

SENATE, No. 1064

STATE OF NEW JERSEY

INTRODUCED MAY 2, 1996

By Senators SCOTT and CONNORS

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 13, 15 and 16 of P.L. , c. (C.)(pending before
14 the 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
30 (42 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, 12 and 13 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.).

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

32 e. In the event that [the charity care component of the
33 disproportionate share hospital subsidy] any account in the fund has
34 a surplus in a given year after [payments are distributed pursuant to
35 the methodology established in section 13 of P.L.1995, c.133
36 (C.26:2H-18.59b) and within the limitations provided in subsection e.
37 of section 9 of P.L.1992, c.160 (C.26:2H-18.59), the commissioner
38 may reallocate the surplus monies to the Health Access New Jersey
39 subsidy account] funds are expended from that account pursuant to the
40 provisions of P.L.1992, c.160 (C.26:2H-18.51 et al.), section 13 of
41 P.L.1995, c.133 (C.26:2H-18.59b), and P.L. , c. (C.) (pending
42 before the Legislature as this bill), the surplus funds shall lapse to
43 the unemployment compensation fund established pursuant to
44 R.S.43:21-9.

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; in 1996,
45 \$275 million; and in 1997 and each year thereafter, \$265 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 No funds under the program shall be expended or provided for the
27 performance of an abortion or abortion services unless the abortion
28 is medically necessary to save the mother's life, provided that nothing
29 herein shall preclude the application of the supremacy clause of the
30 United States Constitution.

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

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

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

39

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

42 16. The Health Access New Jersey subsidy account shall be
43 allocated \$50 million in 1995, [\$100] and \$40 million in 1996[, and
44 \$150 million in 1997] and each year thereafter.

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

1 7. (New section) a. Beginning January 1, 1996 through
2 December 31, 1997, the charity care subsidy shall be determined
3 according to the following methodology.

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

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

17 Charity care subsidy payments shall be based upon actual
18 documented hospital charity care.

19 As used in this section:

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

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

33 (2) In 1996, the hospital-specific "operating margin" shall be equal
34 to: the hospital's 1993 and 1994 income from operations minus its
35 1993 and 1994 charity care subsidies divided by its 1993 and 1994
36 total operating revenue minus its 1993 and 1994 charity care subsidies.

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

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

43 (3) The hospital-specific "profitability factor" shall be determined
44 annually as follows. Those hospitals that are equal to or below the
45 Statewide median operating margin shall be assigned a profitability

1 factor of "1". For those hospitals that are above the Statewide median
2 operating margin, the profitability factor shall be equal to:

$$\begin{array}{l}
 3 \\
 4 \qquad \qquad \qquad .75 \times (\text{hospital specific operating} \\
 5 \qquad \qquad \text{margin} - \text{Statewide median operating margin}) \\
 6 \quad 1 - \text{.....} \\
 7 \qquad \qquad \qquad \text{highest hospital specific operating} \\
 8 \qquad \qquad \text{margin} - \text{Statewide median operating margin} \\
 9
 \end{array}$$

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

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

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

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

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

29 c. Charity care subsidy payments shall commence on or after the
30 date of enactment of P.L. , c. (pending before the Legislature as this
31 bill) and the full calendar year 1996 allocation shall be disbursed by
32 January 30, 1997.

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

44
45 9. (New section) a. The Commissioner of Health shall transfer to
46 the Hospital Health Care Subsidy account in the Division of Medical

1 Assistance and Health Services of the Department of Human Services
2 from the Health Care Subsidy Fund, \$35 million in calendar year 1996
3 and \$45 million in calendar year 1997, according to a schedule to be
4 determined by the Commissioner of Health in consultation with the
5 Commissioner of Human Services. These funds shall be distributed to
6 eligible disproportionate share hospitals, subject to the provisions of
7 subsection b. of this section, according to a methodology adopted by
8 the Commissioner of Human Services pursuant to N.J.A.C.10:52-8.2,
9 using hospital expenditure data for the most recent calendar year
10 available for services reimbursed from these funds; except that \$8.75
11 million of the total amount transferred to the Division of Medical
12 Assistance and Health Services pursuant to this subsection shall be
13 allocated in each calendar year under the methodology adopted by the
14 Commissioner of Human Services to those disproportionate share
15 hospitals which serve large numbers of low-income mentally ill or
16 developmentally disabled clients.

17 b. Funds distributed pursuant to subsection a. of this section for
18 disproportionate share hospitals which receive payments based on the
19 facility's percentage of clients with AIDS, tuberculosis, substance
20 abuse and addiction and complex births, shall be allocated among a
21 maximum of 30 eligible hospitals.

22 c. In calendar years 1996 and 1997, the Governor shall recommend
23 and the Legislature shall appropriate to the Hospital Health Care
24 Subsidy account in the Division of Medical Assistance and Health
25 Services of the Department of Human Services for distribution to
26 disproportionate share hospitals which are eligible for reimbursement
27 pursuant to this section, those federal funds received in connection
28 with the provision of hospital services which are reimbursed from that
29 account.

30 d. For calendar year 1998 and each year thereafter, the Governor
31 shall recommend and the Legislature shall appropriate in the annual
32 appropriations act funds as shall be required for the Hospital Health
33 Care Subsidy account.

34
35 10. (New section) The Commissioner of Health shall transfer to
36 the Division of Alcoholism, Drug Abuse and Addiction Services in the
37 Department of Health from the Health Care Subsidy Fund, \$10 million
38 in Fiscal Year 1997 and \$20 million in Fiscal Year 1998 and each fiscal
39 year thereafter, or such sums as are made available pursuant to section
40 11 of P.L. , c. (C.)(pending before the Legislature as this
41 bill), whichever amount is less, according to a schedule to be
42 determined by the Commissioner of Health, to fund community-based
43 residential and inpatient drug abuse treatment services.

44
45 11. (New section) The State Treasurer shall transfer to the Health
46 Care Subsidy Fund established pursuant to section 8 of P.L.1992,

1 c.160 (C.26:2H-18.58), only those revenues generated from third party
2 liability recoveries by the State which are required for the purposes
3 provided in section 10 of P.L. , c. (C.)(pending before the
4 Legislature as this bill).

5
6 12. (New section) There is appropriated from the General Fund,
7 from the revenue collected by the State for State purposes in the prior
8 fiscal year from the "Sales and Use Tax Act," P.L.1966, c.30
9 (C.54:32B-1 et seq.), the amount of \$60,000,000 for deposit in the
10 Health Care Subsidy Fund established pursuant to section 8 of
11 P.L.1992, c.160 (C.26:2H-18.58).

12
13 13. (New section) a. Notwithstanding any other provision of law
14 to the contrary, there shall be deposited annually in the Health Care
15 Subsidy Fund established pursuant to section 8 of P.L.1992, c.160
16 (C.26:2H-18.58), the following amounts: in calendar year 1996, an
17 amount equal to 2.8% of the revenue collected by the State for State
18 purposes in the prior fiscal year from the "Sales and Use Tax Act,"
19 P.L.1966, c.30 (C.54:32B-1 et seq.); in calendar year 1997, an amount
20 equal to 5.6% of such revenue; and in calendar year 1998 and each
21 calendar year thereafter, an amount equal to 7.8% of such revenue.

22 b. The annual appropriations act for each State fiscal year shall,
23 without other conditions, limitations or restrictions on the following,
24 credit amounts paid to the State Treasurer pursuant to section 3 of
25 P.L.1966, c.30 (C.54:32B-3), to the Health Care Subsidy Fund,
26 pursuant to the requirements of subsection a. of this section, and
27 appropriate those amounts for the purposes of that fund.

28 c. If the requirements of subsection b. of this section are not met
29 on the effective date of an annual appropriations act for the State fiscal
30 year, or if an amendment or supplement to an annual appropriations
31 act for the State fiscal year should violate the requirements of
32 subsection b. of this section, the Director of the Division of Budget
33 and Accounting in the Department of the Treasury shall, not later than
34 five days after the enactment of the annual appropriations act, or an
35 amendment or supplement thereto, that violates the requirements of
36 subsection b. of this section, certify to the Director of the Division of
37 Taxation that the requirements of subsection b. of this section have not
38 been met.

39
40 14. Section 3 of P.L.1966, c.30 (C.54:32B-3) is amended to read
41 as follows:

42 3. There is imposed and there shall be paid a tax of 6% upon:

43 (a) The receipts from every retail sale of tangible personal
44 property, except as otherwise provided in this act. If the lessor of
45 tangible personal property purchased for lease elects to pay tax on the

1 amount of the sales price as provided in paragraph (2) of subsection
2 (bb) of section 2 of P.L.1966, c.30 (C.54:32B-2), any and each
3 subsequent lease or rental is a retail sale, and a subsequent sale of such
4 property is a retail sale.

5 (b) The receipts from every sale, except for resale, of the following
6 services:

7 (1) Producing, fabricating, processing, printing or imprinting
8 tangible personal property, performed for a person who directly or
9 indirectly furnishes the tangible personal property, not purchased by
10 him for resale, upon which such services are performed.

11 (2) Installing tangible personal property, or maintaining, servicing,
12 repairing tangible personal property not held for sale in the regular
13 course of business, whether or not the services are performed directly
14 or by means of coin-operated equipment or by any other means, and
15 whether or not any tangible personal property is transferred in
16 conjunction therewith, except (i) such services rendered by an
17 individual who is engaged directly by a private homeowner or lessee
18 in or about his residence and who is not in a regular trade or business
19 offering his services to the public, (ii) such services rendered with
20 respect to personal property exempt from taxation hereunder pursuant
21 to section 13 of P.L.1980, c.105 (C.54:32B-8.1), (iii) (Deleted by
22 amendment, P.L.1990, c.40), (iv) any receipts from laundering, dry
23 cleaning, tailoring, weaving, pressing, shoe repairing and shoeshining
24 and (v) services rendered in installing property which, when installed,
25 will constitute an addition or capital improvement to real property,
26 property or land.

27 (3) Storing all tangible personal property not held for sale in the
28 regular course of business and the rental of safe deposit boxes or
29 similar space.

30 (4) Maintaining, servicing or repairing real property, other than a
31 residential heating system unit serving not more than three families
32 living independently of each other and doing their cooking on the
33 premises, whether the services are performed in or outside of a
34 building, as distinguished from adding to or improving such real
35 property by a capital improvement, but excluding services rendered by
36 an individual who is not in a regular trade or business offering his
37 services to the public, and excluding garbage removal and sewer
38 services performed on a regular contractual basis for a term not less
39 than 30 days.

40 (5) Advertising services, except advertising services for use
41 directly and primarily for publication in newspapers and magazines and
42 except for direct-mail advertising processing services in connection
43 with distribution to out-of-State recipients.

44 (6) (Deleted by amendment, P.L.1995,c.184.)

45 Wages, salaries and other compensation paid by an employer to an
46 employee for performing as an employee the services described in this

1 subsection are not receipts subject to the taxes imposed under this
2 subsection (b).

3 Services otherwise taxable under paragraph (1) or (2) of this
4 subsection (b) are not subject to the taxes imposed under this
5 subsection, where the tangible personal property upon which the
6 services were performed is delivered to the purchaser outside this
7 State for use outside this State.

8 (c) Receipts from the sale of food and drink in or by restaurants,
9 taverns, vending machines or other establishments in this State, or by
10 caterers, including in the amount of such receipts any cover, minimum,
11 entertainment or other charge made to patrons or customers:

12 (1) In all instances where the sale is for consumption on the
13 premises where sold;

14 (2) In those instances where the vendor or any person whose
15 services are arranged for by the vendor, after the delivery of the food
16 or drink by or on behalf of the vendor for consumption off the
17 premises of the vendor, serves or assists in serving, cooks, heats or
18 provides other services with respect to the food or drink, except for
19 meals especially prepared for and delivered to homebound elderly, age
20 60 or older, and to disabled persons, or meals prepared and served at
21 a group-sitting at a location outside of the home to otherwise
22 homebound elderly persons, age 60 or older, and otherwise
23 homebound disabled persons, as all or part of any food service project
24 funded in whole or in part by government or as part of a private,
25 nonprofit food service project available to all such elderly or disabled
26 persons residing within an area of service designated by the private
27 nonprofit organization;

28 (3) In those instances where the sale is for consumption off the
29 premises of the vendor, and consists of a meal, or food prepared and
30 ready to be eaten, of a kind obtainable in restaurants as the main
31 course of a meal, including a sandwich, except where food other than
32 sandwiches is sold in an unheated state and is of a type commonly sold
33 in the same form and condition in food stores other than those which
34 are principally engaged in selling prepared foods; and

35 (4) Sales of food and beverages sold through coin-operated
36 vending machines, at the wholesale price of such sale, which shall be
37 defined as 70% of the retail vending machine selling price, except sales
38 of milk, which shall not be taxed. Nothing herein contained shall
39 affect other sales through coin-operated vending machines taxable
40 pursuant to subsection (a) above or the exemption thereto provided by
41 section 21 of P.L.1980, c.105 (C.54:32B-8.9).

42 The tax imposed by this subsection (c) shall not apply to food or
43 drink which is sold to an airline for consumption while in flight.

44 (d) The rent for every occupancy of a room or rooms in a hotel in
45 this State, except that the tax shall not be imposed upon (1) a
46 permanent resident, or (2) where the rent is not more than at the rate

1 of \$2.00 per day.

2 (e) (1) Any admission charge, where such admission charge is in
3 excess of \$0.75 to or for the use of any place of amusement in the
4 State, including charges for admission to race tracks, baseball,
5 football, basketball or exhibitions, dramatic or musical arts
6 performances, motion picture theatres, except charges for admission
7 to boxing, wrestling, kick boxing or combative sports exhibitions,
8 events, performances or contests which charges are taxed under any
9 other law of this State or under section 20 of P.L.1985, c.83
10 (C.5:2A-20), and, except charges to a patron for admission to, or use
11 of, facilities for sporting activities in which such patron is to be a
12 participant, such as bowling alleys and swimming pools. For any
13 person having the permanent use or possession of a box or seat or
14 lease or a license, other than a season ticket, for the use of a box or
15 seat at a place of amusement, the tax shall be upon the amount for
16 which a similar box or seat is sold for each performance or exhibition
17 at which the box or seat is used or reserved by the holder, licensee or
18 lessee, and shall be paid by the holder, licensee or lessee.

19 (2) The amount paid as charge of a roof garden, cabaret or other
20 similar place in this State, to the extent that a tax upon such charges
21 has not been paid pursuant to subsection (c) hereof.

22 (f) The receipts from every sale, except for resale, of intrastate or
23 interstate telecommunications charged to an address in this State,
24 regardless of where the services are billed or paid.

25 Notwithstanding the provisions of this section to the contrary, on
26 and after the 10th day following a certification by the Director of the
27 Division of Budget and Accounting in the Department of the Treasury
28 pursuant to subsection c. of section 13 of P.L. _____, c.
29 (C. _____)(pending before the Legislature as this bill), no such tax shall
30 be imposed.

31 (cf: P.L.1995, c.184, s.2)

32

33 15. (New section) a. The Commissioner of Health shall conduct
34 a study of the feasibility of such policy options as delivering charity
35 care services through a managed care network that includes both
36 inpatient and outpatient services and which may be operated by the
37 State or by a private managed care entity, and shall report on the
38 findings and recommendations of that study to the Governor and the
39 Legislature no later than 15 months after the enactment of P.L. _____, c.

40 (C. _____)(pending before the Legislature as this bill).

41 b. The Health Information Electronic Data Interchange Policy
42 Council established pursuant to P.L. _____, c. _____ (C. _____)(pending
43 before the Legislature as Senate Bill No. 50 or Assembly Bill No. 1476
44 of 1996), shall conduct a study of the feasibility of utilizing
45 administrative cost savings accruing from the adoption of health care
46 information electronic data interchange technology to first accelerate

1 the scheduled reduction in the use of revenues from employee and
2 employer contributions and then to reduce the need for General Fund
3 appropriations to fund the Health Care Subsidy Fund pursuant to the
4 provisions of P.L. , c. (C.)(pending before the Legislature as
5 this bill, and shall report on the findings and recommendations of that
6 study to the Governor and the Legislature no later than eight months
7 after the enactment of P.L. , c. (C.)(pending before the
8 Legislature as Senate Bill No. 50 or Assembly Bill No. 1476 of 1996).
9 c. The Commissioner of Health shall conduct a study of the
10 feasibility of reimbursing for charity care services on the basis of
11 claims processed, and at the lowest per diem or per case rate, as
12 applicable, charged by a hospital to any third party payer for health
13 care services; and shall report on the findings and recommendations of
14 that study to the Governor and the Legislature no later than six months
15 after the enactment of P.L. , c. (C.)(pending before the
16 Legislature as this bill).

17

18 16. (New section) The State shall pay inpatient hospitalization
19 costs for a recipient of general public assistance pursuant to P.L.1947,
20 c.156 (C.44:8-107 et seq.) who is admitted to a special hospital or
21 psychiatric hospital licensed by the Department of Health which is not
22 eligible to receive a charity care subsidy from the Health Care Subsidy
23 Fund established pursuant to section 8 of P.L.1992, c.160 (C.26:2H-
24 18.58) and to which payments were made prior to July 1, 1991 on
25 behalf of patients receiving general public assistance. The State shall
26 pay the inpatient hospitalization costs on the same basis as hospitals
27 are reimbursed for charity care costs pursuant to section 7 of P.L. ,
28 c. (C.)(pending before the Legislature as this bill).

29

30 17. R.S.43:21-7 is amended to read as follows:

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

42 (a) Payment.

43 (1) Contributions shall accrue and become payable by each
44 employer for each calendar year in which he is subject to this chapter
45 (R.S.43:21-1 et seq.), with respect to having individuals in his employ
46 during that calendar year, at the rates and on the basis hereinafter set

1 forth. Such contributions shall become due and be paid by each
2 employer to the controller for the fund, in accordance with such
3 regulations as may be prescribed, and shall not be deducted, in whole
4 or in part, from the remuneration of individuals in his employ.

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

8 (b) Rate of contributions. Each employer shall pay the following
9 contributions:

10 (1) For the calendar year 1947, and each calendar year thereafter,
11 $2\frac{7}{10}\%$ of wages paid by him during each such calendar year, except
12 as otherwise prescribed by subsection (c) of this section.

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

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

1 in this paragraph in any calendar year shall be raised to equal the
2 amount established under the Federal Unemployment Tax Act for that
3 calendar year.

4 (c) Future rates based on benefit experience.

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

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

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

45 (3) No employer's rate shall be lower than 5.4% unless assignment
46 of such lower rate is consistent with the conditions applicable to

1 additional credit allowance for such year under section 3303(a)(1) of
2 the Internal Revenue Code of 1986 (26 U.S.C. §3303(a)(1)), any other
3 provision of this section to the contrary notwithstanding.

4 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2
5 $\frac{8}{10}\%$, except as otherwise provided in the following provisions. No
6 employer's rate for the 12 months commencing July 1 of any calendar
7 year shall be other than $\frac{2}{8}\frac{8}{10}\%$, unless as of the preceding January 31
8 such employer shall have paid contributions with respect to wages paid
9 in each of the three calendar years immediately preceding such year,
10 in which case such employer's rate for the 12 months commencing July
11 1 of any calendar year shall be determined on the basis of his record up
12 to the beginning of such calendar year. If, at the beginning of such
13 calendar year, the total of all his contributions, paid on his own behalf,
14 for all past years exceeds the total benefits charged to his account for
15 all such years, his contribution rate shall be:

16 (1) $\frac{2}{5}\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
17 5%, of his average annual payroll (as defined in paragraph (2),
18 subsection (a) of R.S.43:21-19);

19 (2) $\frac{2}{2}\frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less than
20 6%, of his average annual payroll;

21 (3) $\frac{1}{9}\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
22 7%, of his average annual payroll;

23 (4) $\frac{1}{6}\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
24 8%, of his average annual payroll;

25 (5) $\frac{1}{3}\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
26 9%, of his average annual payroll;

27 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
28 of his average annual payroll;

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

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

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

37 (1) 4%, if such excess is less than 10% of his average annual
38 payroll;

39 (2) $\frac{4}{3}\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
40 20%, of his average annual payroll;

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

43 (C) Specially assigned rates. If no contributions were paid on
44 wages for employment in any calendar year used in determining the
45 average annual payroll of an employer eligible for an assigned rate
46 under this paragraph (4), the employer's rate shall be specially assigned

1 as follows:

2 (i) if the reserve balance in its account is positive, its assigned rate
3 shall be the highest rate in effect for positive balance accounts for that
4 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
5 its account is negative, its assigned rate shall be the highest rate in
6 effect for deficit accounts for that period.

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

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

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

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

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

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

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

EXPERIENCE RATING TAX TABLE					
Fund Reserve Ratio ¹					
	10.00%	7.00%	4.00%	2.50%	2.49%
Employer Reserve Ratio ²	and Over	to 9.99%	to 6.99%	to 3.99%	and Under
	A	B	C	D	E
Positive Reserve Ratio:					
17% and over	0.3	0.4	0.5	0.6	1.2
16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
Deficit Reserve Ratio:					
-0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
-3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2
-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
-9.00% to -11.99%	3.5	4.5	5.3	5.9	6.4
-12.00% to -14.99%	3.6	4.6	5.4	6.0	6.5
-15.00% to -19.99%	3.6	4.6	5.5	6.1	6.6
-20.00% to -24.99%	3.7	4.7	5.6	6.2	6.7
-25.00% to -29.99%	3.7	4.8	5.6	6.3	6.8
-30.00% to -34.99%	3.8	4.8	5.7	6.3	6.9
-35.00% and under	5.4	5.4	5.8	6.4	7.0
New Employer Rate	2.8	2.8	2.8	3.1	3.4

¹Fund balance as of March 31 as a percentage of taxable wages in the prior calendar year.

²Employer Reserve Ratio (Contributions minus benefits as a percentage of employer's taxable wages).

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

(G) On or after January 1, 1993, notwithstanding any other provisions of this paragraph (5), the contribution rate for each employer liable to pay contributions, as computed under subparagraph

1 (E) of this paragraph (5), shall be decreased by 0.1%, except that,
2 during any experience rating year in which the fund reserve ratio is
3 equal to or greater than 7.00%, there shall be no decrease pursuant to
4 this subparagraph (G) in the contribution of any employer who has a
5 deficit reserve ratio of negative 35.00% or under.

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

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

39 On or after January 1, 1996 until December 31, 1996, the
40 contribution rate for each employer liable to pay contributions, as
41 computed under subparagraph (E) of this paragraph (5), shall be
42 decreased by a factor of 14.0% computed to the nearest multiple of
43 1/10%, except that, if an employer has a deficit reserve ratio of
44 negative 35.0% or under, the employer's rate of contribution shall not
45 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
46 amount of the reduction in the employer contributions stipulated by

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

8 On or after January 1, 1997 until December 31, 1997, the
9 contribution rate for each employer liable to pay contributions, as
10 computed under subparagraph (E) of this paragraph (5), shall be
11 decreased by a factor of 7.0% computed to the nearest multiple of
12 1/10%, except that, if an employer has a deficit reserve ratio of
13 negative 35.0% or under, the employer's rate of contribution shall not
14 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
15 amount of the reduction in the employer contributions stipulated by
16 this subparagraph (H) shall be in addition to the amount of the
17 reduction in the employer contributions stipulated by subparagraph (G)
18 of this paragraph (5), except that the rate of contribution of an
19 employer who has a deficit reserve ratio of negative 35.0% or under
20 shall not be reduced pursuant to this subparagraph (H) to less than
21 5.4% and the rate of contribution of any other employer shall not be
22 reduced to less than 0.0%.

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

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

39 If, upon calculating the unemployment compensation fund reserve
40 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to July 1, 1998, the
41 controller finds that the fund reserve ratio has decreased to a level of
42 less than 4.00%, the Commissioner of Labor shall notify the State
43 Treasurer of this fact and of the dollar amount necessary to bring the
44 fund reserve ratio up to a level of 4.00%. The State Treasurer shall,
45 prior to July 1, 1998, transfer from the General Fund to the
46 unemployment compensation fund, revenues in the amount specified

1 by the commissioner and which, upon deposit in the unemployment
2 compensation fund, shall result, upon recalculation, in a fund reserve
3 ratio used to determine employer contributions beginning July 1, 1998
4 of at least 4.00%.

5 (6) Additional contributions.

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

28 (7) Transfers.

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

1 of such transfer of the organization, trade, assets or business, or
2 thereafter upon good cause shown, files a written notice protesting the
3 transfer of the employment experience of the predecessor employer.

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

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

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

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

45 (B) Effective January 1, 1978 there shall be no contributions by
46 workers in the employ of any governmental or nongovernmental

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

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

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

36 (D) Notwithstanding any other provisions of this paragraph (1),
37 during the period starting January 1, 1993 and ending June 30, 1994,
38 each worker shall contribute to the unemployment compensation fund
39 0.5% of wages paid with respect to the worker's employment with a
40 governmental employer electing or required to pay contributions or
41 nongovernmental employer, including a nonprofit organization which
42 is an employer as defined under paragraph 6 of subsection (h) of
43 R.S.43:21-19, regardless of whether that nonprofit organization elects
44 or is required to finance its benefit costs with contributions to the fund
45 or by payments in lieu of contributions, after that employer has
46 satisfied the conditions set forth in subsection (h) of R.S.43:21-19

1 with respect to becoming an employer. No contributions, however,
2 shall be made by the worker while the worker is covered by an
3 approved private plan under the "Temporary Disability Benefits Law,"
4 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
5 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
6 provision of that law; provided that the contributions shall be at the
7 rate of 0.50% of wages paid with respect to employment with the
8 State of New Jersey or any other governmental entity or
9 instrumentality electing or required to make payments in lieu of
10 contributions and which is covered by the State plan under the
11 "Temporary Disability Benefits Law," except that, while the worker is
12 exempt from the provisions of the "Temporary Disability Benefits
13 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
14 other provision of that law, or is covered for disability benefits by an
15 approved private plan of the employer, no contributions shall be made
16 to the fund.

17 Each worker shall, starting on January 1, 1996 and ending
18 December 31, 1996, contribute to the unemployment compensation
19 fund [0.60%] 0.51% of wages paid with respect to the worker's
20 employment with a governmental employer electing or required to pay
21 contributions or nongovernmental employer, including a nonprofit
22 organization which is an employer as defined under paragraph 6 of
23 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
24 organization elects or is required to finance its benefit costs with
25 contributions to the fund or by payments in lieu of contributions, after
26 that employer has satisfied the conditions set forth in subsection (h) of
27 R.S.43:21-19 with respect to becoming an employer, provided that the
28 contributions shall be at the rate of 0.10% of wages paid with respect
29 to employment with the State of New Jersey or any other
30 governmental entity or instrumentality electing or required to make
31 payments in lieu of contributions.

32 Each worker shall, starting on January 1, 1997 and ending
33 December 31, 1997, contribute to the unemployment compensation
34 fund 0.56% of wages paid with respect to the worker's employment
35 with a governmental employer electing or required to pay
36 contributions or nongovernmental employer, including a nonprofit
37 organization which is an employer as defined under paragraph 6 of
38 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
39 organization elects or is required to finance its benefit costs with
40 contributions to the unemployment compensation fund or by payments
41 in lieu of contributions, after that employer has satisfied the conditions
42 set forth in subsection (h) of R.S.43:21-19 with respect to becoming
43 an employer, provided that the contributions shall be at the rate of
44 0.10% of wages paid with respect to employment with the State of
45 New Jersey or any other governmental entity or instrumentality
46 electing or required to make payments in lieu of contributions.

1 On and after January 1, 1998, each worker shall contribute to the
2 unemployment compensation fund 0.60% of wages paid with respect
3 to the worker's 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 paragraph 6 of subsection (h) of R.S.43:21-19, regardless of whether
7 that nonprofit organization elects or is required to finance its benefit
8 costs with contributions to the unemployment compensation fund or
9 by payments in lieu of contributions, after that employer has satisfied
10 the conditions set forth in subsection (h) of R.S.43:21-19 with respect
11 to becoming an employer, provided that the contributions shall be at
12 the rate of 0.10% of wages paid with respect to employment with the
13 State of New Jersey or any other governmental entity or
14 instrumentality electing or required to make payments in lieu of
15 contributions.

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

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

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

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

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

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

1 (D) (Deleted by amendment, P.L.1994, c.112.)
2 (E) (i) (Deleted by amendment, P.L.1994, c.112.)
3 (ii) [Notwithstanding any other provision of this paragraph (2),
4 with respect to wages paid during the period beginning on January 1,
5 1993 and ending June 30, 1994, there shall be deposited in and
6 credited to the State disability benefits fund all worker contributions
7 received by the controller.](Deleted by amendment, P.L. , c.).
8 (iii) (Deleted by amendment, P.L.1994, c.112.)
9 (3) If an employee receives wages from more than one employer
10 during any calendar year, and either the sum of his contributions
11 deposited in and credited to the State disability benefits fund [(in
12 accordance with paragraph (2) of this subsection)] plus the amount of
13 his contributions, if any, required towards the costs of benefits under
14 one or more approved private plans under the provisions of section 9
15 of the "Temporary Disability Benefits Law" (C.43:21-33) and
16 deducted from his wages, or the sum of such latter contributions, if the
17 employee is covered during such calendar year only by two or more
18 private plans, exceeds an amount equal to 1/2 of 1% of the "wages"
19 determined in accordance with the provisions of R.S.43:21-7(b)(3)
20 during the calendar years beginning on or after January 1, 1976, the
21 employee shall be entitled to a refund of the excess if he makes a claim
22 to the controller within two years after the end of the calendar year in
23 which the wages are received with respect to which the refund is
24 claimed and establishes his right to such refund. Such refund shall be
25 made by the controller from the State disability benefits fund. No
26 interest shall be allowed or paid with respect to any such refund. The
27 controller shall, in accordance with prescribed regulations, determine
28 the portion of the aggregate amount of such refunds made during any
29 calendar year which is applicable to private plans for which
30 deductions were made under section 9 of the "Temporary Disability
31 Benefits Law," such determination to be based upon the ratio of the
32 amount of such wages exempt from contributions to such fund, as
33 provided in subparagraph (B) of paragraph (1) of this subsection with
34 respect to coverage under private plans, to the total wages so exempt
35 plus the amount of such wages subject to contributions to the disability
36 benefits fund, as provided in subparagraph [(B)](G) of paragraph
37 [(2)](1) of this subsection. The controller shall, in accordance with
38 prescribed regulations, prorate the amount so determined among the
39 applicable private plans in the proportion that the wages covered by
40 each plan bear to the total private plan wages involved in such refunds,
41 and shall assess against and recover from the employer, or the insurer
42 if the insurer has indemnified the employer with respect thereto, the
43 amount so prorated. The provisions of R.S.43:21-14 with respect to
44 collection of employer contributions shall apply to such assessments.
45 The amount so recovered by the controller shall be paid into the State
46 disability benefits fund.

1 (4) If an individual does not receive any wages from the employing
2 unit which for the purposes of this chapter (R.S.43:21-1 et seq.) is
3 treated as his employer, or receives his wages from some other
4 employing unit, such employer shall nevertheless be liable for such
5 individual's contributions in the first instance; and after payment
6 thereof such employer may deduct the amount of such contributions
7 from any sums payable by him to such employing unit, or may recover
8 the amount of such contributions from such employing unit, or, in the
9 absence of such an employing unit, from such individual, in a civil
10 action; provided proceedings therefor are instituted within three
11 months after the date on which such contributions are payable.
12 General rules shall be prescribed whereby such an employing unit may
13 recover the amount of such contributions from such individuals in the
14 same manner as if it were the employer.

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

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

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

26 (1) Except as hereinafter provided, each employer shall, in addition
27 to the contributions required by subsections (a), (b), and (c) of this
28 section, contribute 1/2 of 1% of the wages paid by such employer to
29 workers with respect to employment unless he is not a covered
30 employer as defined in section 3 of the "Temporary Disability Benefits
31 Law" (C.43:21-27 (a)), except that the rate for the State of New
32 Jersey shall be 1/10 of 1% for the calendar year 1980 and for the first
33 six months of 1981. Prior to July 1, 1981 and prior to July 1 each
34 year thereafter, the controller shall review the experience accumulated
35 in the account of the State of New Jersey and establish a rate for the
36 next following fiscal year which, in combination with worker
37 contributions, will produce sufficient revenue to keep the account in
38 balance; except that the rate so established shall not be less than 1/10
39 of 1%. Such contributions shall become due and be paid by the
40 employer to the controller for the State disability benefits fund as
41 established by law, in accordance with such regulations as may be
42 prescribed, and shall not be deducted, in whole or in part, from the
43 remuneration of individuals in his employ. In the payment of any
44 contributions, a fractional part of a cent shall be disregarded unless it
45 amounts to \$0.005 or more, in which case it shall be increased to
46 \$0.01.

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

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

9 (B) A separate disability benefits account shall be maintained for
10 each employer required to contribute to the State disability benefits
11 fund and such account shall be credited with contributions deposited
12 in and credited to such fund with respect to employment occurring on
13 and after January 1, 1949. Each employer's account shall be credited
14 with all contributions paid on or before January 31 of any calendar
15 year on his own behalf and on behalf of individuals in his service with
16 respect to employment occurring in preceding calendar years;
17 provided, however, that if January 31 of any calendar year falls on a
18 Saturday or Sunday an employer's account shall be credited as of
19 January 31 of such calendar year with all the contributions which he
20 has paid on or before the next succeeding day which is not a Saturday
21 or Sunday. But nothing in this act shall be construed to grant any
22 employer or individuals in his service prior claims or rights to the
23 amounts paid by him to the fund either on his own behalf or on behalf
24 of such individuals. Benefits paid to any covered individual in
25 accordance with Article III of the "Temporary Disability Benefits
26 Law" on or before December 31 of any calendar year with respect to
27 disability in such calendar year and in preceding calendar years shall be
28 charged against the account of the employer by whom such individual
29 was employed at the commencement of such disability or by whom he
30 was last employed, if out of employment.

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

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

41 (1) Such preliminary rate shall be 1/2 of 1% unless on the
42 preceding January 31 of such year such employer shall have been a
43 covered employer who has paid contributions to the State disability
44 benefits fund with respect to employment in the three calendar years
45 immediately preceding such year.

46 (2) If the minimum requirements in (1) above have been fulfilled

1 and the credited contributions exceed the benefits charged by more
2 than \$500.00, such preliminary rate shall be as follows:

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

6 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
7 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

8 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
9 $\frac{1}{2}$ % of his average annual payroll.

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

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

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

20 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
21 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

22 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
23 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

24 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
25 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

26 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
27 1% of his average annual payroll.

28 (5) Determination of the preliminary rate as specified in (2), (3)
29 and (4) above shall be subject, however, to the condition that it shall
30 in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or
31 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary rate
32 determined for the preceding year in accordance with (1), (2), (3) or
33 (4), whichever shall have been applicable.

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

1 preceding calendar year.

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

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

14 (ii) If the percentage determined in accordance with paragraph
15 (E)(1) of this subsection equals or exceeds 3/4 of 1% and is less than
16 1 1/4 of 1%, the final employer rates shall be the preliminary employer
17 rates.

18 (iii) If the percentage determined in accordance with paragraph
19 (E)(1) of this subsection is less than 3/4 of 1%, but in excess of 1/4 of
20 1%, the final employer rates shall be the preliminary employer rates
21 determined as provided in (D) hereof increased by the difference
22 between 3/4 of 1% and such percentage taken to the nearest 5/100 of
23 1%; provided, however, that no such final rate shall be more than 1/4
24 of 1% in the case of an employer whose preliminary rate is determined
25 as provided in (D)(2) hereof, more than 1/2 of 1% in the case of an
26 employer whose preliminary rate is determined as provided in (D)(1)
27 and (D)(3) hereof, nor more than 3/4 of 1% in the case of an employer
28 whose preliminary rate is determined as provided in (D)(4) hereof.

29 (iv) If the amount of the State disability benefits fund determined
30 as provided in paragraph (E)(1) of this subsection is equal to or less
31 than 1/4 of 1%, then the final rate shall be 2/5 of 1% in the case of an
32 employer whose preliminary rate is determined as provided in (D)(2)
33 hereof, 7/10 of 1% in the case of an employer whose preliminary rate
34 is determined as provided in (D)(1) and (D)(3) hereof, and 1.1% in the
35 case of an employer whose preliminary rate is determined as provided
36 in (D)(4) hereof. Notwithstanding any other provision of law or any
37 determination made by the controller with respect to any 12-month
38 period commencing on July 1, 1970, the final rates for all employers
39 for the period beginning January 1, 1971, shall be as set forth herein.
40 (cf: P.L.1995, c.422, s.1)

41

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

44 29. a. Beginning January 1, 1993 until December 31, 1995, except
45 as provided pursuant to subsection b. of this section, each employee
46 shall, in such a manner and at such times as determined by the

1 commissioner, contribute to the fund an amount equal to 0.6% of the
2 employee's taxable wages.

3 Beginning January 1, 1996 until December 31, 1996, each employee
4 shall, in such a manner and at such times as determined by the
5 commissioner, contribute to the fund an amount equal to 0.09% of the
6 employee's taxable wages.

7 Beginning January 1, 1997 until December 31, 1997, each employee
8 shall, in such a manner and at such times as determined by the
9 commissioner, contribute to the fund an amount equal to 0.04% of the
10 employee's taxable wages.

11 Also beginning on January 1, 1993 until [December 31, 1995,
12 except as provided pursuant to subsection b. of this section] December
13 31, 1997, each employer shall, in such a manner and at such times as
14 determined by the commissioner, contribute to the fund an amount
15 equal to the amount that the employer's contribution to the
16 unemployment compensation fund is decreased pursuant to
17 subparagraph (H) of paragraph (5) of subsection (c) of R.S.43:21-7.

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

29 c. If the total amount of contributions to the fund pursuant to this
30 section during the calendar year 1993 exceeds \$600 million, all
31 contributions which exceed \$600 million shall be deposited in the
32 unemployment compensation fund. If the total amount of
33 contributions to the fund pursuant to this section during calendar year
34 1994 or calendar year 1995 exceeds \$500 million, all contributions
35 which exceed \$500 million shall be deposited in the unemployment
36 compensation fund. If the total amount of contributions made to the
37 fund pursuant to this section for the calendar year 1996 exceeds \$230
38 million, all contributions which exceed \$230 million in a calendar year
39 shall be deposited in the unemployment compensation fund. If the
40 total amount of contributions made to the fund pursuant to this section
41 for the calendar year 1997 exceeds \$110 million, all contributions
42 which exceed \$110 million shall be deposited in the unemployment
43 compensation fund.

44 d. All necessary administrative costs related to the collection of

1 contributions pursuant to this section shall be paid from the
2 contributions.

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

4

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

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

18 If an employee receives wages from more than one employer during
19 the calendar year 1996, and the sum of the employee's contributions
20 deposited in the fund exceeds an amount equal to 0.09% of the wages
21 determined in accordance with the provisions of paragraph (3) of
22 subsection (b) of R.S.43:21-7 during calendar year 1996, the employee
23 shall be entitled to a refund of the excess if a claim establishing the
24 employee's right to the refund is made within two years after the end
25 of the respective calendar year in which the wages are received and are
26 the subject of the claim. The commissioner shall refund any
27 overpayment from the fund without interest.

28 If an employee receives wages from more than one employer during
29 the calendar year 1997, and the sum of the employee's contributions
30 deposited in the fund exceeds an amount equal to 0.04% of the wages
31 determined in accordance with the provisions of paragraph (3) of
32 subsection (b) of R.S.43:21-7 during calendar year 1997, the employee
33 shall be entitled to a refund of the excess if a claim establishing the
34 employee's right to the refund is made within two years after the end
35 of the respective calendar year in which the wages are received and are
36 the subject of the claim. The commissioner shall refund any
37 overpayment from the fund without interest.

38 b. Any employee who is a taxpayer and entitled, pursuant to the
39 provisions of subsection a. of this section, to a refund of contributions
40 deducted during a tax year from his wages shall, in lieu of the refund,
41 be entitled to a credit in the full amount thereof against the tax
42 otherwise due on his New Jersey gross income for that tax year if he
43 submits his claim for the credit and accompanies that claim with
44 evidence of his right to the credit in the manner provided by regulation
45 by the Director of the Division of Taxation. In any case in which the
46 amount, or any portion thereof, of any credit allowed hereunder results

1 in or increases an excess of income tax payment over income tax
2 liability, the amount of the new or increased excess shall be considered
3 an overpayment and shall be refunded to the taxpayer in the manner
4 provided by subsection (a) of N.J.S.54A:9-7.

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

6

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

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

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

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

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

46 (e) On or before September 1 of each year, the Commissioner of

1 Labor shall review the composite benefit cost experience of all
2 governmental entities and instrumentalities electing to pay
3 contributions and, on the basis of that experience, establish the
4 contribution rate for the next following calendar year which can be
5 expected to yield sufficient revenue in combination with worker
6 contributions to equal or exceed the projected costs for that calendar
7 year.

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

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

40 (h) Notwithstanding the provisions of the above subsection (g),
41 commencing July 1, 1986 worker contributions to the unemployment
42 trust fund with respect to wages paid by any governmental entity or
43 instrumentality electing or required to make payments in lieu of
44 contributions, including the State of New Jersey, shall be made in
45 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
46 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each

1 governmental entity or instrumentality electing or required to make
2 payments in lieu of contributions shall, except during the period
3 starting January 1, 1993 and ending December 31, 1995 or, if the
4 unemployment compensation fund reserve ratio, as determined
5 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases
6 to a level of less than 4.00% on March 31 of calendar year 1994 or
7 calendar year 1995, ending July 1 of that calendar year, require
8 payments from its workers at the [rate of 0.50%] following rates of
9 wages paid, which amounts are to be held in the trust fund maintained
10 by the governmental entity or instrumentality for payment of benefit
11 costs: for calendar year 1996, 0.41%;for calendar year 1997, 0.46%;
12 and for calendar year 1998 and each calendar year thereafter, 0.50%.
13 (cf: P.L.1992, c.205, s.1)

14

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

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

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

43

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

45

46 23. There is appropriated \$1,500,000 from the General Fund to the

1 Department of Health to effectuate the purposes of section 15 of
2 P.L. , c. (C.)(pending before the Legislature as this bill).

3

4 24. This act shall take effect immediately and be retroactive to
5 January 1, 1996, except that sections 13, 14 and 16 shall take effect on
6 July 1, 1996.

7

8

9

STATEMENT

10

11 This bill establishes a methodology for the distribution of charity
12 care subsidies to hospitals and provides a funding mechanism for these
13 subsidies and the Health Access New Jersey subsidized insurance
14 program, as well as for other hospital and drug abuse treatment
15 services.

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

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

36 The bill provides that the Health Care Subsidy Fund will be funded
37 at \$350 million annually in 1996 and 1997, and at \$305 million in 1998
38 and each succeeding year.

39 The monies in the Health Care Subsidy Fund will be allocated as
40 follows:

41 -- for charity care subsidies, \$275 million in 1996, and \$265 million
42 in 1997 and each succeeding year;

43 -- for the Health Access New Jersey program, \$40 million in 1996
44 and each succeeding year;

45 -- for the Hospital Health Care Subsidy account in the Division of
46 Medical Assistance and Health Services (Medicaid), to fund services

1 at disproportionate share hospitals with high numbers of low-income
2 AIDS, tuberculosis, substance abuse, neonatal and mental health
3 patients, \$35 million (State share) in 1996 and \$45 million (State
4 share) in 1997; and

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

8 The Health Care Subsidy Fund will be funded in part by a reduced
9 assessment on employers and employees, to be phased out as follows:
10 \$230 million in 1996 and \$110 million in 1997, with no further funding
11 from this source in 1998 and beyond.

12 The balance of the funding for the Health Care Subsidy Fund will
13 be derived from:

14 -- revenues collected for State purposes by the State from the sales
15 and use tax in the following amounts: in calendar year 1996, \$120
16 million; in calendar year 1997, \$240 million; and in calendar year 1998
17 and each calendar year thereafter, \$305 million; and

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

21 The bill dedicates revenues collected from the six cent sales and use
22 tax for deposit in the Health Care Subsidy Fund, in order to provide
23 a stable source of annual funding for the fund, as follows: in calendar
24 year 1996, 2.8% of these revenues; in calendar year 1997, 5.6%; and
25 in calendar year 1998 and each calendar year thereafter, 7.8%. The bill
26 appropriates \$60,000,000 to the Health Care Subsidy Fund from sales
27 and use tax collections during the second half of Fiscal Year 1996,
28 which is approximately one-half of the amount that may be anticipated
29 for annual deposit in the fund commencing with Fiscal Year 1997. In
30 order to ensure that these dedicated revenues are expended for the
31 purposes of the Health Care Subsidy Fund, the bill amends the "Sales
32 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), to provide
33 that if the dedicated revenues are appropriated for a purpose other
34 than that specified in this bill, the sales and use tax would become
35 inoperative.

36 The bill directs that the federal Medicaid match for the State monies
37 provided to the Hospital Health Care Subsidy account shall be
38 appropriated to that account to fund services at eligible
39 disproportionate share hospitals. These additional monies will increase
40 the total amount of funding provided under this bill to \$385 million in
41 1996 and \$395 million in 1997. For calendar year 1998 and each year
42 thereafter, the Governor shall recommend and the Legislature shall
43 appropriate in the annual appropriations act funds as shall be required
44 for the Hospital Health Care Subsidy account.

45 The bill also specifies that any charity care funds not distributed in
46 a given year shall lapse to the unemployment compensation fund.

1 Under current law, the Commissioner of Health is authorized to
2 transfer any surplus funds to the Health Access New Jersey program.
3 The bill also specifies that the commissioner shall report to the
4 Governor and the Legislature by December 31 of each year on the
5 status of the Health Care Subsidy Fund, including any remaining
6 balances in the fund.

7 In addition, the bill clarifies that the purpose of the Health Access
8 New Jersey program shall be to provide health insurance coverage for
9 low-income, uninsured children as well as working people and those
10 temporarily unemployed, and prohibits the use of funds under the
11 program for the performance of an abortion or abortion services
12 unless the abortion is medically necessary to save the mother's life,
13 provided that this provision shall not preclude the application of the
14 supremacy clause of the United States Constitution.

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

24 Finally, the bill:

25 -- requires the Commissioner of Health to study the feasibility of
26 such policy options as privatizing the charity care subsidy program and
27 delivering charity care through a managed care network which
28 includes both inpatient and outpatient services;

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

36 -- requires the Commissioner of Health to study the feasibility of
37 reimbursing for charity care on the basis of claims processed, and at
38 the lowest per diem or per case rate, as applicable, charged by any
39 third party payer for health care services;

40 -- directs that the findings and recommendations from these studies
41 be reported to the Governor and the Legislature within specified time
42 periods; and

43 -- appropriates \$1.5 million to the Department of Health to fund
44 these studies.

1

2

3 Provides funding for hospital charity care subsidies and other
4 programs; appropriates \$61.5 million to Department of Health.