

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2884

STATE OF NEW JERSEY

DATED: JUNE 12, 1997

The Assembly Health Committee reports favorably Assembly Bill No. 2884.

This bill waives the one-year preexisting condition limitation for individual health benefits plans under P.L.1992, c.161 (C.17B:27A-2 et seq.) in the case of an otherwise eligible person who applied to purchase a health benefits plan on or before May 1, 1997, and who, as of February 1, 1997, was an employee of a nonprofit corporation that filed for bankruptcy in February and that failed to pay required premiums on the employee's health benefits plan.

The provisions of this bill will assist former employees of United Healthcare System which filed for bankruptcy in February 1997 and ceased operation shortly thereafter. United Healthcare System, which operated United Hospitals Medical Center, recently faced dire financial circumstances and incurred a substantial debt. Without the knowledge of its employees, the healthcare system failed to make required payments to the health insurance carrier that provided health benefits coverage to the employees, so that the employees' health care coverage lapsed for more than 30 days. Many former employees of the healthcare system now find themselves without health care coverage through no fault of their own. These former employees are eligible to purchase individual health benefits coverage under P.L.1992, c.161, but because of the lapse in coverage they are not eligible for the exemption from the preexisting condition limitation under the individual health insurance program. Accordingly, this bill extends the exemption from the preexisting condition limitation to these former employees.

This bill is identical to Senate Bill No. 1895 (Rice/Sinagra), which was reported by the Senate Health Committee on March 20, 1997 and is currently pending before the Senate.