

P.L. 1997, CHAPTER 271, *approved December 22, 1997*  
Assembly, No. 2884

1 AN ACT concerning individual health care coverage and supplementing  
2 P.L.1992, c.161 (C.17B:27A-2 et seq.).

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

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7 1. a. Notwithstanding the provisions of section 6 of P.L.1992,  
8 c.161 (C.17B:27A-7) to the contrary, a carrier shall waive any  
9 preexisting condition limitation in the case of an eligible person who  
10 applies to purchase a health benefits plan on or before May 1, 1997,  
11 and who, as of February 1, 1997, was an employee of a nonprofit  
12 corporation that filed for bankruptcy during the month of February  
13 1997 and that failed to pay required premiums on the employee's  
14 health benefits plan so that the employee's health benefits coverage  
15 lapsed more than 30 days before the employee was able to purchase an  
16 individual health benefits plan pursuant to P.L.1992, c.161  
17 (C.17B:27A-2 et seq.).

18 b. The waiver of a preexisting condition limitation pursuant to this  
19 section shall apply retroactively to an individual health benefits plan  
20 purchased between February 1, 1997 and May 1, 1997.

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22 2. This act shall take effect immediately.

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STATEMENT

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27 This bill waives the one-year preexisting condition limitation for  
28 individual health benefits plans in the case of an otherwise eligible  
29 person who applies to purchase a health benefits plan on or before  
30 May 1, 1997, and who, as of February 1, 1997, was an employee of a  
31 nonprofit corporation that filed for bankruptcy in February and that  
32 failed to pay required premiums on the employee's health benefits plan.

33 The provisions of this bill will assist former employees of United  
34 Healthcare System which filed for bankruptcy in February 1997 and  
35 ceased operation shortly thereafter. United Healthcare System, which  
36 operated United Hospitals Medical Center, recently faced dire financial  
37 circumstances and incurred a substantial debt. Without the knowledge

1 of its employees, the healthcare system failed to make required  
2 payments to the health insurance carrier that provided health benefits  
3 coverage to the employees, so that the employees' health care  
4 coverage lapsed for more than 30 days. Many former employees of  
5 the healthcare system now find themselves without health care  
6 coverage through no fault of their own. These former employees are  
7 eligible to purchase individual health benefits coverage under  
8 P.L.1992, c.161 (C.17B:27A-2 et seq.), but because of the lapse in  
9 coverage they are not eligible for the exemption from the preexisting  
10 condition limitation under the individual health insurance program.

11 Accordingly, this bill extends the exemption from the preexisting  
12 condition limitation to these former employees.

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17 Waives the preexisting condition limitation in individual health benefits  
18 plans for certain former employees whose previous coverage lapsed.