 11 of P.L.1992, c.160  
7 (C.26:2H-18.61), and provide subsidies for the Health Access New  
8 Jersey program established pursuant to section 15 of [this act]  
9 P.L.1992, c.160 (C.26:2H-18.65); and (2) assist hospitals and other  
10 health care facilities in the underwriting of innovative and necessary  
11 health care services.

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

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

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

26 d. The administrator shall establish separate accounts for the  
27 charity care component of the disproportionate share hospital subsidy,  
28 other uncompensated care component of the disproportionate share  
29 hospital subsidy for monies distributed pursuant to section 11 of  
30 P.L.1992, c.160 (C.26:2H-18.61), hospital and other health care  
31 initiatives funding and the payments for subsidies for insurance  
32 premiums [to provide care in disproportionate share hospitals], known  
33 as the Health Access New Jersey subsidy account, respectively.

34 e. In the event that the charity care component of the  
35 disproportionate share hospital subsidy account has a surplus in a  
36 given year after payments are distributed pursuant to the methodology  
37 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and  
38 section 7 of P.L. , c. (C. )(pending before the Legislature as this  
39 bill) and within the limitations provided in subsection e. of section 9  
40 of P.L.1992, c.160 (C.26:2H-18.59), the [commissioner may  
41 reallocate the surplus monies to the Health Access New Jersey subsidy  
42 account] surplus funds shall lapse to the fund for use in subsequent  
43 years to reduce the amount of revenue needed for appropriation from  
44 the General Fund pursuant to section 12 of P.L. , c. (C. )(pending

1 before the Legislature as this bill).

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

3

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

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

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

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

24 Hospital Specific Approved Uncompensated Care-1991

25 .....

26 Hospital Specific Preliminary Cost Base-1992

27 = Hospital Specific % Uncompensated Care (% UC)

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

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

33 Hospital Specific Approved Uncompensated Care-1991

34 .....

35 Total approved Uncompensated Care All Eligible Hospitals-1991

36 X \$500 million

37 = Maximum Amount of Hospital Specific

38 Charity Care Subsidy for 1993

39 (3) A hospital shall be required to submit all claims for charity care  
40 cost reimbursement, as well as demographic information about the  
41 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 charity  
12 care for 1993 within a time frame established by the department.

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

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

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

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

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

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

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

46 e. The total amount allocated for charity care subsidy payments

1 shall be: in 1994, \$450 million [~~and~~]; in 1995, \$400 million; and in  
2 1996 and each year thereafter, no more than \$300 million. Total  
3 payments to hospitals shall not exceed the amount allocated for each  
4 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 charity  
15 care within a time frame established by the commissioner.

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

17

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

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

29 The commissioner shall adopt regulations pursuant to the  
30 "Administrative Procedure Act, " P.L.1968, c.410 (C.52:14B-1 et  
31 seq.) that determine eligibility for the program and the allocation of  
32 all funds in this account.

33 The commissioner shall contract with health insurance carriers,  
34 health maintenance organizations and other appropriate entities in the  
35 State to administer the program.

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

37

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

40 16. The Health Access New Jersey subsidy account shall be  
41 allocated \$50 million in 1995[, \$100 million in 1996, and \$150 million  
42 in 1997] and each year thereafter.

43 (cf: P.L.1995, c.133, s.11)

44

45 7. (New section) a. Beginning January 1, 1996 and for each year  
46 thereafter, the charity care subsidy shall be determined according to

1 the following methodology.

2 If the Statewide total of adjusted charity care is less than available  
3 charity care funding, a hospital's charity care subsidy shall equal its  
4 adjusted charity care.

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

15 Charity care subsidy payments shall be based upon actual  
16 documented hospital charity care.

17 As used in this section:

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

24 For 1996, documented charity care shall equal the audited,  
25 Medicaid-priced amounts reported for the first three quarters of 1995.  
26 This amount shall be multiplied by 1.33 to determine the annualized  
27 1995 charity care amount. For 1997 and subsequent years,  
28 documented charity care shall be equal to the audited Medicaid-priced  
29 amounts for the last quarter two years prior to the payment period and  
30 the first three quarters of the year prior to the payment period;

31 (2) In 1996, the hospital-specific "operating margin" shall be equal  
32 to: the hospital's 1993 and 1994 income from operations minus its  
33 1993 and 1994 charity care subsidies divided by its 1993 and 1994  
34 total operating revenue minus its 1993 and 1994 charity care subsidies.

35 In 1997 and each year thereafter, the hospital-specific "operating  
36 margin" shall be calculated in the same manner as for 1996, but on the  
37 basis of income from operations, total operating revenue and charity  
38 care subsidies data from the three most current years.

39 After calculating each hospital's operating margin, the department  
40 shall determine the Statewide median operating margin;

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

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

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

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

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

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

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

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

30  
31       8. (New section) With the exception of the Catastrophic Illness in  
32       Children Relief Fund, established pursuant to P.L.1987, c.370  
33       (C.26:2-148 et seq.) and the Victims of Crime Compensation Board  
34       established pursuant to section 3 of P.L.1971, c.317 (C.52:4B-3), the  
35       Health Care Subsidy Fund is the payer of last resort for persons who  
36       otherwise qualify for charity care. A hospital shall not submit a claim  
37       for charity care reimbursement on behalf of any individual otherwise  
38       eligible for charity care for whom the hospital has received  
39       reimbursement under any State or federal program not specifically  
40       exempted in this section.

41  
42       9. (New section) a. The Commissioner of Health shall transfer to  
43       the Hospital Health Care Subsidy account in the Division of Medical  
44       Assistance and Health Services of the Department of Human Services  
45       from the Health Care Subsidy Fund, \$50 million in Fiscal Year 1997  
46       and each fiscal year thereafter, according to a schedule to be

1 determined by the Commissioner of Health in consultation with the  
2 Commissioner of Human Services. These funds shall be distributed to  
3 eligible disproportionate share hospitals, subject to the provisions of  
4 subsection b. of this section, according to a methodology adopted by  
5 the Commissioner of Human Services, but using 1992 hospital  
6 expenditure data for services reimbursed from these funds for the  
7 Fiscal Year 1997 distribution.

8 b. Funds distributed pursuant to subsection a. of this section shall  
9 be allocated among the 30 eligible hospitals providing the greatest  
10 dollar volume of care with respect to those services which are eligible  
11 for reimbursement from the Hospital Health Care Subsidy account.

12 c. In Fiscal Year 1997 and each fiscal year thereafter, the Governor  
13 shall recommend and the Legislature shall appropriate to the Hospital  
14 Health Care Subsidy account in the Division of Medical Assistance  
15 and Health Services of the Department of Human Services for  
16 distribution to disproportionate share hospitals which are eligible for  
17 reimbursement pursuant to subsection b. of this section, those federal  
18 funds received in connection with the provision of hospital services  
19 which are reimbursed from that account.

20  
21 10. (New section) The Commissioner of Health shall transfer to  
22 the Division of Alcoholism, Drug Abuse and Addiction Services in the  
23 Department of Health from the Health Care Subsidy Fund, \$10 million  
24 in Fiscal Year 1997 and \$20 million in Fiscal Year 1998 and each fiscal  
25 year thereafter, or such sums as are made available pursuant to section  
26 11 of P.L. , c. (C. )(pending before the Legislature as this  
27 bill), whichever amount is less, according to a schedule to be  
28 determined by the Commissioner of Health, to fund community-based  
29 residential and inpatient drug abuse treatment services.

30  
31 11. (New section) The State Treasurer shall transfer to the Health  
32 Care Subsidy Fund established pursuant to section 8 of P.L.1992,  
33 c.160 (C.26:2H-18.58), revenues generated from third party liability  
34 recoveries by the State for the purposes provided in section 10 of  
35 P.L. , c. (C. )(pending before the Legislature as this bill).

36  
37 12. (New section) The Health Care Subsidy Fund shall be funded  
38 with General Fund revenues in the following amounts: in calendar year  
39 1996, \$13 million; in calendar year 1997, \$68 million; in calendar year  
40 1998, \$168 million; in calendar year 1999, \$268 million; and in  
41 calendar year 2000 and each calendar year thereafter, \$400 million. In  
42 order to provide funding for the Health Care Subsidy Fund in these  
43 amounts, the Governor shall recommend and the Legislature shall  
44 appropriate to the Health Care Subsidy Fund in Fiscal Year 1997 and  
45 each fiscal year thereafter those revenues necessary to effectuate the  
46 purposes of this section.

1 13. (New section) a. The Commissioner of Health shall conduct  
2 a study of the feasibility of such policy options as privatizing the  
3 charity care subsidy program and delivering charity care services  
4 through a managed care network which includes both inpatient and  
5 outpatient services, and shall report on the findings and  
6 recommendations of that study to the Governor and the Legislature  
7 no later than eight months after the enactment of P.L. , c. (C. )  
8 (pending before the Legislature as this bill).

9 b. The Health Information Electronic Data Interchange Policy  
10 Council established pursuant to P.L. , c. (C. )(pending  
11 before the Legislature as Senate Bill No. 50 or Assembly Bill No. 1476  
12 of 1996), shall conduct a study of the feasibility of utilizing  
13 administrative cost savings accruing from the adoption of health care  
14 information electronic data interchange technology to reduce the need  
15 for General Fund appropriations to fund the Health Care Subsidy  
16 Fund, and shall report on the findings and recommendations of that  
17 study to the Governor and the Legislature no later than eight months  
18 after the enactment of P.L. , c. (C. )(pending before the  
19 Legislature as Senate Bill No. 50 or Assembly Bill No. 1476 of 1996).

20 c. The Commissioner of Health shall conduct a study of the  
21 feasibility of reimbursing for charity care services on the basis of  
22 claims processed, and shall report on the findings and  
23 recommendations of that study to the Governor and the Legislature  
24 no later than eight months after the enactment of P.L. , c. (C. )  
25 (pending before the Legislature as this bill).

26  
27 14. (New section) The State shall pay inpatient hospitalization  
28 costs for a recipient of general public assistance pursuant to P.L.1947,  
29 c.156 (C.44:8-107 et seq.) who is admitted to a special hospital  
30 licensed by the Department of Health which is not eligible to receive  
31 a charity care subsidy from the Health Care Subsidy Fund established  
32 pursuant to section 8 of P.L.1992, c.160 (C.26:2H-18.58) and to  
33 which payments were made prior to July 1, 1991 on behalf of patients  
34 receiving general public assistance.

35  
36 15. R.S.43:21-7 is amended to read as follows:

37 43:21-7. Contributions. Employers other than governmental  
38 entities, whose benefit financing provisions are set forth in section 4  
39 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations  
40 liable for payment in lieu of contributions on the basis set forth in  
41 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller  
42 for the unemployment compensation fund, contributions as set forth  
43 in subsections (a), (b) and (c) hereof, and the provisions of subsections  
44 (d) and (e) shall be applicable to all employers, consistent with the  
45 provisions of the "unemployment compensation law" and the

1 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et  
2 seq.).

3 (a) Payment.

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

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

15 (b) Rate of contributions. Each employer shall pay the following  
16 contributions:

17 (1) For the calendar year 1947, and each calendar year thereafter,  
18  $2\frac{7}{10}\%$  of wages paid by him during each such calendar year, except  
19 as otherwise prescribed by subsection (c) of this section.

20 (2) The "wages" of any individual, with respect to any one  
21 employer, as the term is used in this subsection (b) and in subsections  
22 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid  
23 during calendar year 1975, for services performed either within or  
24 without this State; provided that no contribution shall be required by  
25 this State with respect to services performed in another state if such  
26 other state imposes contribution liability with respect thereto. If an  
27 employer (hereinafter referred to as a successor employer) during any  
28 calendar year acquires substantially all the property used in a trade or  
29 business of another employer (hereinafter referred to as a  
30 predecessor), or used in a separate unit of a trade or business of a  
31 predecessor, and immediately after the acquisition employs in his  
32 trade or business an individual who immediately prior to the  
33 acquisition was employed in the trade or business of such predecessor,  
34 then, for the purpose of determining whether the successor employer  
35 has paid wages with respect to employment equal to the first  
36 \$4,800.00 paid during calendar year 1975, any wages paid to such  
37 individual by such predecessor during such calendar year and prior to  
38 such acquisition shall be considered as having been paid by such  
39 successor employer.

40 (3) For calendar years beginning on and after January 1, 1976, the  
41 "wages" of any individual, as defined in the preceding paragraph (2)  
42 of this subsection (b), shall be established and promulgated by the  
43 Commissioner of Labor on or before September 1 of the preceding  
44 year and shall be 28 times the Statewide average weekly remuneration  
45 paid to workers by employers, as determined under R.S.43:21-3(c),  
46 raised to the next higher multiple of \$100.00 if not already a multiple

1 thereof, provided that if the amount of wages so determined for a  
2 calendar year is less than the amount similarly determined for the  
3 preceding year, the greater amount will be used; provided, further, that  
4 if the amount of such wages so determined does not equal or exceed  
5 the amount of wages as defined in subsection (b) of section 3306 of  
6 the Federal Unemployment Tax Act, Chapter 23 of the Internal  
7 Revenue Code of 1986 (26 U.S.C. §3306(b)), the wages as determined  
8 in this paragraph in any calendar year shall be raised to equal the  
9 amount established under the Federal Unemployment Tax Act for that  
10 calendar year.

11 (c) Future rates based on benefit experience.

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

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

46 (2) Regulations may be prescribed for the establishment,

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

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

11 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2  
12  $\frac{8}{10}\%$ , except as otherwise provided in the following provisions. No  
13 employer's rate for the 12 months commencing July 1 of any calendar  
14 year shall be other than  $2\frac{8}{10}\%$ , unless as of the preceding January 31  
15 such employer shall have paid contributions with respect to wages paid  
16 in each of the three calendar years immediately preceding such year,  
17 in which case such employer's rate for the 12 months commencing July  
18 1 of any calendar year shall be determined on the basis of his record up  
19 to the beginning of such calendar year. If, at the beginning of such  
20 calendar year, the total of all his contributions, paid on his own behalf,  
21 for all past years exceeds the total benefits charged to his account for  
22 all such years, his contribution rate shall be:

23 (1)  $2\frac{5}{10}\%$ , if such excess equals or exceeds 4%, but less than  
24 5%, of his average annual payroll (as defined in paragraph (2),  
25 subsection (a) of R.S.43:21-19);

26 (2)  $2\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less than  
27 6%, of his average annual payroll;

28 (3)  $1\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less than  
29 7%, of his average annual payroll;

30 (4)  $1\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less than  
31 8%, of his average annual payroll;

32 (5)  $1\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less than  
33 9%, of his average annual payroll;

34 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,  
35 of his average annual payroll;

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

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

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

44 (1) 4%, if such excess is less than 10% of his average annual  
45 payroll;

46 (2)  $4\frac{3}{10}\%$ , if such excess equals or exceeds 10%, but is less than

1 20%, of his average annual payroll;

2 (3)  $4\frac{6}{10}\%$ , if such excess equals or exceeds 20% of his average  
3 annual payroll.

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

9 (i) if the reserve balance in its account is positive, its assigned rate  
10 shall be the highest rate in effect for positive balance accounts for that  
11 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in  
12 its account is negative, its assigned rate shall be the highest rate in  
13 effect for deficit accounts for that period.

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

18 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31  
19 of any calendar year the balance in the unemployment trust fund equals  
20 or exceeds 4% but is less than 7% of the total taxable wages reported  
21 to the controller as of that date in respect to employment during the  
22 preceding calendar year, the contribution rate, effective July 1  
23 following, of each employer eligible for a contribution rate calculation  
24 based upon benefit experience, shall be increased by  $\frac{3}{10}$  of 1% over  
25 the contribution rate otherwise established under the provisions of  
26 paragraph (3) or (4) of this subsection. If on March 31 of any  
27 calendar year the balance of the unemployment trust fund exceeds  $2\frac{1}{2}\%$   
28 but is less than 4% of the total taxable wages reported to the  
29 controller as of that date in respect to employment during the  
30 preceding calendar year, the contribution rate, effective July 1  
31 following, of each employer eligible for a contribution rate calculation  
32 based upon benefit experience, shall be increased by  $\frac{6}{10}$  of 1% over  
33 the contribution rate otherwise established under the provisions of  
34 paragraph (3) or (4) of this subsection.

35 If on March 31 of any calendar year the balance of the  
36 unemployment trust fund is less than  $2\frac{1}{2}\%$  of the total taxable wages  
37 reported to the controller as of that date in respect to employment  
38 during the preceding calendar year, the contribution rate, effective July  
39 1 following, of each employer (1) eligible for a contribution rate  
40 calculation based upon benefit experience, shall be increased by (i)  
41  $\frac{6}{10}$  of 1% over the contribution rate otherwise established under the  
42 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and  
43 (ii) an additional amount equal to 20% of the total rate established  
44 herein, provided, however, that the final contribution rate for each  
45 employer shall be computed to the nearest multiple of  $\frac{1}{10}\%$  if not  
46 already a multiple thereof; (2) not eligible for a contribution rate

1 calculation based upon benefit experience, shall be increased by 6/10  
2 of 1% over the contribution rate otherwise established under the  
3 provisions of paragraph (4) of this subsection. For the period  
4 commencing July 1, 1984 and ending June 30, 1986, the contribution  
5 rate for each employer liable to pay contributions under R.S.43:21-7  
6 shall be increased by a factor of 10% computed to the nearest multiple  
7 of 1/10% if not already a multiple thereof.

8 (B) If on March 31 of any calendar year the balance in the  
9 unemployment trust fund equals or exceeds 10% but is less than 12  
10 1/2% of the total taxable wages reported to the controller as of that  
11 date in respect to employment during the preceding calendar year, the  
12 contribution rate, effective July 1 following, of each employer eligible  
13 for a contribution rate calculation based upon benefit experience, shall  
14 be reduced by 3/10 of 1% under the contribution rate otherwise  
15 established under the provisions of paragraphs (3) and (4) of this  
16 subsection; provided that in no event shall the contribution rate of any  
17 employer be reduced to less than 4/10 of 1%. If on March 31 of any  
18 calendar year the balance in the unemployment trust fund equals or  
19 exceeds 12 1/2% of the total taxable wages reported to the controller  
20 as of that date in respect to employment during the preceding calendar  
21 year, the contribution rate, effective July 1 following, of each  
22 employer eligible for a contribution rate calculation based upon benefit  
23 experience, shall be reduced by 6/10 of 1% if his account for all past  
24 periods reflects an excess of contributions paid over total benefits  
25 charged of 3% or more of his average annual payroll, otherwise by  
26 3/10 of 1% under the contribution rate otherwise established under the  
27 provisions of paragraphs (3) and (4) of this subsection; provided that  
28 in no event shall the contribution rate of any employer be reduced to  
29 less than 4/10 of 1%.

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

36 (D) Prior to July 1 of each calendar year the controller shall  
37 determine the Unemployment Trust Reserve Ratio, which shall be  
38 calculated by dividing the balance of the unemployment trust fund as  
39 of the prior March 31 by total taxable wages reported to the controller  
40 by all employers as of March 31 with respect to their employment  
41 during the last calendar year.

42 (E) With respect to experience rating years beginning on or after  
43 July 1, 1986, the new employer rate or the unemployment experience  
44 rate of an employer under this section shall be the rate which appears  
45 in the column headed by the Unemployment Trust Fund Reserve Ratio  
46 as of the applicable calculation date and on the line with the Employer

1 Reserve Ratio, as defined in paragraph 4 of this subsection  
 2 (R.S.43:21-7 (c)(4)), as set forth in the following table:

3

4 EXPERIENCE RATING TAX TABLE

5

6 Fund Reserve Ratio<sup>1</sup>

7

8	10.00%	7.00%	4.00%	2.50%	2.49%
9 Employer	and	to	to	to	and
10 Reserve	Over	9.99%	6.99%	3.99%	Under
11 Ratio <sup>2</sup>	A	B	C	D	E
12					
13 Positive Reserve Ratio:					
14 17% and over	0.3	0.4	0.5	0.6	1.2
15 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
16 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
17 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
18 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
19 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
20 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
21 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
22 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
23 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
24 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
25 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
26 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
27 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
28 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
29 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
30 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
31 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
32 Deficit Reserve Ratio:					
33 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
34 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
35 -6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
36 -9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
37 -12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
38 -15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
39 -20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
40 -25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
41 -30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
42 -35.00% and under	5.4	5.4	5.8	6.4	7.0
43 New Employer Rate	2.8	2.8	2.8	3.1	3.4

44 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages in the prior calendar  
 45 year.

46 <sup>2</sup>Employer Reserve Ratio (Contributions minus benefits as a percentage of employer's  
 47 taxable wages).

48

49 (F) With respect to experience rating years beginning on or after July  
 50 1, 1986, if the balance of the unemployment trust fund as of the prior  
 51 March 31 is negative, the contribution rate for each employer liable to pay  
 52 contributions, as computed under subparagraph E of this paragraph (5),  
 53 shall be increased by a factor of 10% computed to the nearest multiple of  
 54 1/10% if not already a multiple thereof.

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

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

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

40 On or after January 1, 1996 until December 31, 1996, the contribution  
41 rate for each employer liable to pay contributions, as computed under  
42 subparagraph (E) of this paragraph (5), shall be decreased by a factor of  
43 24.0% computed to the nearest multiple of 1/10%, except that, if an  
44 employer has a deficit reserve ratio of negative 35.0% or under, the  
45 employer's rate of contribution shall not be reduced pursuant to this  
46 subparagraph (H) to less than 5.4%. The amount of the reduction in the

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

8 On or after January 1, 1997 until December 31, 1997, the contribution  
9 rate for each employer liable to pay contributions, as computed under  
10 subparagraph (E) of this paragraph (5), shall be decreased by a factor of  
11 20.0% computed to the nearest multiple of 1/10%, except that, if an  
12 employer has a deficit reserve ratio of negative 35.0% or under, the  
13 employer's rate of contribution shall not be reduced pursuant to this  
14 subparagraph (H) to less than 5.4%. The amount of the reduction in the  
15 employer contributions stipulated by this subparagraph (H) shall be in  
16 addition to the amount of the reduction in the employer contributions  
17 stipulated by subparagraph (G) of this paragraph (5), except that the rate  
18 of contribution of an employer who has a deficit reserve ratio of negative  
19 35.0% or under shall not be reduced pursuant to this subparagraph (H) to  
20 less than 5.4% and the rate of contribution of any other employer shall not  
21 be reduced to less than 0.0%.

22 On or after January 1, 1998 until December 31, 1998, the contribution  
23 rate for each employer liable to pay contributions, as computed under  
24 subparagraph (E) of this paragraph (5), shall be decreased by a factor of  
25 14.0% computed to the nearest multiple of 1/10%, except that, if an  
26 employer has a deficit reserve ratio of negative 35.0% or under, the  
27 employer's rate of contribution shall not be reduced pursuant to this  
28 subparagraph (H) to less than 5.4%. The amount of the reduction in the  
29 employer contributions stipulated by this subparagraph (H) shall be in  
30 addition to the amount of the reduction in the employer contributions  
31 stipulated by subparagraph (G) of this paragraph (5), except that the rate  
32 of contribution of an employer who has a deficit reserve ratio of negative  
33 35.0% or under shall not be reduced pursuant to this subparagraph (H) to  
34 less than 5.4% and the rate of contribution of any other employer shall not  
35 be reduced to less than 0.0%.

36 On or after January 1, 1999 until December 31, 1999, the contribution  
37 rate for each employer liable to pay contributions, as computed under  
38 subparagraph (E) of this paragraph (5), shall be decreased by a factor of  
39 8.0% computed to the nearest multiple of 1/10%, except that, if an  
40 employer has a deficit reserve ratio of negative 35.0% or under, the  
41 employer's rate of contribution shall not be reduced pursuant to this  
42 subparagraph (H) to less than 5.4%. The amount of the reduction in the  
43 employer contributions stipulated by this subparagraph (H) shall be in  
44 addition to the amount of the reduction in the employer contributions  
45 stipulated by subparagraph (G) of this paragraph (5), except that the rate  
46 of contribution of an employer who has a deficit reserve ratio of negative

1 35.0% or under shall not be reduced pursuant to this subparagraph (H) to  
2 less than 5.4% and the rate of contribution of any other employer shall not  
3 be reduced to less than 0.0%.

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

8 If, upon calculating the unemployment compensation fund reserve ratio  
9 pursuant to R.S.43:21-7(c)(5)(D) prior to July 1, 1997, the controller  
10 finds that the fund reserve ratio has decreased to a level of less than  
11 4.00%, the Commissioner of Labor shall notify the State Treasurer of this  
12 fact and of the dollar amount necessary to bring the fund reserve ratio up  
13 to a level of 4.00%. The State Treasurer shall, prior to July 1, 1997,  
14 transfer from the General Fund to the unemployment compensation fund,  
15 revenues in the amount specified by the commissioner and which, upon  
16 deposit in the unemployment compensation fund, shall result, upon  
17 recalculation, in a fund reserve ratio used to determine employer  
18 contributions beginning July 1, 1997 of at least 4.00%.

19 If, upon calculating the unemployment compensation fund reserve ratio  
20 pursuant to R.S.43:21-7(c)(5)(D) prior to July 1, 1998, the controller  
21 finds that the fund reserve ratio has decreased to a level of less than  
22 4.00%, the Commissioner of Labor shall notify the State Treasurer of this  
23 fact and of the dollar amount necessary to bring the fund reserve ratio up  
24 to a level of 4.00%. The State Treasurer shall, prior to July 1, 1998,  
25 transfer from the General Fund to the unemployment compensation fund,  
26 revenues in the amount specified by the commissioner and which, upon  
27 deposit in the unemployment compensation fund, shall result, upon  
28 recalculation, in a fund reserve ratio used to determine employer  
29 contributions beginning July 1, 1998 of at least 4.00%.

30 (6) Additional contributions.

31 Notwithstanding any other provision of law, any employer who has  
32 been assigned a contribution rate pursuant to subsection (c) of this section  
33 for the year commencing July 1, 1948, and for any year commencing July  
34 1 thereafter, may voluntarily make payment of additional contributions,  
35 and upon such payment shall receive a recomputation of the experience  
36 rate applicable to such employer, including in the calculation the additional  
37 contribution so made. Any such additional contribution shall be made  
38 during the 30-day period following the date of the mailing to the  
39 employer of the notice of his contribution rate as prescribed in this  
40 section, unless, for good cause, the time for payment has been extended  
41 by the controller for not to exceed an additional 60 days; provided that in  
42 no event may such payments which are made later than 120 days after the  
43 beginning of the year for which such rates are effective be considered in  
44 determining the experience rate for the year in which the payment is made.  
45 Any employer receiving any extended period of time within which to make  
46 such additional payment and failing to make such payment timely shall be,

1 in addition to the required amount of additional payment, a penalty of 5%  
2 thereof or \$5.00, whichever is greater, not to exceed \$50.00. Any  
3 adjustment under this subsection shall be made only in the form of credits  
4 against accrued or future contributions.

5 (7) Transfers.

6 (A) Upon the transfer of the organization, trade or business, or  
7 substantially all the assets of an employer to a successor in interest,  
8 whether by merger, consolidation, sale, transfer, descent or otherwise, the  
9 controller shall transfer the employment experience of the predecessor  
10 employer to the successor in interest, including credit for past years,  
11 contributions paid, annual payrolls, benefit charges, et cetera, applicable  
12 to such predecessor employer, pursuant to regulation, if it is determined  
13 that the employment experience of the predecessor employer with respect  
14 to the organization, trade, assets or business which has been transferred  
15 may be considered indicative of the future employment experience of the  
16 successor in interest. Unless the predecessor employer was owned or  
17 controlled (by legally enforceable means or otherwise), directly or  
18 indirectly, by the successor in interest, or the predecessor employer and  
19 the successor in interest were owned or controlled (by legally enforceable  
20 means or otherwise), directly or indirectly, by the same interest or  
21 interests, the transfer of the employment experience of the predecessor  
22 shall not be effective if such successor in interest, within four months of  
23 the date of such transfer of the organization, trade, assets or business, or  
24 thereafter upon good cause shown, files a written notice protesting the  
25 transfer of the employment experience of the predecessor employer.

26 (B) An employer who transfers part of his or its organization, trade,  
27 assets or business to a successor in interest, whether by merger,  
28 consolidation, sale, transfer, descent or otherwise, may jointly make  
29 application with such successor in interest for transfer of that portion of  
30 the employment experience of the predecessor employer relating to the  
31 portion of the organization, trade, assets or business transferred to the  
32 successor in interest, including credit for past years, contributions paid,  
33 annual payrolls, benefit charges, et cetera, applicable to such predecessor  
34 employer. The transfer of employment experience may be allowed  
35 pursuant to regulation only if it is found that the employment experience  
36 of the predecessor employer with respect to the portion of the  
37 organization, trade, assets or business which has been transferred may be  
38 considered indicative of the future employment experience of the  
39 successor in interest. Credit shall be given to the successor in interest  
40 only for the years during which contributions were paid by the predecessor  
41 employer with respect to that part of the organization, trade, assets or  
42 business transferred.

43 (C) A transfer of the employment experience in whole or in part having  
44 become final, the predecessor employer thereafter shall not be entitled to  
45 consideration for an adjusted rate based upon his or its experience or the  
46 part thereof, as the case may be, which has thus been transferred. A

1 successor in interest to whom employment experience or a part thereof is  
2 transferred pursuant to this subsection shall, as of the date of the transfer  
3 of the organization, trade, assets or business, or part thereof, immediately  
4 become an employer if not theretofore an employer subject to this chapter  
5 (R.S.43:21-1 et seq.).

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

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

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

31 (C) (i) Notwithstanding the above provisions of this paragraph (1),  
32 during the period starting July 1, 1986 and ending December 31, 1992,  
33 each worker shall contribute to the fund 1.125% of wages paid with  
34 respect to his employment with a governmental employer electing or  
35 required to pay contributions or nongovernmental employer, including a  
36 nonprofit organization which is an employer as defined under  
37 R.S.43:21-19(h)(6), regardless of whether that nonprofit organization  
38 elects or is required to finance its benefit costs with contributions to the  
39 fund or by payments in lieu of contributions, after that employer has  
40 satisfied the conditions set forth in subsection R.S.43:21-19(h) with  
41 respect to becoming an employer. Contributions, however, shall be at the  
42 rate of 0.625% while the worker is covered by an approved private plan  
43 under the "Temporary Disability Benefits Law" while the worker is  
44 exempt under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any  
45 other provision of that law; provided that such contributions shall be at the  
46 rate of 0.625% of wages paid with respect to employment with the State

1 of New Jersey or any other governmental entity or instrumentality electing  
2 or required to make payments in lieu of contributions and which is  
3 covered by the State plan under the "Temporary Disability Benefits Law,"  
4 except that, while the worker is exempt from the provisions of the  
5 "Temporary Disability Benefits Law" under section 7 of that law,  
6 P.L.1948, c.110 (C.43:21-31) or any other provision of that law, or is  
7 covered for disability benefits by an approved private plan of the  
8 employer, the contributions to the fund shall be 0.125%.

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

10 (D) Notwithstanding any other provisions of this paragraph (1), during  
11 the period starting January 1, 1993 and ending June 30, 1994, each worker  
12 shall contribute to the unemployment compensation fund 0.5% 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. No  
21 contributions, however, shall be made by the worker while the worker is  
22 covered by an approved private plan under the "Temporary Disability  
23 Benefits Law," P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker  
24 is exempt under section 7 of P.L.1948, c.110 (C.43:21-31) or any other  
25 provision of that law; provided that the contributions shall be at the rate  
26 of 0.50% of wages paid with respect to employment with the State of New  
27 Jersey or any other governmental entity or instrumentality electing or  
28 required to make payments in lieu of contributions and which is covered  
29 by the State plan under the "Temporary Disability Benefits Law," except  
30 that, while the worker is exempt from the provisions of the "Temporary  
31 Disability Benefits Law" under section 7 of that law, P.L.1948, c.110  
32 (C.43:21-31) or any other provision of that law, or is covered for  
33 disability benefits by an approved private plan of the employer, no  
34 contributions shall be made to the fund.

35 Each worker shall, starting on January 1, 1996 and ending December  
36 31, 1996, contribute to the unemployment compensation fund [0.60%]  
37 0.46% of wages paid with respect to the worker's employment with a  
38 governmental employer electing or required to pay contributions or  
39 nongovernmental employer, including a nonprofit organization which is an  
40 employer as defined under paragraph 6 of subsection (h) of R.S.43:21-19,  
41 regardless of whether that nonprofit organization elects or is required to  
42 finance its benefit costs with contributions to the fund or by payments in  
43 lieu of contributions, after that employer has satisfied the conditions set  
44 forth in subsection (h) of R.S.43:21-19 with respect to becoming an  
45 employer, provided that the contributions shall be at the rate of 0.10% of  
46 wages paid with respect to employment with the State of New Jersey or

1 any other governmental entity or instrumentality electing or required to  
2 make payments in lieu of contributions.

3 Each worker shall, starting on January 1, 1997 and ending December  
4 31, 1997, contribute to the unemployment compensation fund 0.48% of  
5 wages paid with respect to the worker's employment with a governmental  
6 employer electing or required to pay contributions or nongovernmental  
7 employer, including a nonprofit organization which is an employer as  
8 defined under paragraph 6 of subsection (h) of R.S.43:21-19, regardless  
9 of whether that nonprofit organization elects or is required to finance its  
10 benefit costs with contributions to the unemployment compensation fund  
11 or by payments in lieu of contributions, after that employer has satisfied  
12 the conditions set forth in subsection (h) of R.S.43:21-19 with respect to  
13 becoming an employer, provided that the contributions shall be at the rate  
14 of 0.10% of wages paid with respect to employment with the State of New  
15 Jersey or any other governmental entity or instrumentality electing or  
16 required to make payments in lieu of contributions.

17 Each worker shall, starting on January 1, 1998 and ending December  
18 31, 1998, contribute to the unemployment compensation fund 0.51% of  
19 wages paid with respect to the worker's employment with a governmental  
20 employer electing or required to pay contributions or nongovernmental  
21 employer, including a nonprofit organization which is an employer as  
22 defined under paragraph 6 of subsection (h) of R.S.43:21-19, regardless  
23 of whether that nonprofit organization elects or is required to finance its  
24 benefit costs with contributions to the unemployment compensation fund  
25 or by payments in lieu of contributions, after that employer has satisfied  
26 the conditions set forth in subsection (h) of R.S.43:21-19 with respect to  
27 becoming an employer, provided that the contributions shall be at the rate  
28 of 0.10% of wages paid with respect to employment with the State of New  
29 Jersey or any other governmental entity or instrumentality electing or  
30 required to make payments in lieu of contributions.

31 Each worker shall, starting on January 1, 1999 and ending December  
32 31, 1999, contribute to the unemployment compensation fund 0.55% of  
33 wages paid with respect to the worker's employment with a governmental  
34 employer electing or required to pay contributions or nongovernmental  
35 employer, including a nonprofit organization which is an employer as  
36 defined under paragraph 6 of subsection (h) of R.S.43:21-19, regardless  
37 of whether that nonprofit organization elects or is required to finance its  
38 benefit costs with contributions to the unemployment compensation fund  
39 or by payments in lieu of contributions, after that employer has satisfied  
40 the conditions set forth in subsection (h) of R.S.43:21-19 with respect to  
41 becoming an employer, provided that the contributions shall be at the rate  
42 of 0.10% of wages paid with respect to employment with the State of New  
43 Jersey or any other governmental entity or instrumentality electing or  
44 required to make payments in lieu of contributions.

45 On and after January 1, 2000, each worker shall contribute to the  
46 unemployment compensation fund 0.60% of wages paid with respect to

1 the worker's employment with a governmental employer electing or  
2 required to pay contributions or nongovernmental employer, including a  
3 nonprofit organization which is an employer as defined under paragraph  
4 6 of subsection (h) of R.S.43:21-19, regardless of whether that nonprofit  
5 organization elects or is required to finance its benefit costs with  
6 contributions to the unemployment compensation fund or by payments in  
7 lieu of contributions, after that employer has satisfied the conditions set  
8 forth in subsection (h) of R.S.43:21-19 with respect to becoming an  
9 employer, provided that the contributions shall be at the rate of 0.10% of  
10 wages paid with respect to employment with the State of New Jersey or  
11 any other governmental entity or instrumentality electing or required to  
12 make payments in lieu of contributions.

13 (E) Each employer shall, notwithstanding any provision of law in this  
14 State to the contrary, withhold in trust the amount of his workers'  
15 contributions from their wages at the time such wages are paid, shall show  
16 such deduction on his payroll records, shall furnish such evidence thereof  
17 to his workers as the division or controller may prescribe, and shall  
18 transmit all such contributions, in addition to his own contributions, to the  
19 office of the controller in such manner and at such times as may be  
20 prescribed. If any employer fails to deduct the contributions of any of his  
21 workers at the time their wages are paid, or fails to make a deduction  
22 therefor at the time wages are paid for the next succeeding payroll period,  
23 he alone shall thereafter be liable for such contributions, and for the  
24 purpose of R.S.43:21-14, such contributions shall be treated as employer's  
25 contributions required from him.

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

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

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

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

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

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

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

44 (ii) [Notwithstanding any other provision of this paragraph (2), with  
45 respect to wages paid during the period beginning on January 1, 1993 and  
46 ending June 30, 1994, there shall be deposited in and credited to the State

1 disability benefits fund all worker contributions received by the  
2 controller.](Deleted by amendment, P.L. , c. ).

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

4 (3) If an employee receives wages from more than one employer  
5 during any calendar year, and either the sum of his contributions deposited  
6 in and credited to the State disability benefits fund [(in accordance with  
7 paragraph (2) of this subsection)] plus the amount of his contributions, if  
8 any, required towards the costs of benefits under one or more approved  
9 private plans under the provisions of section 9 of the "Temporary  
10 Disability Benefits Law" (C.43:21-33) and deducted from his wages, or  
11 the sum of such latter contributions, if the employee is covered during  
12 such calendar year only by two or more private plans, exceeds an amount  
13 equal to 1/2 of 1% of the "wages" determined in accordance with the  
14 provisions of R.S.43:21-7(b)(3) during the calendar years beginning on or  
15 after January 1, 1976, the employee shall be entitled to a refund of the  
16 excess if he makes a claim to the controller within two years after the end  
17 of the calendar year in which the wages are received with respect to which  
18 the refund is claimed and establishes his right to such refund. Such refund  
19 shall be made by the controller from the State disability benefits fund. No  
20 interest shall be allowed or paid with respect to any such refund. The  
21 controller shall, in accordance with prescribed regulations, determine the  
22 portion of the aggregate amount of such refunds made during any calendar  
23 year which is applicable to private plans for which deductions were made  
24 under section 9 of the "Temporary Disability Benefits Law," such  
25 determination to be based upon the ratio of the amount of such wages  
26 exempt from contributions to such fund, as provided in subparagraph (B)  
27 of paragraph (1) of this subsection with respect to coverage under private  
28 plans, to the total wages so exempt plus the amount of such wages subject  
29 to contributions to the disability benefits fund, as provided in  
30 subparagraph [(B)] G of paragraph [(2)] 1 of this subsection. The  
31 controller shall, in accordance with prescribed regulations, prorate the  
32 amount so determined among the applicable private plans in the  
33 proportion that the wages covered by each plan bear to the total private  
34 plan wages involved in such refunds, and shall assess against and recover  
35 from the employer, or the insurer if the insurer has indemnified the  
36 employer with respect thereto, the amount so prorated. The provisions of  
37 R.S.43:21-14 with respect to collection of employer contributions shall  
38 apply to such assessments. The amount so recovered by the controller  
39 shall be paid into the State disability benefits fund.

40 (4) If an individual does not receive any wages from the employing  
41 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is treated  
42 as his employer, or receives his wages from some other employing unit,  
43 such employer shall nevertheless be liable for such individual's  
44 contributions in the first instance; and after payment thereof such  
45 employer may deduct the amount of such contributions from any sums  
46 payable by him to such employing unit, or may recover the amount of such

1 contributions from such employing unit, or, in the absence of such an  
2 employing unit, from such individual, in a civil action; provided  
3 proceedings therefor are instituted within three months after the date on  
4 which such contributions are payable. General rules shall be prescribed  
5 whereby such an employing unit may recover the amount of such  
6 contributions from such individuals in the same manner as if it were the  
7 employer.

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

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

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

19 (1) Except as hereinafter provided, each employer shall, in addition to  
20 the contributions required by subsections (a), (b), and (c) of this section,  
21 contribute 1/2 of 1% of the wages paid by such employer to workers with  
22 respect to employment unless he is not a covered employer as defined in  
23 section 3 of the "Temporary Disability Benefits Law" (C.43:21-27 (a)),  
24 except that the rate for the State of New Jersey shall be 1/10 of 1% for the  
25 calendar year 1980 and for the first six months of 1981. Prior to July 1,  
26 1981 and prior to July 1 each year thereafter, the controller shall review  
27 the experience accumulated in the account of the State of New Jersey and  
28 establish a rate for the next following fiscal year which, in combination  
29 with worker contributions, will produce sufficient revenue to keep the  
30 account in balance; except that the rate so established shall not be less  
31 than 1/10 of 1%. Such contributions shall become due and be paid by the  
32 employer to the controller for the State disability benefits fund as  
33 established by law, in accordance with such regulations as may be  
34 prescribed, and shall not be deducted, in whole or in part, from the  
35 remuneration of individuals in his employ. In the payment of any  
36 contributions, a fractional part of a cent shall be disregarded unless it  
37 amounts to \$0.005 or more, in which case it shall be increased to \$0.01.

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

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

45 (B) A separate disability benefits account shall be maintained for each  
46 employer required to contribute to the State disability benefits fund and

1 such account shall be credited with contributions deposited in and credited  
2 to such fund with respect to employment occurring on and after January  
3 1, 1949. Each employer's account shall be credited with all contributions  
4 paid on or before January 31 of any calendar year on his own behalf and  
5 on behalf of individuals in his service with respect to employment  
6 occurring in preceding calendar years; provided, however, that if January  
7 31 of any calendar year falls on a Saturday or Sunday an employer's  
8 account shall be credited as of January 31 of such calendar year with all  
9 the contributions which he has paid on or before the next succeeding day  
10 which is not a Saturday or Sunday. But nothing in this act shall be  
11 construed to grant any employer or individuals in his service prior claims  
12 or rights to the amounts paid by him to the fund either on his own behalf  
13 or on behalf of such individuals. Benefits paid to any covered individual  
14 in accordance with Article III of the "Temporary Disability Benefits Law"  
15 on or before December 31 of any calendar year with respect to disability  
16 in such calendar year and in preceding calendar years shall be charged  
17 against the account of the employer by whom such individual was  
18 employed at the commencement of such disability or by whom he was last  
19 employed, if out of employment.

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

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

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

35 (2) If the minimum requirements in (1) above have been fulfilled and  
36 the credited contributions exceed the benefits charged by more than  
37 \$500.00, such preliminary rate shall be as follows:

38 (i)  $\frac{2}{10}$  of 1% if such excess over \$500.00 exceeds 1% but is less than  
39  $1\frac{1}{4}\%$  of his average annual payroll (as defined in this chapter  
40 (R.S.43:21-1 et seq.));

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

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

45 (3) If the minimum requirements in (1) above have been fulfilled and  
46 the contributions credited exceed the benefits charged but by not more

1 than \$500.00 plus 1% of his average annual payroll, or if the benefits  
2 charged exceed the contributions credited but by not more than \$500.00,  
3 the preliminary rate shall be 1/4 of 1%.

4 (4) If the minimum requirements in (1) above have been fulfilled and  
5 the benefits charged exceed the contributions credited by more than  
6 \$500.00, such preliminary rate shall be as follows:

7 (i) 35/100 of 1% if such excess over \$500.00 is less than 1/4 of 1% of  
8 his average annual payroll;

9 (ii) 45/100 of 1% if such excess over \$500.00 equals or exceeds 1/4  
10 of 1% but is less than 1/2 of 1% of his average annual payroll;

11 (iii) 55/100 of 1% if such excess over \$500.00 equals or exceeds 1/2  
12 of 1% but is less than 3/4 of 1% of his average annual payroll;

13 (iv) 65/100 of 1% if such excess over \$500.00 equals or exceeds 3/4  
14 of 1% but is less than 1% of his average annual payroll;

15 (v) 75/100 of 1% if such excess over \$500.00 equals or exceeds 1%  
16 of his average annual payroll.

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

23 (E) (1) Prior to July 1 of each calendar year the controller shall  
24 determine the amount of the State disability benefits fund as of December  
25 31 of the preceding calendar year, increased by the contributions paid  
26 thereto during January of the current calendar year with respect to  
27 employment occurring in the preceding calendar year. If such amount  
28 exceeds the net amount withdrawn from the unemployment trust fund  
29 pursuant to section 23 of the "Temporary Disability Benefits Law,"  
30 P.L.1948, c.110 (C.43:21-47) plus the amount at the end of such  
31 preceding calendar year of the unemployment disability account (as  
32 defined in section 22 of said law (C.43:21-46)), such excess shall be  
33 expressed as a percentage of the wages on which contributions were paid  
34 to the State disability benefits fund on or before January 31 with respect  
35 to employment in the preceding calendar year.

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

40 (i) If the percentage determined in accordance with paragraph (E)(1)  
41 of this subsection equals or exceeds 1 1/4%, the final employer rates shall  
42 be the preliminary rates determined as provided in (D) hereof, except that  
43 if the employer's preliminary rate is determined as provided in (D)(2) or  
44 (D)(3) hereof, the final employer rate shall be the preliminary employer  
45 rate decreased by such percentage of excess taken to the nearest 5/100 of  
46 1%, but in no case shall such final rate be less than 1/10 of 1%.

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

4 (iii) If the percentage determined in accordance with paragraph (E)(1)  
5 of this subsection is less than  $\frac{3}{4}$  of 1%, but in excess of  $\frac{1}{4}$  of 1%, the  
6 final employer rates shall be the preliminary employer rates determined as  
7 provided in (D) hereof increased by the difference between  $\frac{3}{4}$  of 1% and  
8 such percentage taken to the nearest  $\frac{5}{100}$  of 1%; provided, however, that  
9 no such final rate shall be more than  $\frac{1}{4}$  of 1% in the case of an employer  
10 whose preliminary rate is determined as provided in (D)(2) hereof, more  
11 than  $\frac{1}{2}$  of 1% in the case of an employer whose preliminary rate is  
12 determined as provided in (D)(1) and (D)(3) hereof, nor more than  $\frac{3}{4}$  of  
13 1% in the case of an employer whose preliminary rate is determined as  
14 provided in (D)(4) hereof.

15 (iv) If the amount of the State disability benefits fund determined as  
16 provided in paragraph (E)(1) of this subsection is equal to or less than  $\frac{1}{4}$   
17 of 1%, then the final rate shall be  $\frac{2}{5}$  of 1% in the case of an employer  
18 whose preliminary rate is determined as provided in (D)(2) hereof,  $\frac{7}{10}$   
19 of 1% in the case of an employer whose preliminary rate is determined as  
20 provided in (D)(1) and (D)(3) hereof, and 1.1% in the case of an employer  
21 whose preliminary rate is determined as provided in (D)(4) hereof.  
22 Notwithstanding any other provision of law or any determination made by  
23 the controller with respect to any 12-month period commencing on July  
24 1, 1970, the final rates for all employers for the period beginning January  
25 1, 1971, shall be as set forth herein.

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

27

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

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

35 Beginning January 1, 1996 until December 31, 1996, each employee  
36 shall, in such a manner and at such times as determined by the  
37 commissioner, contribute to the fund an amount equal to 0.14% of the  
38 employee's taxable wages.

39 Beginning January 1, 1997 until December 31, 1997, each employee  
40 shall, in such a manner and at such times as determined by the  
41 commissioner, contribute to the fund an amount equal to 0.12% of the  
42 employee's taxable wages.

43 Beginning January 1, 1998 until December 31, 1998, each employee  
44 shall, in such a manner and at such times as determined by the  
45 commissioner, contribute to the fund an amount equal to 0.09% of the  
46 employee's taxable wages.

1 Beginning January 1, 1999 until December 31, 1999, each employee  
2 shall, in such a manner and at such times as determined by the  
3 commissioner, contribute to the fund an amount equal to 0.05% of the  
4 employee's taxable wages.

5 Also beginning on January 1, 1993 until [December 31, 1995, except  
6 as provided pursuant to subsection b. of this section] December 31, 1999,  
7 each employer shall, in such a manner and at such times as determined by  
8 the commissioner, contribute to the fund an amount equal to the amount  
9 that the employer's contribution to the unemployment compensation fund  
10 is decreased pursuant to subparagraph (H) of paragraph (5) of subsection  
11 (c) of R.S.43:21-7.

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

22 c. If the total amount of contributions to the fund pursuant to this  
23 section during the calendar year 1993 exceeds \$600 million, all  
24 contributions which exceed \$600 million shall be deposited in the  
25 unemployment compensation fund. If the total amount of contributions  
26 to the fund pursuant to this section during calendar year 1994 or calendar  
27 year 1995 exceeds \$500 million, all contributions which exceed \$500  
28 million shall be deposited in the unemployment compensation fund. If the  
29 total amount of contributions made to the fund pursuant to this section for  
30 the calendar year 1996 exceeds \$387 million, all contributions which  
31 exceed \$387 million in a calendar year shall be deposited in the  
32 unemployment compensation fund. If the total amount of contributions  
33 made to the fund pursuant to this section for the calendar year 1997  
34 exceeds \$332 million, all contributions which exceed \$332 million shall be  
35 deposited in the unemployment compensation fund. If the total amount  
36 of contributions made to the fund pursuant to this section for the calendar  
37 year 1998 exceeds \$232 million, all contributions which exceed \$232  
38 million shall be deposited in the unemployment compensation fund. If the  
39 total amount of contributions made to the fund pursuant to this section for  
40 the calendar year 1999 exceeds \$132 million, all contributions which  
41 exceed \$132 million shall be deposited in the unemployment compensation  
42 fund.

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

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

3       32. a. If an employee receives wages from more than one employer  
4 during any calendar year, and the sum of the employee's contributions  
5 deposited in the fund exceeds an amount equal to 0.6% of the wages  
6 determined in accordance with the provisions of paragraph (3) of  
7 subsection (b) of R.S.43:21-7 during calendar year 1993, calendar year  
8 1994 or calendar year 1995, the employee shall be entitled to a refund of  
9 the excess if a claim establishing the employee's right to the refund is made  
10 within two years after the end of the respective calendar year in which the  
11 wages are received and are the subject of the claim. The commissioner  
12 shall refund any overpayment from the fund without interest.

13       If an employee receives wages from more than one employer during the  
14 calendar year 1996, and the sum of the employee's contributions  
15 deposited in the fund exceeds an amount equal to 0.14% of the wages  
16 determined in accordance with the provisions of paragraph (3) of  
17 subsection (b) of R.S.43:21-7 during calendar year 1996, the employee  
18 shall be entitled to a refund of the excess if a claim establishing the  
19 employee's right to the refund is made within two years after the end of  
20 the respective calendar year in which the wages are received and are the  
21 subject of the claim. The commissioner shall refund any overpayment  
22 from the fund without interest.

23       If an employee receives wages from more than one employer during the  
24 calendar year 1997, and the sum of the employee's contributions  
25 deposited in the fund exceeds an amount equal to 0.12% of the wages  
26 determined in accordance with the provisions of paragraph (3) of  
27 subsection (b) of R.S.43:21-7 during calendar year 1997, the employee  
28 shall be entitled to a refund of the excess if a claim establishing the  
29 employee's right to the refund is made within two years after the end of  
30 the respective calendar year in which the wages are received and are the  
31 subject of the claim. The commissioner shall refund any overpayment  
32 from the fund without interest.

33       If an employee receives wages from more than one employer during the  
34 calendar year 1998, and the sum of the employee's contributions  
35 deposited in the fund exceeds an amount equal to 0.09% of the wages  
36 determined in accordance with the provisions of paragraph (3) of  
37 subsection (b) of R.S.43:21-7 during calendar year 1998, the employee  
38 shall be entitled to a refund of the excess if a claim establishing the  
39 employee's right to the refund is made within two years after the end of  
40 the respective calendar year in which the wages are received and are the  
41 subject of the claim. The commissioner shall refund any overpayment  
42 from the fund without interest.

43       If an employee receives wages from more than one employer during the  
44 calendar year 1999, and the sum of the employee's contributions  
45 deposited in the fund exceeds an amount equal to 0.05% of the wages  
46 determined in accordance with the provisions of paragraph (3) of

1 subsection (b) of R.S.43:21-7 during calendar year 1999, the employee  
2 shall be entitled to a refund of the excess if a claim establishing the  
3 employee's right to the refund is made within two years after the end of  
4 the respective calendar year in which the wages are received and are the  
5 subject of the claim. The commissioner shall refund any overpayment  
6 from the fund without interest.

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

20  
21 18. Section 4 of P.L.1971, c.346 (C.43:21-7.3) is amended to read as  
22 follows:

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

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

45 (c) Any governmental entity or instrumentality may terminate its  
46 election to pay contributions as of January 1 of any year by filing written

1 notice not later than February 1 of any year with respect to which  
2 termination is to become effective. It may not revert to a contributions  
3 method of financing for at least two full calendar years after such  
4 termination.

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

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

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

28 (g) Any governmental entity or instrumentality electing to finance  
29 benefit costs with payments in lieu of contributions shall pay into the fund  
30 an amount equal to all benefit costs for which it is liable pursuant to the  
31 provisions of the "unemployment compensation law." Each subject  
32 governmental entity or instrumentality shall require payments from its  
33 workers in the same manner and amount as prescribed under  
34 R.S.43:21-7(d) for governmental entities and instrumentalities financing  
35 their benefit costs with contributions. No such payment shall be used for  
36 a purpose other than to meet the benefits liability of such governmental  
37 entity or instrumentality. In addition, each subject governmental entity or  
38 instrumentality shall appropriate out of its general funds sufficient moneys  
39 which, in addition to any worker payments it requires, are necessary to  
40 pay its annual benefit costs estimated on the basis of its past benefit cost  
41 experience; provided that for its first year of coverage, its benefit costs  
42 shall be deemed to require an appropriation equal to 1% of the projected  
43 total of its taxable wages for the year. These appropriated moneys and  
44 worker payments shall be held in a trust fund maintained by the  
45 governmental entity or instrumentality for this purpose. Any surplus  
46 remaining in this trust fund shall be retained in reserve for payment of

1 benefit costs in subsequent years. If a governmental entity or  
2 instrumentality requires its workers to make payments as authorized  
3 herein, such workers shall not be subject to the contributions required in  
4 R.S.43:21-7(d).

5 (h) Notwithstanding the provisions of the above subsection (g),  
6 commencing July 1, 1986 worker contributions to the unemployment trust  
7 fund with respect to wages paid by any governmental entity or  
8 instrumentality electing or required to make payments in lieu of  
9 contributions, including the State of New Jersey, shall be made in  
10 accordance with the provisions of R.S.43:21-7(d)(1)(C) or  
11 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each governmental  
12 entity or instrumentality electing or required to make payments in lieu of  
13 contributions shall, except during the period starting January 1, 1993 and  
14 ending December 31, 1995 or, if the unemployment compensation fund  
15 reserve ratio, as determined pursuant to paragraph (5) of subsection (c)  
16 of R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of  
17 calendar year 1994 or calendar year 1995, ending July 1 of that calendar  
18 year, require payments from its workers at the [rate of 0.50%] following  
19 rates of wages paid, which amounts are to be held in the trust fund  
20 maintained by the governmental entity or instrumentality for payment of  
21 benefit costs: for calendar year 1996, 0.36%; for calendar year 1997,  
22 0.38%; for calendar year 1998, 0.41%; for calendar year 1999, 0.45%; and  
23 for calendar year 2000 and each calendar year thereafter, 0.50%.

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

25

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

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

1 be made unless the employee makes a claim, establishing his right thereto,  
2 within 2 years after the calendar year in which the wages are paid with  
3 respect to which refund of contribution is claimed. No interest shall be  
4 allowed or paid with respect to any such refund.

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

6  
7 20. P.L.1950, c.303 (C.44:8-146 et seq.) is repealed.

8  
9 21. There is appropriated \$2,500,000 from the General Fund to the  
10 Department of Health to effectuate the purposes of section 13 of  
11 P.L. , c. (C. )(pending before the Legislature as this bill).

12  
13 22. This act shall take effect immediately and be retroactive to January  
14 1, 1996, except that section 14 shall take effect on July 1, 1996.

#### 15 16 17 STATEMENT

18  
19 This bill establishes a methodology for the distribution of charity care  
20 subsidies to hospitals and provides a funding mechanism for these  
21 subsidies and the Health Access New Jersey subsidized insurance program,  
22 as well as for other hospital and drug abuse treatment services.

23 The charity care subsidy distribution methodology for 1996 and each  
24 year thereafter is similar to that used in 1995. The hospital-specific  
25 charity care subsidy shall be determined by allocating available charity care  
26 funds so as to equalize hospital-specific payer mix factors (as defined in  
27 the bill) to the Statewide target payer mix factor; except that, if the  
28 Statewide total of adjusted charity care is less than available charity care  
29 funding, a hospital's subsidy shall equal its adjusted charity care. The  
30 Statewide target payer mix factor is the lowest payer mix factor to which  
31 all hospitals receiving charity care subsidies can be reduced by spending  
32 all of the amount allocated in each year for charity care subsidies. Those  
33 hospitals with a payer mix factor greater than the Statewide target payer  
34 mix factor shall be eligible to receive a subsidy sufficient to bring their  
35 factor down to that Statewide level; those hospitals with a payer mix  
36 factor that is less than or equal to the Statewide target payer mix factor  
37 shall not be eligible to receive a subsidy.

38 The charity care subsidy distribution methodology is based on  
39 documented (actual) charity care as verified by the Department of Health's  
40 most recent charity care audit, and valued at the same rate paid to that  
41 hospital by the Medicaid program.

42 The bill provides that the Health Care Subsidy Fund will be funded at  
43 \$400 million in 1996 and each succeeding year.

44 The monies in the Health Care Subsidy Fund will be allocated as  
45 follows:

46 -- for charity care subsidies, \$300 million in 1996 and each succeeding

1 year;

2 -- for the Health Access New Jersey program, \$50 million in 1996 and  
3 each succeeding year;

4 -- for the Hospital Health Care Subsidy account in the Division of  
5 Medical Assistance and Health Services (Medicaid), to fund services at up  
6 to 30 disproportionate share hospitals with high numbers of AIDS,  
7 tuberculosis, substance abuse and neonatal patients, \$50 million (State  
8 share) in Fiscal Year 1997 and each succeeding fiscal year; and

9 -- for community-based residential and inpatient drug abuse treatment  
10 services, up to \$10 million in 1996 and \$20 million in 1997 and each  
11 succeeding year.

12 The Health Care Subsidy Fund will be funded in part by a reduced  
13 assessment on employers and employees, to be phased out over four years,  
14 for a total of \$387 million in 1996, \$332 million in 1997, \$232 million in  
15 1998, and \$132 million in 1999. This phase-out reflects the intent of this  
16 bill to effect a transition from the use of employer and employee  
17 contributions to the use of General Fund revenues to fund the Health Care  
18 Subsidy Fund as soon as is practicable within the financial constraints of  
19 the State budget.

20 The balance of the funding for the Health Care Subsidy Fund will be  
21 derived from:

22 -- appropriations from the General Fund, beginning in calendar year  
23 1996; and

24 -- revenues generated from third party liability recoveries by the State,  
25 which are earmarked for community-based residential and inpatient drug  
26 abuse treatment services.

27 The bill directs that the federal Medicaid match for the State monies  
28 provided to the Hospital Health Care Subsidy account shall be  
29 appropriated to that account to fund services at eligible disproportionate  
30 share hospitals. These additional monies will increase the total amount of  
31 funding provided under this bill to \$450 million in 1996 and each  
32 succeeding year.

33 The bill also specifies that any charity care funds not distributed in a  
34 given year shall lapse to the Health Care Subsidy Fund for use in  
35 subsequent years to reduce the required use of appropriations from the  
36 General Fund. Under current law, the Commissioner of Health is  
37 authorized to transfer any surplus funds to the Health Access New Jersey  
38 program. The bill also specifies that the commissioner shall report to the  
39 Governor and the Legislature by December 31 of each year on the status  
40 of the Health Care Subsidy Fund, including any remaining balances in the  
41 fund.

42 In addition, the bill clarifies that the purpose of the Health Access New  
43 Jersey program shall be to provide health insurance coverage for low-  
44 income, uninsured children as well as working people and those  
45 temporarily unemployed.

46 The bill further provides that, beginning in Fiscal Year 1997, the State

1 shall pay (from the General Fund) inpatient hospitalization costs for  
2 general public assistance recipients which are incurred by special hospitals  
3 that are ineligible for a charity care subsidy and that received  
4 reimbursements for these costs from the General Fund prior to Fiscal Year  
5 1992. The bill repeals P.L.1950, c.303 (C.44:8-146 et seq.), which  
6 requires municipalities in counties of the first class to pay these costs  
7 (which repeal accords with the budget language in the annual  
8 appropriations acts for Fiscal Years 1992 through 1996).

9 Finally, the bill:

10 -- requires the Commissioner of Health to study the feasibility of such  
11 policy options as privatizing the charity care subsidy program and  
12 delivering charity care through a managed care network which includes  
13 both inpatient and outpatient services;

14 -- requires the Health Information Electronic Data Interchange Policy  
15 Council, which would be established under Senate Bill No. 50 or  
16 Assembly Bill No. 1476 of 1996, to study the feasibility of utilizing  
17 administrative cost savings accruing from the adoption of health care  
18 information electronic data interchange technology to reduce the need for  
19 General Fund appropriations to fund the Health Care Subsidy Fund;

20 -- requires the Commissioner of Health to study the feasibility of  
21 reimbursing for charity care on the basis of claims processed;

22 -- directs that the findings and recommendations from these studies be  
23 reported to the Governor and the Legislature within an eight-month time  
24 period; and

25 -- appropriates \$2.5 million to the Department of Health to fund these  
26 studies.

27

28

29

30

31 Provides funding for hospital charity care subsidies and other programs;  
32 appropriates \$2.5 million to Department of Health.