

SENATE, No. 41

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senator LITTELL

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  
34 disproportionate share hospitals by the Commissioner of Human

**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 Services in accordance with federal laws and regulations applicable to  
2 hospitals serving a disproportionate number of low income patients.

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

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

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

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

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

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

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

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

23

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

26 5. The commissioner shall:

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

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

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

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

45 e. Study and, if feasible, establish hospital cost and outcome  
46 reports to provide assistance to consumers of health care in this State

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

1 shall be credited to the fund.

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

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

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

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

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

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

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

46

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

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

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

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

21 Hospital Specific Approved Uncompensated Care-1991  
22 .....  
23 Hospital Specific Preliminary Cost Base-1992  
24 = Hospital Specific % Uncompensated Care (%UC)

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

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

30 Hospital Specific Approved Uncompensated Care-1991  
31 .....  
32 Total approved Uncompensated Care All Eligible Hospitals-1991  
33 X \$500 million  
34 = Maximum Amount of Hospital Specific  
35 Charity Care Subsidy for 1993

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

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

1 married person's spouse, as the case may be, has health insurance.

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

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

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

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

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

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

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

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

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

43 e. The total amount allocated for charity care subsidy payments  
44 shall be: in 1994, \$450 million [and]; in 1995, \$400 million; and in  
45 1996 and each year thereafter, no more than \$300 million. Total  
46 payments to hospitals shall not exceed the amount allocated for each

1 given year.

2 f. Beginning January 1, 1995:

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

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

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

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

14

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

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

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

30 The commissioner shall contract with health insurance carriers,  
31 health maintenance organizations and other appropriate entities in the  
32 State to administer the program.

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

34

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

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

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

41

42 7. (New section) a. Beginning January 1, 1996 and for each year  
43 thereafter, the charity care subsidy shall be determined according to  
44 the following methodology.

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

1 adjusted charity care.

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

12 Charity care subsidy payments shall be based upon actual  
13 documented hospital charity care.

14 As used in this section:

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

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

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

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

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

38 (3) The hospital-specific "profitability factor" shall be determined  
39 annually as follows. Those hospitals that are equal to or below the  
40 Statewide median operating margin shall be assigned a profitability  
41 factor of "1". For those hospitals that are above the Statewide median  
42 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 the  
22 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  
35 of P.L. , c. (C. )(pending before the Legislature as this  
36 bill).

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

1 each fiscal year thereafter those revenues necessary to effectuate the  
2 purposes of this section.

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

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

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

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

38  
39 15. R.S.43:21-7 is amended to read as follows:

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

1 (d) and (e) shall be applicable to all employers, consistent with the  
2 provisions of the "unemployment compensation law" and the  
3 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et  
4 seq.).

5 (a) Payment.

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

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

17 (b) Rate of contributions. Each employer shall pay the following  
18 contributions:

19 (1) For the calendar year 1947, and each calendar year thereafter,  
20 2 7/10% of wages paid by him during each such calendar year, except  
21 as otherwise prescribed by subsection (c) of this section.

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

42 (3) For calendar years beginning on and after January 1, 1976, the  
43 "wages" of any individual, as defined in the preceding paragraph (2)  
44 of this subsection (b), shall be established and promulgated by the  
45 Commissioner of Labor on or before September 1 of the preceding  
46 year and shall be 28 times the Statewide average weekly remuneration

1 paid to workers by employers, as determined under R.S.43:21-3(c),  
2 raised to the next higher multiple of \$100.00 if not already a multiple  
3 thereof, provided that if the amount of wages so determined for a  
4 calendar year is less than the amount similarly determined for the  
5 preceding year, the greater amount will be used; provided, further, that  
6 if the amount of such wages so determined does not equal or exceed  
7 the amount of wages as defined in subsection (b) of section 3306 of  
8 the Federal Unemployment Tax Act, Chapter 23 of the Internal  
9 Revenue Code of 1986 (26 U.S.C. §3306(b)), the wages as determined  
10 in this paragraph in any calendar year shall be raised to equal the  
11 amount established under the Federal Unemployment Tax Act for that  
12 calendar year.

13 (c) Future rates based on benefit experience.

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

46 Each employer shall be furnished an annual summary statement of

1 benefits charged to his account.

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

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

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

25 (1)  $\frac{2}{5}\frac{5}{10}\%$ , if such excess equals or exceeds 4%, but less than  
26 5%, of his average annual payroll (as defined in paragraph (2),  
27 subsection (a) of R.S.43:21-19);

28 (2)  $\frac{2}{2}\frac{2}{10}\%$ , if such excess equals or exceeds 5%, but is less than  
29 6%, of his average annual payroll;

30 (3)  $\frac{1}{9}\frac{9}{10}\%$ , if such excess equals or exceeds 6%, but is less than  
31 7%, of his average annual payroll;

32 (4)  $\frac{1}{6}\frac{6}{10}\%$ , if such excess equals or exceeds 7%, but is less than  
33 8%, of his average annual payroll;

34 (5)  $\frac{1}{3}\frac{3}{10}\%$ , if such excess equals or exceeds 8%, but is less than  
35 9%, of his average annual payroll;

36 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,  
37 of his average annual payroll;

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

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

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

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

3 (2) 4 3/10%, if such excess equals or exceeds 10%, but is less than  
4 20%, of his average annual payroll;

5 (3) 4 6/10%, if such excess equals or exceeds 20% of his average  
6 annual payroll.

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

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

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

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

38 If on March 31 of any calendar year the balance of the  
39 unemployment trust fund is less than 2 1/2% of the total taxable wages  
40 reported to the controller as of that date in respect to employment  
41 during the preceding calendar year, the contribution rate, effective July  
42 1 following, of each employer (1) eligible for a contribution rate  
43 calculation based upon benefit experience, shall be increased by (i)  
44 6/10 of 1% over the contribution rate otherwise established under the  
45 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and  
46 (ii) an additional amount equal to 20% of the total rate established

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

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

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

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

45 (E) With respect to experience rating years beginning on or after  
46 July 1, 1986, the new employer rate or the unemployment experience

1 rate of an employer under this section shall be the rate which appears  
 2 in the column headed by the Unemployment Trust Fund Reserve Ratio  
 3 as of the applicable calculation date and on the line with the Employer  
 4 Reserve Ratio, as defined in paragraph 4 of this subsection  
 5 (R.S.43:21-7 (c)(4)), as set forth in the following table:

6  
 7 EXPERIENCE RATING TAX TABLE

8  
 9 Fund Reserve Ratio<sup>1</sup>

10	11	10.00%	7.00%	4.00%	2.50%	2.49%
12	Employer	and	to	to	to	and
13	Reserve	Over	9.99%	6.99%	3.99%	Under
14	Ratio <sup>2</sup>	A	B	C	D	E
15	Positive Reserve Ratio:					
16	17% and over	0.3	0.4	0.5	0.6	1.2
17	16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
18	15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
19	14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
20	13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
21	12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
22	11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
23	10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
24	9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
25	8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
26	7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
27	6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
28	5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
29	4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
30	3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
31	2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
32	1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
33	0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
34	Deficit Reserve Ratio:					
35	-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
36	-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
37	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
38	-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
39	-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
40	-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
41	-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
42	-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
43	-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
44	-35.00% and under	5.4	5.4	5.8	6.4	7.0
45	New Employer Rate	2.8	2.8	2.8	3.1	3.4

46  
 47 <sup>1</sup>Fund balance as of March 31 as a percentage of taxable wages in the prior calendar  
 48 year.

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

51  
 52 (F) With respect to experience rating years beginning on or after  
 53 July 1, 1986, if the balance of the unemployment trust fund as of the  
 54 prior March 31 is negative, the contribution rate for each employer

1 liable to pay contributions, as computed under subparagraph E of this  
2 paragraph (5), shall be increased by a factor of 10% computed to the  
3 nearest multiple of 1/10% if not already a multiple thereof.

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

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

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

45 On or after January 1, 1996 until December 31, 1996, the  
46 contribution rate for each employer liable to pay contributions, as

1 computed under subparagraph (E) of this paragraph (5), shall be  
2 decreased by a factor of 24.0% computed to the nearest multiple of  
3 1/10%, except that, if an employer has a deficit reserve ratio of  
4 negative 35.0% or under, the employer's rate of contribution shall not  
5 be reduced pursuant to this subparagraph (H) to less than 5.4%. The  
6 amount of the reduction in the employer contributions stipulated by  
7 this subparagraph (H) shall be in addition to the amount of the  
8 reduction in the employer contributions stipulated by subparagraph (G)  
9 of this paragraph (5), except that the rate of contribution of an  
10 employer who has a deficit reserve ratio of negative 35.0% or under  
11 shall not be reduced pursuant to this subparagraph (H) to less than  
12 5.4% and the rate of contribution of any other employer shall not be  
13 reduced to less than 0.0%.

14 On or after January 1, 1997 until December 31, 1997, the  
15 contribution rate for each employer liable to pay contributions, as  
16 computed under subparagraph (E) of this paragraph (5), shall be  
17 decreased by a factor of 20.0% computed to the nearest multiple of  
18 1/10%, except that, if an employer has a deficit reserve ratio of  
19 negative 35.0% or under, the employer's rate of contribution shall not  
20 be reduced pursuant to this subparagraph (H) to less than 5.4%. The  
21 amount of the reduction in the employer contributions stipulated by  
22 this subparagraph (H) shall be in addition to the amount of the  
23 reduction in the employer contributions stipulated by subparagraph (G)  
24 of this paragraph (5), except that the rate of contribution of an  
25 employer who has a deficit reserve ratio of negative 35.0% or under  
26 shall not be reduced pursuant to this subparagraph (H) to less than  
27 5.4% and the rate of contribution of any other employer shall not be  
28 reduced to less than 0.0%.

29 On or after January 1, 1998 until December 31, 1998, the  
30 contribution rate for each employer liable to pay contributions, as  
31 computed under subparagraph (E) of this paragraph (5), shall be  
32 decreased by a factor of 14.0% computed to the nearest multiple of  
33 1/10%, except that, if an employer has a deficit reserve ratio of  
34 negative 35.0% or under, the employer's rate of contribution shall not  
35 be reduced pursuant to this subparagraph (H) to less than 5.4%. The  
36 amount of the reduction in the employer contributions stipulated by  
37 this subparagraph (H) shall be in addition to the amount of the  
38 reduction in the employer contributions stipulated by subparagraph (G)  
39 of this paragraph (5), except that the rate of contribution of an  
40 employer who has a deficit reserve ratio of negative 35.0% or under  
41 shall not be reduced pursuant to this subparagraph (H) to less than  
42 5.4% and the rate of contribution of any other employer shall not be  
43 reduced to less than 0.0%.

44 On or after January 1, 1999 until December 31, 1999, the  
45 contribution rate for each employer liable to pay contributions, as  
46 computed under subparagraph (E) of this paragraph (5), shall be

1 decreased by a factor of 8.0% computed to the nearest multiple of  
2 1/10%, except that, if an employer has a deficit reserve ratio of  
3 negative 35.0% or under, the employer's rate of contribution shall not  
4 be reduced pursuant to this subparagraph (H) to less than 5.4%. The  
5 amount of the reduction in the employer contributions stipulated by  
6 this subparagraph (H) shall be in addition to the amount of the  
7 reduction in the employer contributions stipulated by subparagraph (G)  
8 of this paragraph (5), except that the rate of contribution of an  
9 employer who has a deficit reserve ratio of negative 35.0% or under  
10 shall not be reduced pursuant to this subparagraph (H) to less than  
11 5.4% and the rate of contribution of any other employer shall not be  
12 reduced to less than 0.0%.

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

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

29 If, upon calculating the unemployment compensation fund reserve  
30 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to July 1, 1998, the  
31 controller finds that the fund reserve ratio has decreased to a level of  
32 less than 4.00%, the Commissioner of Labor shall notify the State  
33 Treasurer of this fact and of the dollar amount necessary to bring the  
34 fund reserve ratio up to a level of 4.00%. The State Treasurer shall,  
35 prior to July 1, 1998, transfer from the General Fund to the  
36 unemployment compensation fund, revenues in the amount specified  
37 by the commissioner and which, upon deposit in the unemployment  
38 compensation fund, shall result, upon recalculation, in a fund reserve  
39 ratio used to determine employer contributions beginning July 1, 1998  
40 of at least 4.00%.

41 (6) Additional contributions.

42 Notwithstanding any other provision of law, any employer who has  
43 been assigned a contribution rate pursuant to subsection (c) of this  
44 section for the year commencing July 1, 1948, and for any year  
45 commencing July 1 thereafter, may voluntarily make payment of  
46 additional contributions, and upon such payment shall receive a

1 recomputation of the experience rate applicable to such employer,  
2 including in the calculation the additional contribution so made. Any  
3 such additional contribution shall be made during the 30-day period  
4 following the date of the mailing to the employer of the notice of his  
5 contribution rate as prescribed in this section, unless, for good cause,  
6 the time for payment has been extended by the controller for not to  
7 exceed an additional 60 days; provided that in no event may such  
8 payments which are made later than 120 days after the beginning of  
9 the year for which such rates are effective be considered in  
10 determining the experience rate for the year in which the payment is  
11 made. Any employer receiving any extended period of time within  
12 which to make such additional payment and failing to make such  
13 payment timely shall be, in addition to the required amount of  
14 additional payment, a penalty of 5% thereof or \$5.00, whichever is  
15 greater, not to exceed \$50.00. Any adjustment under this subsection  
16 shall be made only in the form of credits against accrued or future  
17 contributions.

18 (7) Transfers.

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

40 (B) An employer who transfers part of his or its organization,  
41 trade, assets or business to a successor in interest, whether by merger,  
42 consolidation, sale, transfer, descent or otherwise, may jointly make  
43 application with such successor in interest for transfer of that portion  
44 of the employment experience of the predecessor employer relating to  
45 the portion of the organization, trade, assets or business transferred to  
46 the successor in interest, including credit for past years, contributions

1 paid, annual payrolls, benefit charges, et cetera, applicable to such  
2 predecessor employer. The transfer of employment experience may be  
3 allowed pursuant to regulation only if it is found that the employment  
4 experience of the predecessor employer with respect to the portion of  
5 the organization, trade, assets or business which has been transferred  
6 may be considered indicative of the future employment experience of  
7 the successor in interest. Credit shall be given to the successor in  
8 interest only for the years during which contributions were paid by the  
9 predecessor employer with respect to that part of the organization,  
10 trade, assets or business transferred.

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

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

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

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

46 (C) (i) Notwithstanding the above provisions of this paragraph (1),

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

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

26 (D) Notwithstanding any other provisions of this paragraph (1),  
27 during the period starting January 1, 1993 and ending June 30, 1994,  
28 each worker shall contribute to the unemployment compensation fund  
29 0.5% of wages paid with respect to the worker's employment with a  
30 governmental employer electing or required to pay contributions or  
31 nongovernmental employer, including a nonprofit organization which  
32 is an employer as defined under paragraph 6 of subsection (h) of  
33 R.S.43:21-19, regardless of whether that nonprofit organization elects  
34 or is required to finance its benefit costs with contributions to the fund  
35 or by payments in lieu of contributions, after that employer has  
36 satisfied the conditions set forth in subsection (h) of R.S.43:21-19  
37 with respect to becoming an employer. No contributions, however,  
38 shall be made by the worker while the worker is covered by an  
39 approved private plan under the "Temporary Disability Benefits Law,"  
40 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt  
41 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other  
42 provision of that law; provided that the contributions shall be at the  
43 rate of 0.50% of wages paid with respect to employment with the  
44 State of New Jersey or any other governmental entity or  
45 instrumentality electing or required to make payments in lieu of  
46 contributions and which is covered by the State plan under the

1 "Temporary Disability Benefits Law," except that, while the worker is  
2 exempt from the provisions of the "Temporary Disability Benefits  
3 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any  
4 other provision of that law, or is covered for disability benefits by an  
5 approved private plan of the employer, no contributions shall be made  
6 to the fund.

7 Each worker shall, starting on January 1, 1996 and ending  
8 December 31, 1996, contribute to the unemployment compensation  
9 fund [0.60%] 0.46% of wages paid with respect to the worker's  
10 employment with a governmental employer electing or required to pay  
11 contributions or nongovernmental employer, including a nonprofit  
12 organization which is an employer as defined under paragraph 6 of  
13 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit  
14 organization elects or is required to finance its benefit costs with  
15 contributions to the fund or by payments in lieu of contributions, after  
16 that employer has satisfied the conditions set forth in subsection (h) of  
17 R.S.43:21-19 with respect to becoming an employer, provided that the  
18 contributions shall be at the rate of 0.10% of wages paid with respect  
19 to employment with the State of New Jersey or any other  
20 governmental entity or instrumentality electing or required to make  
21 payments in lieu of contributions.

22 Each worker shall, starting on January 1, 1997 and ending  
23 December 31, 1997, contribute to the unemployment compensation  
24 fund 0.48% of wages paid with respect to the worker's employment  
25 with a governmental employer electing or required to pay  
26 contributions or nongovernmental employer, including a nonprofit  
27 organization which is an employer as defined under paragraph 6 of  
28 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit  
29 organization elects or is required to finance its benefit costs with  
30 contributions to the unemployment compensation fund or by payments  
31 in lieu of contributions, after that employer has satisfied the conditions  
32 set forth in subsection (h) of R.S.43:21-19 with respect to becoming  
33 an employer, provided that the contributions shall be at the rate of  
34 0.10% of wages paid with respect to employment with the State of  
35 New Jersey or any other governmental entity or instrumentality  
36 electing or required to make payments in lieu of contributions.

37 Each worker shall, starting on January 1, 1998 and ending  
38 December 31, 1998, contribute to the unemployment compensation  
39 fund 0.51% of wages paid with respect to the worker's employment  
40 with a governmental employer electing or required to pay  
41 contributions or nongovernmental employer, including a nonprofit  
42 organization which is an employer as defined under paragraph 6 of  
43 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit  
44 organization elects or is required to finance its benefit costs with  
45 contributions to the unemployment compensation fund or by payments  
46 in lieu of contributions, after that employer has satisfied the conditions

1 set forth in subsection (h) of R.S.43:21-19 with respect to becoming  
2 an employer, provided that the contributions shall be at the rate of  
3 0.10% of wages paid with respect to employment with the State of  
4 New Jersey or any other governmental entity or instrumentality  
5 electing or required to make payments in lieu of contributions.

6 Each worker shall, starting on January 1, 1999 and ending  
7 December 31, 1999, contribute to the unemployment compensation  
8 fund 0.55% of wages paid with respect to the worker's employment  
9 with a governmental employer electing or required to pay  
10 contributions or nongovernmental employer, including a nonprofit  
11 organization which is an employer as defined under paragraph 6 of  
12 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit  
13 organization elects or is required to finance its benefit costs with  
14 contributions to the unemployment compensation fund or by payments  
15 in lieu of contributions, after that employer has satisfied the conditions  
16 set forth in subsection (h) of R.S.43:21-19 with respect to becoming  
17 an employer, provided that the contributions shall be at the rate of  
18 0.10% of wages paid with respect to employment with the State of  
19 New Jersey or any other governmental entity or instrumentality  
20 electing or required to make payments in lieu of contributions.

21 On and after January 1, 2000, each worker shall contribute to the  
22 unemployment compensation fund 0.60% of wages paid with respect  
23 to the worker's employment with a governmental employer electing or  
24 required to pay contributions or nongovernmental employer, including  
25 a nonprofit organization which is an employer as defined under  
26 paragraph 6 of subsection (h) of R.S.43:21-19, regardless of whether  
27 that nonprofit organization elects or is required to finance its benefit  
28 costs with contributions to the unemployment compensation fund or  
29 by payments in lieu of contributions, after that employer has satisfied  
30 the conditions set forth in subsection (h) of R.S.43:21-19 with respect  
31 to becoming an employer, provided that the contributions shall be at  
32 the rate of 0.10% of wages paid with respect to employment with the  
33 State of New Jersey or any other governmental entity or  
34 instrumentality electing or required to make payments in lieu of  
35 contributions.

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

1 such contributions, and for the purpose of R.S.43:21-14, such  
2 contributions shall be treated as employer's contributions required  
3 from him.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

46 (1) Except as hereinafter provided, each employer shall, in addition

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

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

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

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

1 disability in such calendar year and in preceding calendar years shall be  
2 charged against the account of the employer by whom such individual  
3 was employed at the commencement of such disability or by whom he  
4 was last employed, if out of employment.

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

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

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

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

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

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

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

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

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

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

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

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

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

46 (v)  $\frac{75}{100}$  of 1% if such excess over \$500.00 equals or exceeds

1 1% of his average annual payroll.

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

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

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

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

34 (ii) If the percentage determined in accordance with paragraph  
35 (E)(1) of this subsection equals or exceeds 3/4 of 1% and is less than  
36 1 1/4 of 1%, the final employer rates shall be the preliminary employer  
37 rates.

38 (iii) If the percentage determined in accordance with paragraph  
39 (E)(1) of this subsection is less than 3/4 of 1%, but in excess of 1/4 of  
40 1%, the final employer rates shall be the preliminary employer rates  
41 determined as provided in (D) hereof increased by the difference  
42 between 3/4 of 1% and such percentage taken to the nearest 5/100 of  
43 1%; provided, however, that no such final rate shall be more than 1/4  
44 of 1% in the case of an employer whose preliminary rate is determined  
45 as provided in (D)(2) hereof, more than 1/2 of 1% in the case of an  
46 employer whose preliminary rate is determined as provided in (D)(1)

1 and (D)(3) hereof, nor more than  $\frac{3}{4}$  of 1% in the case of an employer  
2 whose preliminary rate is determined as provided in (D)(4) hereof.

3 (iv) If the amount of the State disability benefits fund determined  
4 as provided in paragraph (E)(1) of this subsection is equal to or less  
5 than  $\frac{1}{4}$  of 1%, then the final rate shall be  $\frac{2}{5}$  of 1% in the case of an  
6 employer whose preliminary rate is determined as provided in (D)(2)  
7 hereof,  $\frac{7}{10}$  of 1% in the case of an employer whose preliminary rate  
8 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the  
9 case of an employer whose preliminary rate is determined as provided  
10 in (D)(4) hereof. Notwithstanding any other provision of law or any  
11 determination made by the controller with respect to any 12-month  
12 period commencing on July 1, 1970, the final rates for all employers  
13 for the period beginning January 1, 1971, shall be as set forth herein.  
14 (cf: P.L.1995, c.422, s.1)

15

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

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

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

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

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

35 Beginning January 1, 1999 until December 31, 1999, 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 0.05% of the  
38 employee's taxable wages.

39 Also beginning on January 1, 1993 until [December 31, 1995,  
40 except as provided pursuant to subsection b. of this section] December  
41 31, 1999, each employer shall, in such a manner and at such times as  
42 determined by the commissioner, contribute to the fund an amount  
43 equal to the amount that the employer's contribution to the  
44 unemployment compensation fund is decreased pursuant to  
45 subparagraph (H) of paragraph (5) of subsection (c) of R.S.43:21-7.

46 b. If the unemployment compensation fund reserve ratio, as

1 determined pursuant to paragraph (5) of subsection (c) of  
2 R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of  
3 calendar year 1994 or calendar year 1995, the provisions of subsection  
4 a. of this section shall cease to be in effect as of July 1 of that calendar  
5 year and each employer who would be subject to making the  
6 contributions pursuant to subsection a. of this section if that  
7 subsection were in effect shall, beginning on July 1 of that calendar  
8 year, contribute to the fund an amount equal to 0.62% of the total  
9 wages paid by the employer and shall continue to contribute that  
10 amount until December 31, 1995.

11 c. If the total amount of contributions to the fund pursuant to this  
12 section during the calendar year 1993 exceeds \$600 million, all  
13 contributions which exceed \$600 million shall be deposited in the  
14 unemployment compensation fund. If the total amount of  
15 contributions to the fund pursuant to this section during calendar year  
16 1994 or calendar year 1995 exceeds \$500 million, all contributions  
17 which exceed \$500 million shall be deposited in the unemployment  
18 compensation fund. If the total amount of contributions made to the  
19 fund pursuant to this section for the calendar year 1996 exceeds \$387  
20 million, all contributions which exceed \$387 million in a calendar year  
21 shall be deposited in the unemployment compensation fund. If the  
22 total amount of contributions made to the fund pursuant to this section  
23 for the calendar year 1997 exceeds \$332 million, all contributions  
24 which exceed \$332 million shall be deposited in the unemployment  
25 compensation fund. If the total amount of contributions made to the  
26 fund pursuant to this section for the calendar year 1998 exceeds \$232  
27 million, all contributions which exceed \$232 million shall be deposited  
28 in the unemployment compensation fund. If the total amount of  
29 contributions made to the fund pursuant to this section for the  
30 calendar year 1999 exceeds \$132 million, all contributions which  
31 exceed \$132 million shall be deposited in the unemployment  
32 compensation fund.

33 d. All necessary administrative costs related to the collection of  
34 contributions pursuant to this section shall be paid from the  
35 contributions.

36 (cf: P.L.1992, c.160, s.29)

37

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

40 32. a. If an employee receives wages from more than one  
41 employer during any calendar year, and the sum of the employee's  
42 contributions deposited in the fund exceeds an amount equal to 0.6%  
43 of the wages determined in accordance with the provisions of  
44 paragraph (3) of subsection (b) of R.S.43:21-7 during calendar year  
45 1993, calendar year 1994 or calendar year 1995, the employee shall be  
46 entitled to a refund of the excess if a claim establishing the employee's

1 right to the refund is made within two years after the end of the  
2 respective calendar year in which the wages are received and are the  
3 subject of the claim. The commissioner shall refund any overpayment  
4 from the fund without interest.

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

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

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

35 If an employee receives wages from more than one employer during  
36 the calendar year 1999, and the sum of the employee's contributions  
37 deposited in the fund exceeds an amount equal to 0.05% of the wages  
38 determined in accordance with the provisions of paragraph (3) of  
39 subsection (b) of R.S.43:21-7 during calendar year 1999, the employee  
40 shall be entitled to a refund of the excess if a claim establishing the  
41 employee's right to the refund is made within two years after the end  
42 of the respective calendar year in which the wages are received and are  
43 the subject of the claim. The commissioner shall refund any  
44 overpayment from the fund without interest.

45 b. Any employee who is a taxpayer and entitled, pursuant to the  
46 provisions of subsection a. of this section, to a refund of contributions

1 deducted during a tax year from his wages shall, in lieu of the refund,  
2 be entitled to a credit in the full amount thereof against the tax  
3 otherwise due on his New Jersey gross income for that tax year if he  
4 submits his claim for the credit and accompanies that claim with  
5 evidence of his right to the credit in the manner provided by regulation  
6 by the Director of the Division of Taxation. In any case in which the  
7 amount, or any portion thereof, of any credit allowed hereunder results  
8 in or increases an excess of income tax payment over income tax  
9 liability, the amount of the new or increased excess shall be considered  
10 an overpayment and shall be refunded to the taxpayer in the manner  
11 provided by subsection (a) of N.J.S.54A:9-7.

12 (cf: P.L.1992, c.160, s.32)

13

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

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

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

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

45 (d) Any governmental entity or instrumentality electing the option  
46 for contributions financing shall report and pay contributions in

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

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

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

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

1 (h) Notwithstanding the provisions of the above subsection (g),  
2 commencing July 1, 1986 worker contributions to the unemployment  
3 trust fund with respect to wages paid by any governmental entity or  
4 instrumentality electing or required to make payments in lieu of  
5 contributions, including the State of New Jersey, shall be made in  
6 accordance with the provisions of R.S.43:21-7(d)(1)(C) or  
7 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each  
8 governmental entity or instrumentality electing or required to make  
9 payments in lieu of contributions shall, except during the period  
10 starting January 1, 1993 and ending December 31, 1995 or, if the  
11 unemployment compensation fund reserve ratio, as determined  
12 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases  
13 to a level of less than 4.00% on March 31 of calendar year 1994 or  
14 calendar year 1995, ending July 1 of that calendar year, require  
15 payments from its workers at the [rate of 0.50%] following rates of  
16 wages paid, which amounts are to be held in the trust fund maintained  
17 by the governmental entity or instrumentality for payment of benefit  
18 costs: for calendar year 1996, 0.36%; for calendar year 1997, 0.38%;  
19 for calendar year 1998, 0.41%; for calendar year 1999, 0.45%; and for  
20 calendar year 2000 and each calendar year thereafter, 0.50%.  
21 (cf: P.L 1992, c.205, s.1)  
22

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

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

1 which the wages are paid with respect to which refund of contribution  
2 is claimed. No interest shall be allowed or paid with respect to any  
3 such refund.

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

5  
6 20. P.L.1950, c.303 (C.44:8-146 et seq.) is repealed.

7  
8 21. There is appropriated \$2,500,000 from the General Fund to the  
9 Department of Health to effectuate the purposes of section 13 of  
10 P.L. , c. (C. )(pending before the Legislature as this bill).

11  
12 22. This act shall take effect immediately and be retroactive to  
13 January 1, 1996, except that section 14 shall take effect on July 1,  
14 1996.

#### 15 16 17 STATEMENT

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

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

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

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

46 The monies in the Health Care Subsidy Fund will be allocated as

1 follows:

2 -- for charity care subsidies, \$300 million in 1996 and each  
3 succeeding year;

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

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

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

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

22 The balance of the funding for the Health Care Subsidy Fund will  
23 be derived from:

24 -- appropriations from the General Fund, beginning in calendar year  
25 1996; and

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

29 The bill directs that the federal Medicaid match for the State monies  
30 provided to the Hospital Health Care Subsidy account shall be  
31 appropriated to that account to fund services at eligible  
32 disproportionate share hospitals. These additional monies will increase  
33 the total amount of funding provided under this bill to \$450 million in  
34 1996 and each succeeding year.

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

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

1 temporarily unemployed.

2 The bill further provides that, beginning in Fiscal Year 1997, the  
3 State shall pay (from the General Fund) inpatient hospitalization costs  
4 for general public assistance recipients which are incurred by special  
5 hospitals that are ineligible for a charity care subsidy and that received  
6 reimbursements for these costs from the General Fund prior to Fiscal  
7 Year 1992. The bill repeals P.L.1950, c.303 (C.44:8-146 et seq.),  
8 which requires municipalities in counties of the first class to pay these  
9 costs (which repeal accords with the budget language in the annual  
10 appropriations acts for Fiscal Years 1992 through 1996).

11 Finally, the bill:

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

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

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

25 -- directs that the findings and recommendations from these studies  
26 be reported to the Governor and the Legislature within an eight-month  
27 time period; and

28 -- appropriates \$2.5 million to the Department of Health to fund  
29 these studies.

30

31

32

33

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