

SENATE, No. 1137

STATE OF NEW JERSEY

INTRODUCED MAY 9, 1996

By Senator LITTELL

1 AN ACT concerning the provision of health care services to low
2 income persons and revising parts of statutory law.

3

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

6

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

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

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

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

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

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

25 "Commissioner" means the Commissioner of Health.

26 "Department" means the Department of Health.

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

30 "Disproportionate share payment" means those payments made by
31 the Division of Medical Assistance and Health Services in the
32 Department of Human Services to hospitals defined as
33 disproportionate share hospitals by the Commissioner of Human
34 Services in accordance with federal laws and regulations applicable to

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 hospitals serving a disproportionate number of low income patients.

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

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

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

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

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

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

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

22

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

25 5. The commissioner shall:

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

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

36 c. Establish and implement by January 1, 1997, a schedule of
37 payments for reimbursement of the charity care component of the
38 disproportionate share payment for services provided to emergency
39 room patients who do not require those services on an emergency
40 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 1 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.
30 (cf: P.L.1995, c.133, s.2)
- 31
- 32 3. Section 8 of P.L.1992, c.160 (C.26:2H-18.58) is amended to
33 read as follows:
- 34 8. There is established the Health Care Subsidy Fund in the
35 Department of Health.
- 36 a. The fund shall be comprised of revenues from employee and
37 employer contributions made pursuant to section 29 of P.L.1992,
38 c.160 (C.43:21-7b), revenues from the hospital assessment made
39 pursuant to section 12 of [this act] P.L.1992, c.160 (C.26:2H-18.62),
40 revenues pursuant to section 11 of P.L. , c. (C.)(pending before
41 the Legislature as this bill), revenues from interest and penalties
42 collected pursuant to this act and revenues from such other sources as
43 the Legislature shall determine. Interest earned on the monies in the
44 fund shall be credited to the fund. The fund shall be a nonlapsing fund
45 dedicated for use by the State to: (1) distribute charity care and other
46 uncompensated care disproportionate share payments to hospitals and

1 other eligible providers, and provide subsidies for the Health Access
2 New Jersey program established pursuant to section 15 of [this act]
3 P.L.1992, c.160 (C.26:2H-18.65); and (2) assist hospitals and other
4 health care facilities in the underwriting of innovative and necessary
5 health care services.

6 b. The fund shall be administered by a person appointed by the
7 commissioner.

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

14 c.[The fund shall maintain a reserve in an amount not to exceed \$20
15 million.] The commissioner shall adopt rules and regulations to
16 [govern the use of the reserve and to] ensure the integrity of the fund,
17 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
18 (C.52:14B-1 et seq.).

19 d. The administrator shall establish separate accounts for the
20 charity care component of the disproportionate share hospital subsidy,
21 other uncompensated care component of the disproportionate share
22 hospital subsidy, hospital and other health care initiatives funding and
23 the payments for subsidies for insurance premiums to provide care in
24 disproportionate share hospitals, known as the Health Access New
25 Jersey subsidy account, respectively.

26 e. In the event that the charity care component of the
27 disproportionate share hospital subsidy account has a surplus in a
28 given year after payments are distributed pursuant to the methodology
29 established in section 13 of P.L.1995, c.133 (C.26:2H-18.59b) and
30 section 7 of P.L. , c. (C.)(pending before the Legislature as this
31 bill) and within the limitations provided in subsection e. of section 9
32 of P.L.1992, c.160 (C.26:2H-18.59), the [commissioner may
33 reallocate the] surplus monies [to the Health Access New Jersey
34 subsidy account] in calendar years 1996 and 1997 shall lapse to the
35 unemployment compensation fund established pursuant to R.S.43:21-
36 9, and each year thereafter shall lapse to the charity care component
37 of the disproportionate share hospital subsidy account for distribution
38 in subsequent years.

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

40

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

43 9. a. The commissioner shall allocate such funds as specified in
44 subsection e. of this section to the charity care component of the
45 disproportionate share hospital subsidy account. In a given year, the
46 department shall transfer from the fund to the Division of Medical

1 Assistance and Health Services in the Department of Human Services
2 such funds as may be necessary for the total approved charity care
3 disproportionate share payments to hospitals for that year.

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

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

$$\begin{aligned}
& \text{Hospital Specific Approved Uncompensated Care-1991} \\
& \dots\dots\dots \\
& \text{Hospital Specific Preliminary Cost Base-1992} \\
& = \text{Hospital Specific \% Uncompensated Care (\%UC)}
\end{aligned}$$

20
21 A hospital is eligible for a charity care subsidy in 1993 if, upon
22 establishing a rank order of the %UC for all hospitals, the hospital is
23 among the 80% of hospitals with the highest %UC.

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

$$\begin{aligned}
& \text{Hospital Specific Approved Uncompensated Care-1991} \\
& \dots\dots\dots \\
& \text{Total approved Uncompensated Care All Eligible Hospitals-1991} \\
& \quad \times \$500 \text{ million} \\
& = \text{Maximum Amount of Hospital Specific} \\
& \quad \text{Charity Care Subsidy for 1993}
\end{aligned}$$

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

38 The demographic information shall include the recipient's age, sex,
39 marital status, employment status, type of health insurance coverage,
40 if any, and if the recipient is a child under 18 years of age who does
41 not have health insurance coverage or a married person who does not
42 have health insurance coverage, whether the child's parent or the
43 married person's spouse, as the case may be, has health insurance.

44 (4) A hospital shall be reimbursed for the cost of eligible charity
45 care at the same rate paid to that hospital by the Medicaid program;
46 except that charity care services provided to emergency room patients

1 who do not require those services on an emergency basis shall be
2 reimbursed at a rate appropriate for primary care, according to a
3 schedule of payments developed by the commission.

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

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

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

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

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

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

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

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

39 e. The total amount allocated for charity care subsidy payments
40 shall be: in 1994, \$450 million [and]; in 1995, \$400 million; in 1996,
41 \$310 million; and in 1997, \$300 million. Total payments to hospitals
42 shall not exceed the amount allocated for each given year.

43 f. Beginning January 1, 1995:

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

46 (2) A charity care claim shall be valued at the same rate paid to

1 that hospital by the Medicaid program, except that charity care
2 services provided to emergency room patients who do not require
3 those services on an emergency basis shall be valued at a rate
4 appropriate for primary care according to a schedule of payments
5 adopted by the commissioner.

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

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

9

10 5. Section 14 of P.L.1995, c.133 (C.26:2H-18.59c) is amended to
11 read as follows:

12 14. All acute care hospitals licensed pursuant to P.L.1971, c.136
13 (C.26:2H-1 et al.) shall submit to the department all demographic and
14 financial data specified in this section, in a manner and time frame
15 specified by the commissioner.

16 a. A hospital shall submit demographic information about the
17 persons who qualify for charity care or to whom the hospital provides
18 uncompensated care, which includes, at a minimum: the individual's
19 age, sex, marital status, employment status, type of health insurance
20 coverage, if any, and if the individual is a child under 18 years of age
21 who does not have health insurance coverage or a married person who
22 does not have health insurance coverage, whether the child's parent or
23 the married person's spouse, as the case may be, has health insurance.

24 b. A hospital shall submit all financial data required by the
25 department for the purposes of calculating the payer mix factor as
26 defined in sections 12 and 13 of P.L.1995, c.133 (C.26:2H-18.59a and
27 C.26:2H-18.59b) and section 7 of P.L. , c. (C.)(pending before
28 the Legislature as this bill).

29 c. A hospital which fails to provide the information required
30 pursuant to this section in a manner and time frame specified by the
31 commissioner, shall be liable to a civil penalty not to exceed \$1,000
32 for each day in which the hospital is not in compliance. The
33 commissioner shall recover the penalty in an administrative proceeding
34 held pursuant to the "Administrative Procedure Act," P.L.1968, c.410
35 (C.52:14B-1 et seq.).

36 (cf: P.L.1995, c.133, s.14)

37

38 6. Section 13 of P.L.1992, c.160 (C.26:2H-18.63) is amended to
39 read as follows:

40 13. a. [A] Any person or entity who makes a false statement or
41 misrepresentation of a material fact in order to qualify any person or
42 entity for any benefits to which he is not entitled under this act or
43 P.L. c. (C.)(pending before the Legislature as this bill), [and a
44 hospital or an employee thereof in the course of his employment who
45 makes a false statement or misrepresentation of a material fact in order
46 to receive disproportionate share hospital subsidy payments to which

1 the hospital is not entitled under this act] shall be liable to civil
2 penalties of:

3 (1) payment of interest on the amount of the excess benefits or
4 subsidy payments at the maximum legal rate in effect on the date the
5 benefits were provided to the person or payment was made to the
6 [hospital] person or entity, for the period from the date upon which
7 benefits were provided or payment was made to the date upon which
8 repayment is made to the department; and

9 (2) payment of an amount not to exceed three times the amount of
10 the excess benefit or subsidy payment.

11 b. A hospital which, without intent to violate this act, obtains a
12 subsidy payment in excess of the amount to which it is entitled, shall
13 be liable to a civil penalty of payment of interest on the amount of the
14 excess payment at the maximum legal rate in effect on the date the
15 payment was made to the hospital, from the date upon which payment
16 was made to the date upon which repayment is made to the
17 department, except that a hospital shall not be liable to the civil
18 penalty when an excess subsidy payment is obtained by the hospital as
19 a result of an error made by the department, as determined by the
20 commissioner.

21 c. All interest and civil penalties provided for in this section shall
22 be recovered in an administrative proceeding held pursuant to the
23 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
24 seq.).

25 d. In order to satisfy any recovery claim asserted against a hospital
26 under this section, whether or not that claim has been the subject of
27 final agency adjudication, the commissioner is authorized to withhold
28 subsidy payments otherwise payable under this act to the hospital.
29 (cf: P.L.1995, c.133, s.9)

30

31 7. (New section) a. Beginning January 1, 1996 through December
32 31, 1997, and except as provided in section 8 of P.L. , c.
33 (C.)(pending before the Legislature as this bill), the charity care
34 subsidy shall be determined according to the following methodology.

35 If the Statewide total of adjusted charity care is less than available
36 charity care funding, a hospital's charity care subsidy shall equal its
37 adjusted charity care.

38 If the Statewide total of adjusted charity care is greater than
39 available charity care funding, then the hospital-specific charity care
40 subsidy shall be determined by allocating available charity care funds
41 so as to equalize hospital-specific payer mix factors to the Statewide
42 target payer mix factor. Those hospitals with a payer mix factor
43 greater than the Statewide target payer mix factor shall be eligible to
44 receive a subsidy sufficient to reduce their factor to that Statewide
45 level; those hospitals with a payer mix factor that is equal to or less
46 than the Statewide target payer mix factor shall not be eligible to

1 receive a subsidy.

2 Charity care subsidy payments shall be based upon actual
3 documented hospital charity care.

4 As used in this section:

5 (1) The hospital-specific "documented charity care" shall be equal
6 to the dollar amount of charity care provided by the hospital that is
7 verified in the department's most recent charity care audit conducted
8 under the most recent charity care eligibility rules adopted by the
9 department and valued at the same rate paid to that hospital by the
10 Medicaid program.

11 For 1996, documented charity care shall equal the audited,
12 Medicaid-priced amounts reported for the first three quarters of 1995.
13 This amount shall be multiplied by 1.33 to determine the annualized
14 1995 charity care amount. For 1997, documented charity care shall be
15 equal to the audited Medicaid-priced amounts for the last quarter two
16 years prior to the payment period and the first three quarters of the
17 year prior to the payment period;

18 (2) In 1996, the hospital-specific "operating margin" shall be equal
19 to: the hospital's 1993 and 1994 income from operations minus its
20 1993 and 1994 charity care subsidies divided by its 1993 and 1994
21 total operating revenue minus its 1993 and 1994 charity care subsidies.
22 After calculating each hospital's operating margin, the department shall
23 determine the Statewide median operating margin.

24 In 1997, the hospital-specific "operating margin" shall be calculated
25 in the same manner as for 1996, but on the basis of income from
26 operations, total operating revenue and charity care subsidies data
27 from the three most current years;

28 (3) The hospital-specific "profitability factor" shall be determined
29 annually as follows. Those hospitals that are equal to or below the
30 Statewide median operating margin shall be assigned a profitability
31 factor of "1". For those hospitals that are above the Statewide median
32 operating margin, the profitability factor shall be equal to:

$$\begin{array}{r}
 33 \\
 34 \qquad \qquad \qquad .75 \times (\text{hospital specific operating} \\
 35 \qquad \qquad \qquad \text{margin} - \text{Statewide median operating margin}) \\
 36 \quad 1 - \text{.....} \\
 37 \qquad \qquad \qquad \text{highest hospital specific operating} \\
 38 \qquad \qquad \qquad \text{margin} - \text{Statewide median operating margin} \\
 39
 \end{array}$$

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

42 (5) The hospital-specific "revenue from private payers" shall be
43 equal to the sum of the gross revenues, as reported to the department
44 in the hospital's most recently available New Jersey Hospital Cost
45 Reports for all non-governmental third party payers including, but not
46 limited to, Blue Cross and Blue Shield plans, commercial insurers and

1 health maintenance organizations;

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

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

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

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

17

18 8. (New section) Within 30 days of the date of enactment of
19 P.L. , c. (pending before the Legislature as this bill), the
20 Commissioner of Human Services, in consultation with the
21 Commissioner of Health and the State Treasurer, shall pursue for any
22 necessary waivers from the federal Department of Health and Human
23 Services in order to implement a health care program to provide low
24 income residents of the State who qualify pursuant to section 10 of
25 P.L.1992, c.160 (C.26:2H-18.60), with eligible charity care services
26 on a managed care basis. The program shall be implemented by the
27 Commissioner of Health in consultation with the Commissioner of
28 Human Services and the State Treasurer.

29 a. The program shall be administered Statewide by one or more
30 program administrators under contract with the State Treasurer
31 pursuant to this section. For the purposes of this section, program
32 administrator may include, but not be limited to, an acute care hospital
33 which receives charity care reimbursements or a health maintenance
34 organization.

35 b. The Commissioner of Health, in consultation with the
36 Commissioner of Human Services and the State Treasurer, shall,
37 within 30 days after approval of the federal waiver, and at appropriate
38 intervals thereafter, solicit proposals from entities in the State
39 interested in administering the health care program.

40 c. The contract shall include, but not be limited to, provisions for:

41 (1) providing charity care services on a managed care basis as
42 specified by the Commissioner of Health, in consultation with the
43 Commissioner of Human Services and the State Treasurer. An
44 administrator shall be responsible for determining the most appropriate
45 and cost-effective means of providing the health care services required
46 by an eligible person and for directing the person to that means for

1 receipt of the services;

2 (2) the determination of eligibility criteria for health care providers
3 who choose to participate in the program;

4 (3) a methodology established by the Commissioner of Health for
5 reimbursement of participating hospitals and other health care
6 providers;

7 (4) the development and use of a uniform method for determining
8 eligibility of State residents for health care services under the program;
9 and

10 (5) the submission of quarterly reports to the Department of
11 Health and the Department of the Treasury, in a form and manner
12 required by the department, detailing expenditures of health care
13 funds in the program.

14 The contract shall also provide that provider participation in the
15 program shall ensure the maximum receipt by the State of federal
16 disproportionate share monies pursuant to Pub.L.89-97 (42
17 U.S.C.§1396a et seq.) and Pub.L.102-234.

18 d. The Commissioner of Health shall report 12 months after the
19 contract with the administrator or administrators is entered into by the
20 State Treasurer and each year thereafter to the standing reference
21 committees on health and appropriations of the Senate and General
22 Assembly and the Governor on:

23 (1) expenditures related to the provision of health care services on
24 a managed care basis, the number of persons served, the types of
25 services provided, the hospitals participating in the program, the
26 number and types of other health care providers participating in the
27 program and such other information as may be required by the
28 Legislature;

29 (2) the effectiveness of the program in containing or reducing
30 costs for providing health care services to qualified low income
31 residents of the State; and

32 (3) recommendations developed in consultation with the
33 Commissioner of Human Services and the State Treasurer concerning
34 additional cost containment actions that may be adopted for the
35 provision of health care services to qualified low income persons.

36 e. Nothing in this section shall be construed to expand covered
37 health care services to include services not covered by the charity care
38 program in effect on the effective date of this act.

39 f. The implementation of the health care program pursuant to this
40 section or other subsidies for charity care that affect the Medicaid
41 State plan shall be contingent upon receipt of federal approvals that
42 assure continuation of an acceptable level of federal Medicaid
43 matching funds, including disproportionate share monies, as
44 determined by the Director of the Division of Medical Assistance and
45 Health Services in the Department of Human Services and the Director
46 of the Division of Budget and Accounting in the Department of the

1 Treasury.

2

3 9. (New section) The Commissioner of Health, in consultation with
4 the State Treasurer, shall establish a technology infrastructure to
5 support the Statewide health care program established pursuant to
6 section 8 of P.L. , c. (C.)(pending before the Legislature as this
7 bill).

8 The State Treasurer, in consultation with the Commissioners of
9 Health and Human Services may, if deemed to be in the State's best
10 interests, include system features and provisions in the technology
11 infrastructure to satisfy the requirements of multiple programs and
12 purposes, including, but not limited to, programs such as, Medicaid,
13 food stamps, public assistance, and purposes such as the exchange and
14 consolidation of health care information permitted by law, eligibility
15 and identity verification, claims processing, the use of electronic
16 patient identification technology and electronic data interchange.

17

18 10. (New section) With the exception of the Catastrophic Illness
19 in Children Relief Fund, established pursuant to P.L.1987, c.370
20 (C.26:2-148 et seq.) and the Victims of Crime Compensation Board
21 established pursuant to section 3 of P.L.1971, c.317 (C.52:4B-3), the
22 Health Care Subsidy Fund is the payer of last resort for persons who
23 otherwise qualify for charity care or managed health care services
24 pursuant to P.L.1992, c.160 (C.26:2H-18.51 et al.) and P.L. , c.
25 (pending before the Legislature as this bill). A hospital or other health
26 care provider shall not submit a claim for charity care or managed
27 health care services reimbursement on behalf of any individual
28 otherwise eligible for charity care or managed health care services for
29 whom the hospital or other health care provider is eligible to receive
30 reimbursement under any State or federal program not specifically
31 exempted in this section or any other third party payer.

32

33 11. (New section) a. The Health Care Subsidy Fund shall be
34 funded with \$15 million in General Fund revenues in calendar year
35 1996 and \$41 million in General Fund revenues in calendar year 1997.

36 b. In calendar year 1998, the Health Care Subsidy Fund shall be
37 supported with revenues derived from efficiencies achieved by State
38 use of an electronic data interchange system for health care claims and
39 related information, in amounts necessary to provide funding for the
40 health care program pursuant to section 8 of P.L. , c.
41 (C.)(pending before the Legislature as this bill).

42

43 12. (New section) a. The Commissioner of Health shall transfer
44 to the Hospital Health Care Subsidy account in the Division of
45 Medical Assistance and Health Services of the Department of Human
46 Services from the Health Care Subsidy Fund, \$35 million in calendar

1 year 1996 and \$71 million in calendar year 1997, according to a
2 schedule to be determined by the Commissioner of Health in
3 consultation with the Commissioner of Human Services. These funds
4 shall be distributed to eligible disproportionate share hospitals
5 according to a methodology adopted by the Commissioner of Human
6 Services pursuant to N.J.A.C.10:52-8.2, using hospital expenditure
7 data for the most recent calendar year available for reimbursements
8 from these funds.

9 b. In calendar years 1996 and 1997, the Governor shall recommend
10 and the Legislature shall appropriate to the Hospital Health Care
11 Subsidy account for distribution to disproportionate share hospitals
12 which are eligible for reimbursement pursuant to subsection a. of this
13 section, those federal funds received in connection with the provision
14 of hospital reimbursements from that account.

15

16 13. R.S.43:21-7 is amended to read as follows:

17 43:21-7. Contributions. Employers other than governmental
18 entities, whose benefit financing provisions are set forth in section 4
19 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
20 liable for payment in lieu of contributions on the basis set forth in
21 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
22 for the unemployment compensation fund, contributions as set forth
23 in subsections (a), (b) and (c) hereof, and the provisions of subsections
24 (d) and (e) shall be applicable to all employers, consistent with the
25 provisions of the "unemployment compensation law" and the
26 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
27 seq.).

28 (a) Payment.

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

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

40 (b) Rate of contributions. Each employer shall pay the following
41 contributions:

42 (1) For the calendar year 1947, and each calendar year thereafter,
43 2 7/10% of wages paid by him during each such calendar year, except
44 as otherwise prescribed by subsection (c) of this section.

45 (2) The "wages" of any individual, with respect to any one
46 employer, as the term is used in this subsection (b) and in subsections

1 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid
2 during calendar year 1975, for services performed either within or
3 without this State; provided that no contribution shall be required by
4 this State with respect to services performed in another state if such
5 other state imposes contribution liability with respect thereto. If an
6 employer (hereinafter referred to as a successor employer) during any
7 calendar year acquires substantially all the property used in a trade or
8 business of another employer (hereinafter referred to as a
9 predecessor), or used in a separate unit of a trade or business of a
10 predecessor, and immediately after the acquisition employs in his
11 trade or business an individual who immediately prior to the
12 acquisition was employed in the trade or business of such predecessor,
13 then, for the purpose of determining whether the successor employer
14 has paid wages with respect to employment equal to the first
15 \$4,800.00 paid during calendar year 1975, any wages paid to such
16 individual by such predecessor during such calendar year and prior to
17 such acquisition shall be considered as having been paid by such
18 successor employer.

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

36 (c) Future rates based on benefit experience.

37 (1) A separate account for each employer shall be maintained and
38 this shall be credited with all the contributions which he has paid on
39 his own behalf on or before January 31 of any calendar year with
40 respect to employment occurring in the preceding calendar year;
41 provided, however, that if January 31 of any calendar year falls on a
42 Saturday or Sunday, an employer's account shall be credited as of
43 January 31 of such calendar year with all the contributions which he
44 has paid on or before the next succeeding day which is not a Saturday
45 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be
46 construed to grant any employer or individuals in his service prior

1 claims or rights to the amounts paid by him into the fund either on his
2 own behalf or on behalf of such individuals. Benefits paid with respect
3 to benefit years commencing on and after January 1, 1953, to any
4 individual on or before December 31 of any calendar year with respect
5 to unemployment in such calendar year and in preceding calendar years
6 shall be charged against the account or accounts of the employer or
7 employers in whose employment such individual established base
8 weeks constituting the basis of such benefits. Benefits paid under a
9 given benefit determination shall be charged against the account of the
10 employer to whom such determination relates. When each benefit
11 payment is made, either a copy of the benefit check or other form of
12 notification shall be promptly sent to the employer against whose
13 account the benefits are to be charged. Such copy or notification shall
14 identify the employer against whose account the amount of such
15 payment is being charged, shall show at least the name and social
16 security account number of the claimant and shall specify the period
17 of unemployment to which said check applies. If the total amount of
18 benefits paid to a claimant and charged to the account of the
19 appropriate employer exceeds 50% of the total base year, base week
20 wages paid to the claimant by that employer, then such employer shall
21 have canceled from his account such excess benefit charges as
22 specified above.

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

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

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

36 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2
37 $\frac{8}{10}\%$, except as otherwise provided in the following provisions. No
38 employer's rate for the 12 months commencing July 1 of any calendar
39 year shall be other than $2\frac{8}{10}\%$, unless as of the preceding January 31
40 such employer shall have paid contributions with respect to wages paid
41 in each of the three calendar years immediately preceding such year,
42 in which case such employer's rate for the 12 months commencing July
43 1 of any calendar year shall be determined on the basis of his record up
44 to the beginning of such calendar year. If, at the beginning of such
45 calendar year, the total of all his contributions, paid on his own behalf,
46 for all past years exceeds the total benefits charged to his account for

- 1 all such years, his contribution rate shall be:
- 2 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less than
3 5%, of his average annual payroll (as defined in paragraph (2),
4 subsection (a) of R.S.43:21-19);
- 5 (2) $2\frac{2}{10}\%$, if such excess equals or exceeds 5%, but is less than
6 6%, of his average annual payroll;
- 7 (3) $1\frac{9}{10}\%$, if such excess equals or exceeds 6%, but is less than
8 7%, of his average annual payroll;
- 9 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
10 8%, of his average annual payroll;
- 11 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
12 9%, of his average annual payroll;
- 13 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
14 of his average annual payroll;
- 15 (7) $\frac{7}{10}$ of 1%, if such excess equals or exceeds 10%, but is less
16 than 11%, of his average annual payroll;
- 17 (8) $\frac{4}{10}$ of 1%, if such excess equals or exceeds 11% of his
18 average annual payroll.
- 19 (B) If the total of an employer's contributions, paid on his own
20 behalf, for all past periods for the purposes of this paragraph (4), is
21 less than the total benefits charged against his account during the same
22 period, his rate shall be:
- 23 (1) 4%, if such excess is less than 10% of his average annual
24 payroll;
- 25 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
26 20%, of his average annual payroll;
- 27 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
28 annual payroll.
- 29 (C) Specially assigned rates. If no contributions were paid on
30 wages for employment in any calendar year used in determining the
31 average annual payroll of an employer eligible for an assigned rate
32 under this paragraph (4), the employer's rate shall be specially assigned
33 as follows:
- 34 (i) if the reserve balance in its account is positive, its assigned rate
35 shall be the highest rate in effect for positive balance accounts for that
36 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
37 its account is negative, its assigned rate shall be the highest rate in
38 effect for deficit accounts for that period.
- 39 (D) The contribution rates prescribed by subparagraphs (A) and
40 (B) of this paragraph (4) shall be increased or decreased in accordance
41 with the provisions of paragraph (5) of this subsection (c) for
42 experience rating periods through June 30, 1986.
- 43 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
44 of any calendar year the balance in the unemployment trust fund equals
45 or exceeds 4% but is less than 7% of the total taxable wages reported
46 to the controller as of that date in respect to employment during the

1 preceding calendar year, the contribution rate, effective July 1
2 following, of each employer eligible for a contribution rate calculation
3 based upon benefit experience, shall be increased by 3/10 of 1% over
4 the contribution rate otherwise established under the provisions of
5 paragraph (3) or (4) of this subsection. If on March 31 of any
6 calendar year the balance of the unemployment trust fund exceeds 2
7 1/2% but is less than 4% of the total taxable wages reported to the
8 controller as of that date in respect to employment during the
9 preceding calendar year, the contribution rate, effective July 1
10 following, of each employer eligible for a contribution rate calculation
11 based upon benefit experience, shall be increased by 6/10 of 1% over
12 the contribution rate otherwise established under the provisions of
13 paragraph (3) or (4) of this subsection.

14 If on March 31 of any calendar year the balance of the
15 unemployment trust fund is less than 2 1/2% of the total taxable wages
16 reported to the controller as of that date in respect to employment
17 during the preceding calendar year, the contribution rate, effective July
18 1 following, of each employer (1) eligible for a contribution rate
19 calculation based upon benefit experience, shall be increased by (i)
20 6/10 of 1% over the contribution rate otherwise established under the
21 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
22 (ii) an additional amount equal to 20% of the total rate established
23 herein, provided, however, that the final contribution rate for each
24 employer shall be computed to the nearest multiple of 1/10% if not
25 already a multiple thereof; (2) not eligible for a contribution rate
26 calculation based upon benefit experience, shall be increased by 6/10
27 of 1% over the contribution rate otherwise established under the
28 provisions of paragraph (4) of this subsection. For the period
29 commencing July 1, 1984 and ending June 30, 1986, the contribution
30 rate for each employer liable to pay contributions under R.S.43:21-7
31 shall be increased by a factor of 10% computed to the nearest multiple
32 of 1/10% if not already a multiple thereof.

33 (B) If on March 31 of any calendar year the balance in the
34 unemployment trust fund equals or exceeds 10% but is less than 12
35 1/2% of the total taxable wages reported to the controller as of that
36 date in respect to employment during the preceding calendar year, the
37 contribution rate, effective July 1 following, of each employer eligible
38 for a contribution rate calculation based upon benefit experience, shall
39 be reduced by 3/10 of 1% under the contribution rate otherwise
40 established under the provisions of paragraphs (3) and (4) of this
41 subsection; provided that in no event shall the contribution rate of any
42 employer be reduced to less than 4/10 of 1%. If on March 31 of any
43 calendar year the balance in the unemployment trust fund equals or
44 exceeds 12 1/2% of the total taxable wages reported to the controller
45 as of that date in respect to employment during the preceding calendar
46 year, the contribution rate, effective July 1 following, of each

1 employer eligible for a contribution rate calculation based upon benefit
2 experience, shall be reduced by 6/10 of 1% if his account for all past
3 periods reflects an excess of contributions paid over total benefits
4 charged of 3% or more of his average annual payroll, otherwise by
5 3/10 of 1% under the contribution rate otherwise established under the
6 provisions of paragraphs (3) and (4) of this subsection; provided that
7 in no event shall the contribution rate of any employer be reduced to
8 less than 4/10 of 1%.

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

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

21 (E)(i) With respect to experience rating years beginning on or after
22 July 1, 1986 and before July 1, 1997, the new employer rate or the
23 unemployment experience rate of an employer under this section shall
24 be the rate which appears in the column headed by the Unemployment
25 Trust Fund Reserve Ratio as of the applicable calculation date and on
26 the line with the Employer Reserve Ratio, as defined in paragraph 4 of
27 this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLE					
Fund Reserve Ratio ¹					
Employer Reserve Ratio ²	10.00% and Over	7.00% to 9.99%	4.00% to 6.99%	2.50% to 3.99%	2.49% 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).

(ii) With respect to experience rating years beginning on or after July 1, 1997, the new employer rate or the unemployment experience rate of an employer under this section shall be the rate which appears in the column headed by the Unemployment Trust Fund Reserve Ratio as of the applicable calculation date and on the line with the Employer Reserve Ratio, as defined in paragraph 4 of this subsection (R.S.43:21-7 (c)(4)), as set forth in the following table:

EXPERIENCE RATING TAX TABLEFund Reserve Ratio¹

	<u>6.00%</u>	<u>4.00%</u>	<u>3.00%</u>	<u>2.50%</u>	<u>2.49%</u>
<u>Employer</u>	<u>and</u>	<u>to</u>	<u>to</u>	<u>to</u>	<u>and</u>
<u>Reserve</u>	<u>Over</u>	<u>5.99%</u>	<u>3.99%</u>	<u>2.99%</u>	<u>Under</u>
<u>Ratio²</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
<u>Positive Reserve Ratio:</u>					
<u>17% and over</u>	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>1.2</u>
<u>16.00% to 16.99%</u>	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>1.2</u>
<u>15.00% to 15.99%</u>	<u>0.4</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>
<u>14.00% to 14.99%</u>	<u>0.5</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>1.2</u>
<u>13.00% to 13.99%</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.2</u>
<u>12.00% to 12.99%</u>	<u>0.6</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>
<u>11.00% to 11.99%</u>	<u>0.7</u>	<u>0.8</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>
<u>10.00% to 10.99%</u>	<u>0.9</u>	<u>1.1</u>	<u>1.3</u>	<u>1.5</u>	<u>1.6</u>
<u>9.00% to 9.99%</u>	<u>1.0</u>	<u>1.3</u>	<u>1.6</u>	<u>1.7</u>	<u>1.9</u>
<u>8.00% to 8.99%</u>	<u>1.3</u>	<u>1.6</u>	<u>1.9</u>	<u>2.1</u>	<u>2.3</u>
<u>7.00% to 7.99%</u>	<u>1.4</u>	<u>1.8</u>	<u>2.2</u>	<u>2.4</u>	<u>2.6</u>
<u>6.00% to 6.99%</u>	<u>1.7</u>	<u>2.1</u>	<u>2.5</u>	<u>2.8</u>	<u>3.0</u>
<u>5.00% to 5.99%</u>	<u>1.9</u>	<u>2.4</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>
<u>4.00% to 4.99%</u>	<u>2.0</u>	<u>2.6</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>
<u>3.00% to 3.99%</u>	<u>2.1</u>	<u>2.7</u>	<u>3.2</u>	<u>3.6</u>	<u>3.9</u>
<u>2.00% to 2.99%</u>	<u>2.2</u>	<u>2.8</u>	<u>3.3</u>	<u>3.7</u>	<u>4.0</u>
<u>1.00% to 1.99%</u>	<u>2.3</u>	<u>2.9</u>	<u>3.4</u>	<u>3.8</u>	<u>4.1</u>
<u>0.00% to 0.99%</u>	<u>2.4</u>	<u>3.0</u>	<u>3.6</u>	<u>4.0</u>	<u>4.3</u>
<u>Deficit Reserve Ratio:</u>					
<u>-0.00% to -2.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.6</u>	<u>6.1</u>
<u>-3.00% to -5.99%</u>	<u>3.4</u>	<u>4.3</u>	<u>5.1</u>	<u>5.7</u>	<u>6.2</u>
<u>-6.00% to -8.99%</u>	<u>3.5</u>	<u>4.4</u>	<u>5.2</u>	<u>5.8</u>	<u>6.3</u>
<u>-9.00% to -11.99%</u>	<u>3.5</u>	<u>4.5</u>	<u>5.3</u>	<u>5.9</u>	<u>6.4</u>
<u>-12.00% to -14.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.4</u>	<u>6.0</u>	<u>6.5</u>
<u>-15.00% to -19.99%</u>	<u>3.6</u>	<u>4.6</u>	<u>5.5</u>	<u>6.1</u>	<u>6.6</u>
<u>-20.00% to -24.99%</u>	<u>3.7</u>	<u>4.7</u>	<u>5.6</u>	<u>6.2</u>	<u>6.7</u>
<u>-25.00% to -29.99%</u>	<u>3.7</u>	<u>4.8</u>	<u>5.6</u>	<u>6.3</u>	<u>6.8</u>
<u>-30.00% to -34.99%</u>	<u>3.8</u>	<u>4.8</u>	<u>5.7</u>	<u>6.3</u>	<u>6.9</u>
<u>-35.00% and under</u>	<u>5.4</u>	<u>5.4</u>	<u>5.8</u>	<u>6.4</u>	<u>7.0</u>
<u>New Employer Rate</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>

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)(i) With respect to experience rating years beginning on or after July 1, 1986 and before July 1, 1997, 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.

(ii) With respect to experience rating years beginning on or after July

1 1, 1997, if the fund reserve ratio, based on the fund balance as of the prior
2 March 31, is less than 1.00%, the contribution rate for each employer
3 liable to pay contributions, as computed under subparagraph E of this
4 paragraph (5), shall be increased by a factor of 10% computed to the
5 nearest multiple of 1/10% if not already a multiple thereof.

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

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

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

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

1 subparagraph (E) of this paragraph (5), shall be decreased by a factor of
2 25.0% computed to the nearest multiple of 1/10%, except that, if an
3 employer has a deficit reserve ratio of negative 35.0% or under, the
4 employer's rate of contribution shall not be reduced pursuant to this
5 subparagraph (H) to less than 5.4%. The amount of the reduction in the
6 employer contributions stipulated by this subparagraph (H) shall be in
7 addition to the amount of the reduction in the employer contributions
8 stipulated by subparagraph (G) of this paragraph (5), except that the rate
9 of contribution of an employer who has a deficit reserve ratio of negative
10 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
11 less than 5.4% and the rate of contribution of any other employer shall not
12 be reduced to less than 0.0%.

13 On or after January 1, 1997 until December 31, 1997, the contribution
14 rate for each employer liable to pay contributions, as computed under
15 subparagraph (E) of this paragraph (5), shall be decreased by a factor of
16 10.0% computed to the nearest multiple of 1/10%, except that, if an
17 employer has a deficit reserve ratio of negative 35.0% or under, the
18 employer's rate of contribution shall not be reduced pursuant to this
19 subparagraph (H) to less than 5.4%. The amount of the reduction in the
20 employer contributions stipulated by this subparagraph (H) shall be in
21 addition to the amount of the reduction in the employer contributions
22 stipulated by subparagraph (G) of this paragraph (5), except that the rate
23 of contribution of an employer who has a deficit reserve ratio of negative
24 35.0% or under shall not be reduced pursuant to this subparagraph (H) to
25 less than 5.4% and the rate of contribution of any other employer shall not
26 be reduced to less than 0.0%.

27 (I) If the fund reserve ratio decreases to a level of less than 4.00% on
28 March 31 of calendar year 1994 or calendar year 1995, the provisions of
29 subparagraph (H) of this paragraph (5) shall cease to be in effect as of July
30 1 of that calendar year.

31 If, upon calculating the unemployment compensation fund reserve ratio
32 pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1997, the controller
33 finds that the fund reserve ratio has decreased to a level of less than
34 3.00%, the Commissioner of Labor shall notify the State Treasurer of this
35 fact and of the dollar amount necessary to bring the fund reserve ratio up
36 to a level of 3.00%. The State Treasurer shall, prior to March 31, 1997,
37 transfer from the General Fund to the unemployment compensation fund,
38 revenues in the amount specified by the commissioner and which, upon
39 deposit in the unemployment compensation fund, shall result, upon
40 recalculation, in a fund reserve ratio used to determine employer
41 contributions beginning July 1, 1997, of at least 3.00%.

42 If, upon calculating the unemployment compensation fund reserve ratio
43 pursuant to R.S.43:21-7(c)(5)(D) prior to March 31, 1998, the controller
44 finds that the fund reserve ratio has decreased to a level of less than
45 3.00%, the Commissioner of Labor shall notify the State Treasurer of this
46 fact and of the dollar amount necessary to bring the fund reserve ratio up

1 to a level of 3.00%. The State Treasurer shall, prior to March 31, 1998,
2 transfer from the General Fund to the unemployment compensation fund,
3 revenues in the amount specified by the commissioner and which, upon
4 deposit in the unemployment compensation fund, shall result, upon
5 recalculation, in a fund reserve ratio used to determine employer
6 contributions beginning July 1, 1998 of at least 3.00%.

7 (6) Additional contributions.

8 Notwithstanding any other provision of law, any employer who has
9 been assigned a contribution rate pursuant to subsection (c) of this section
10 for the year commencing July 1, 1948, and for any year commencing July
11 1 thereafter, may voluntarily make payment of additional contributions,
12 and upon such payment shall receive a recomputation of the experience
13 rate applicable to such employer, including in the calculation the additional
14 contribution so made. Any such additional contribution shall be made
15 during the 30-day period following the date of the mailing to the
16 employer of the notice of his contribution rate as prescribed in this
17 section, unless, for good cause, the time for payment has been extended
18 by the controller for not to exceed an additional 60 days; provided that in
19 no event may such payments which are made later than 120 days after the
20 beginning of the year for which such rates are effective be considered in
21 determining the experience rate for the year in which the payment is made.
22 Any employer receiving any extended period of time within which to make
23 such additional payment and failing to make such payment timely shall be,
24 in addition to the required amount of additional payment, a penalty of 5%
25 thereof or \$5.00, whichever is greater, not to exceed \$50.00. Any
26 adjustment under this subsection shall be made only in the form of credits
27 against accrued or future 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, the
32 controller shall transfer the employment experience of the predecessor
33 employer to the successor in interest, including credit for past years,
34 contributions paid, annual payrolls, benefit charges, et cetera, applicable
35 to such predecessor employer, pursuant to regulation, if it is determined
36 that the employment experience of the predecessor employer with respect
37 to the organization, trade, assets or business which has been transferred
38 may be considered indicative of the future employment experience of the
39 successor in interest. Unless the predecessor employer was owned or
40 controlled (by legally enforceable means or otherwise), directly or
41 indirectly, by the successor in interest, or the predecessor employer and
42 the successor in interest were owned or controlled (by legally enforceable
43 means or otherwise), directly or indirectly, by the same interest or
44 interests, the transfer of the employment experience of the predecessor
45 shall not be effective if such successor in interest, within four months of
46 the date of such transfer of the organization, trade, assets or business, or

1 thereafter upon good cause shown, files a written notice protesting the
2 transfer of the employment experience of the predecessor employer.

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

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

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

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

44 (B) Effective January 1, 1978 there shall be no contributions by
45 workers in the employ of any governmental or nongovernmental employer
46 electing or required to make payments in lieu of contributions unless the

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

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

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

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

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

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

26 Each worker shall, starting on January 1, 1998 contribute to the
27 unemployment compensation fund 0.40% of wages paid with respect to
28 the worker's employment with a governmental employer electing or
29 required to pay contributions or nongovernmental employer, including a
30 nonprofit organization which is an employer as defined under paragraph
31 6 of subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
32 organization elects or is required to finance its benefit costs with
33 contributions to the fund or by payments in lieu of contributions, after that
34 employer has satisfied the conditions set forth in subsection (h) of
35 R.S.43:21-19 with respect to becoming an employer, provided that the
36 contributions shall be at the rate of 0.10% of wages paid with respect to
37 employment with the State of New Jersey or any other governmental
38 entity or instrumentality electing or required to make payments in lieu of
39 contributions.

40 (E) Each employer shall, notwithstanding any provision of law in this
41 State to the contrary, withhold in trust the amount of his workers'
42 contributions from their wages at the time such wages are paid, shall show
43 such deduction on his payroll records, shall furnish such evidence thereof
44 to his workers as the division or controller may prescribe, and shall
45 transmit all such contributions, in addition to his own contributions, to the
46 office of the controller in such manner and at such times as may be

1 prescribed. If any employer fails to deduct the contributions of any of his
2 workers at the time their wages are paid, or fails to make a deduction
3 therefor at the time wages are paid for the next succeeding payroll period,
4 he alone shall thereafter be liable for such contributions, and for the
5 purpose of R.S.43:21-14, such contributions shall be treated as employer's
6 contributions required from him.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (2) If the minimum requirements in (1) above have been fulfilled and
17 the credited contributions exceed the benefits charged by more than
18 \$500.00, such preliminary rate shall be as follows:

19 (i) $\frac{2}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is less than
20 $1\frac{1}{4}\%$ of his average annual payroll (as defined in this chapter
21 (R.S.43:21-1 et seq.));

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

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

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

31 (4) If the minimum requirements in (1) above have been fulfilled and
32 the benefits charged exceed the contributions credited by more than
33 \$500.00, such preliminary rate shall be as follows:

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

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

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

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

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

44 (5) Determination of the preliminary rate as specified in (2), (3) and
45 (4) above shall be subject, however, to the condition that it shall in no
46 event be decreased by more than $\frac{1}{10}$ of 1% of wages or increased by

1 more than $\frac{2}{10}$ of 1% of wages from the preliminary rate determined for
2 the preceding year in accordance with (1), (2), (3) or (4), whichever shall
3 have been applicable.

4 (E) (1) Prior to July 1 of each calendar year the controller shall
5 determine the amount of the State disability benefits fund as of December
6 31 of the preceding calendar year, increased by the contributions paid
7 thereto during January of the current calendar year with respect to
8 employment occurring in the preceding calendar year. If such amount
9 exceeds the net amount withdrawn from the unemployment trust fund
10 pursuant to section 23 of the "Temporary Disability Benefits Law,"
11 P.L.1948, c.110 (C.43:21-47) plus the amount at the end of such
12 preceding calendar year of the unemployment disability account (as
13 defined in section 22 of said law (C.43:21-46)), such excess shall be
14 expressed as a percentage of the wages on which contributions were paid
15 to the State disability benefits fund on or before January 31 with respect
16 to employment in the preceding calendar year.

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

21 (i) If the percentage determined in accordance with paragraph (E)(1)
22 of this subsection equals or exceeds $1\frac{1}{4}\%$, the final employer rates shall
23 be the preliminary rates determined as provided in (D) hereof, except that
24 if the employer's preliminary rate is determined as provided in (D)(2) or
25 (D)(3) hereof, the final employer rate shall be the preliminary employer
26 rate decreased by such percentage of excess taken to the nearest $\frac{5}{100}$ of
27 1%, but in no case shall such final rate be less than $\frac{1}{10}$ of 1%.

28 (ii) If the percentage determined in accordance with paragraph (E)(1)
29 of this subsection equals or exceeds $\frac{3}{4}$ of 1% and is less than $1\frac{1}{4}$ of
30 1%, the final employer rates shall be the preliminary employer rates.

31 (iii) If the percentage determined in accordance with paragraph (E)(1)
32 of this subsection is less than $\frac{3}{4}$ of 1%, but in excess of $\frac{1}{4}$ of 1%, the
33 final employer rates shall be the preliminary employer rates determined as
34 provided in (D) hereof increased by the difference between $\frac{3}{4}$ of 1% and
35 such percentage taken to the nearest $\frac{5}{100}$ of 1%; provided, however, that
36 no such final rate shall be more than $\frac{1}{4}$ of 1% in the case of an employer
37 whose preliminary rate is determined as provided in (D)(2) hereof, more
38 than $\frac{1}{2}$ of 1% in the case of an employer whose preliminary rate is
39 determined as provided in (D)(1) and (D)(3) hereof, nor more than $\frac{3}{4}$ of
40 1% in the case of an employer whose preliminary rate is determined as
41 provided in (D)(4) hereof.

42 (iv) If the amount of the State disability benefits fund determined as
43 provided in paragraph (E)(1) of this subsection is equal to or less than $\frac{1}{4}$
44 of 1%, then the final rate shall be $\frac{2}{5}$ of 1% in the case of an employer
45 whose preliminary rate is determined as provided in (D)(2) hereof, $\frac{7}{10}$
46 of 1% in the case of an employer whose preliminary rate is determined as

1 provided in (D)(1) and (D)(3) hereof, and 1.1% in the case of an employer
2 whose preliminary rate is determined as provided in (D)(4) hereof.
3 Notwithstanding any other provision of law or any determination made by
4 the controller with respect to any 12-month period commencing on July
5 1, 1970, the final rates for all employers for the period beginning January
6 1, 1971, shall be as set forth herein.
7 (cf: P.L.1995, c.422, s.1)

8
9 14. Section 29 of P.L.1992, c.160 (C.43:21-7b) is amended to read as
10 follows:

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

16 Beginning April 1, 1996 through December 31, 1996, each employee
17 shall, in such a manner and at such times as determined by the
18 commissioner, contribute to the fund an amount equal to 0.6% of the
19 employee's taxable wages, except that the total amount contributed to the
20 fund when combined with the employee's contribution made pursuant to
21 R.S.43:31-7(d)(1)(D) for the period January 1, 1996 through March 31,
22 1996, shall not not exceed 0.6% of the employee's taxable wages for the
23 1996 calendar year.

24 Beginning January 1, 1997 through December 31, 1997, each
25 employee shall, in such a manner and at such times as determined by the
26 commissioner, contribute to the fund an amount equal to 0.5% of the
27 employee's taxable wages.

28 Also beginning on January 1, 1993 until December 31, 1995 [, except
29 as provided pursuant to subsection b. of this section] and beginning April
30 1, 1996 until December 31, 1997, each employer shall, in such a manner
31 and at such times as determined by the commissioner, contribute to the
32 fund an amount equal to the amount that the employer's contribution to
33 the unemployment compensation fund is decreased pursuant to
34 subparagraph (H) of paragraph (5) of subsection (c) of R.S.43:21-7.

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

45 c. If the total amount of contributions to the fund pursuant to this
46 section during the calendar year 1993 exceeds \$600 million, all

1 contributions which exceed \$600 million shall be deposited in the
2 unemployment compensation fund. If the total amount of contributions
3 to the fund pursuant to this section during calendar year 1994 or calendar
4 year 1995 exceeds \$500 million, all contributions which exceed \$500
5 million shall be deposited in the unemployment compensation fund. If the
6 total amount of contributions made to the fund pursuant to this section for
7 the calendar year 1996 or 1997 exceeds \$330 million, all contributions
8 which exceed \$330 million in calendar year 1996 or 1997 shall be
9 deposited in the unemployment compensation fund.

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

13

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

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

26 If an employee receives wages from more than one employer during the
27 calendar year 1996 and the sum of the employee's contributions deposited
28 in the unemployment compensation fund during the period January 1,
29 1996 through March 31, 1996 and the employee's contributions deposited
30 in the health care subsidy fund during the period April 1, 1996 through
31 December 31, 1996 exceeds an amount equal to 0.6% of the wages
32 determined in accordance with the provisions of paragraph (3) of
33 subsection (b) of R.S.43:21-7 which wages are received during the period
34 January 1, 1996 through December 31, 1996, the employee shall be
35 entitled to a refund of the excess if a claim establishing the employee's
36 right to the refund is made within two years after the end of the respective
37 calendar year in which the wages are received and are the subject of the
38 claim. The commissioner shall refund any overpayment without interest
39 from the unemployment compensation fund or the health care subsidy
40 fund, or both, as appropriate.

41 If an employee receives wages from more than one employer during the
42 calendar year 1997, and the sum of the employee's contributions deposited
43 in the fund exceeds an amount equal to 0.5% of the wages determined in
44 accordance with the provisions of paragraph (3) of subsection (b) of
45 R.S.43:21-7 during calendar year 1997, the employee shall be entitled to
46 a refund of the excess if a claim establishing the employee's right to the

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

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

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

18

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

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

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

43 (c) Any governmental entity or instrumentality may terminate its
44 election to pay contributions as of January 1 of any year by filing written
45 notice not later than February 1 of any year with respect to which
46 termination is to become effective. It may not revert to a contributions

1 method of financing for at least two full calendar years after such
2 termination.

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

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

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

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

1 herein, such workers shall not be subject to the contributions required in
2 R.S.43:21-7(d).

3 (h) Notwithstanding the provisions of the above subsection (g),
4 commencing July 1, 1986 worker contributions to the unemployment trust
5 fund with respect to wages paid by any governmental entity or
6 instrumentality electing or required to make payments in lieu of
7 contributions, including the State of New Jersey, shall be made in
8 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
9 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each governmental
10 entity or instrumentality electing or required to make payments in lieu of
11 contributions shall, except during the period starting January 1, 1993 and
12 ending December 31, 1995 and the period starting April 1, 1996 and
13 ending December 31, 1996 or, if the unemployment compensation fund
14 reserve ratio, as determined pursuant to paragraph (5) of subsection (c)
15 of R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
16 calendar year 1994 or calendar year 1995, ending July 1 of that calendar
17 year, require payments from its workers at the [rate of 0.50%] following
18 rates of wages paid, which amounts are to be held in the trust fund
19 maintained by the governmental entity or instrumentality for payment of
20 benefit costs: for calendar year 1998 and each calendar year thereafter,
21 0.30%.

22 (cf: P.L1992, c.205, s.1)

23

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

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

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

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

4

5 18. This act shall take effect immediately and shall be retroactive to
6 January 1, 1996.

7

8

9

STATEMENT

10

11 This bill provides a cost-effective mechanism for providing health care
12 services on a managed care basis to indigent and low income persons in
13 the State. The health care program will be implemented by the
14 Commissioner of Health, in consultation with the Commissioner of
15 Human Services and the State Treasurer.

16 Specifically, the bill provides that, subject to the receipt of a waiver
17 from the federal Department of Health and Human Services, the State
18 Treasurer shall contract with one or more entities to administer a
19 Statewide program of health care services, that are provided on a managed
20 care basis, for all eligible low income residents in the State that are in need
21 of the health care services.

22 The contract shall include, but not be limited to, provisions for:

23 (1) the provision of charity care services on a managed care basis as
24 specified by the Commissioner of Health, in consultation with the
25 Commissioner of Human Services and the State Treasurer. An
26 administrator shall be responsible for determining the most appropriate
27 and cost-effective means of providing the health care services required by
28 an eligible person and for directing the person to that means for receipt of
29 the services;

30 (2) the determination of eligibility criteria for health care providers
31 who choose to participate in the program;

32 (3) a methodology established by the Commissioner of Health for
33 reimbursement of participating hospitals and other health care providers;

34 (4) the development and use of a uniform method for determining
35 eligibility of State residents for health care services under the program;
36 and

37 (5) the submission of quarterly reports to the Department of Health
38 and the Department of the Treasury, in a form and manner required by the
39 department, detailing expenditures of health care funds in the program.

40 The contract shall also provide that provider participation in the
41 program shall ensure the maximum receipt by the State of federal
42 disproportionate share monies pursuant to Pub.L.89-97 (42 U.S.C.§1396a
43 et seq.) and Pub.L.102-234.

44 The Commissioner of Health shall report annually to the standing
45 reference committees on health and appropriations of the Senate and
46 General Assembly and the Governor on:

1 (1) expenditures related to the provision of health care services on a
2 managed care basis, the number of persons served, the types of services
3 provided, the hospitals participating in the program, the number and types
4 of other health care providers participating in the program and such other
5 information as may be required by the Legislature;

6 (2) the effectiveness of the program in containing or reducing costs
7 for providing health care services to qualified low income residents of the
8 State; and

9 (3) recommendations developed in consultation with the Commissioner
10 of Human Services and the State Treasurer concerning additional cost
11 containment actions that may be adopted for the provision of health care
12 services to qualified low income persons.

13 The bill provides that nothing in the bill shall be construed to expand
14 covered health care services to include services not covered by the charity
15 care program currently in effect.

16 The bill provides that the implementation of the health care program
17 or other subsidies for charity care that affect the Medicaid State plan shall
18 be contingent upon receipt of federal approvals that assure continuation
19 of an acceptable level of federal Medicaid matching funds, including
20 disproportionate share monies, as determined by the Director of the
21 Division of Medical Assistance and Health Services in the Department of
22 Human Services and the Director of the Division of Budget and
23 Accounting in the Department of the Treasury.

24 Also, in order to achieve even greater efficiency in the delivery of
25 health care on a managed care basis, the bill directs the Commissioner of
26 Health to establish a technology infrastructure to support the Statewide
27 health care program established in the bill. The State Treasurer, in
28 consultation with the Commissioners of Health and Human Services may
29 also, if deemed to be in the State's best interests, include system features
30 and provisions in the technology infrastructure to satisfy the requirements
31 of multiple programs and purposes, including, but not limited to, programs
32 such as Medicaid, food stamps and public assistance, and purposes such
33 as the exchange and consolidation of health care information permitted by
34 law, eligibility and identity verification, claims processing, the use of
35 electronic patient identification technology and electronic data
36 interchange.

37 The bill also clarifies that the Health Care Subsidy Fund is the payer of
38 last resort, and that a hospital or other health care provider shall not
39 submit a claim for charity care or managed health care services
40 reimbursement on behalf of any individual for whom the hospital or health
41 care provider is eligible to receive reimbursement under any State or
42 federal program or other third party payer. The bill also amends
43 N.J.S.A.26:2H-18.63 concerning penalties for false statements or
44 misrepresentation of a material fact in the receipt of charity care benefits
45 to clarify that the provisions apply to any person or entity.

46 The bill also continues the Hospital Health Care Subsidy account

1 (known as the Hospital Relief Fund) in the Division of Medical Assistance
2 and Health Services. This account provides assistance to hospitals which
3 treat large numbers of patients with AIDS, tuberculosis, substance abuse,
4 complex births, mental illness and developmental disabilities. The bill
5 provides \$35 million in State funds in calendar year 1996 and \$71 million
6 in calendar year 1997 to this account. These monies will be matched by
7 an equal amount of federal funds.

8 For the interim period before the new health care program is
9 implemented, the State shall distribute charity care funding to hospitals
10 pursuant to a methodology similar to that used in 1995 for the distribution
11 of charity care subsidies. The bill provides that \$310 million shall be
12 allocated for charity care subsidies for calendar year 1996 and up to \$300
13 million shall be allocated for 1997. Part of the funding from the 1997
14 allocation may be used for the new health care program, pending the
15 receipt of a federal waiver to implement the program.

16 The funding for the charity care subsidies and Hospital Health Care
17 Subsidy account will be provided from a combination of employer and
18 employee contributions and General Fund revenues. In calendar years
19 1996 and 1997, \$330 million each year will be provided from employer
20 and employee contributions and \$15 million in 1996 and \$41 million in
21 1997 will be appropriated from the General Fund.

22 Beginning in 1998, the new health care program will be supported with
23 revenues derived from efficiencies achieved by State use of an electronic
24 data interchange system for health care claims and related information.

25 The bill also makes changes in the funding of the unemployment
26 compensation fund as follows:

27 1. No payroll taxes are collected from workers for the unemployment
28 compensation fund starting April 1, 1996 and ending December 31, 1997
29 and, starting on January 1, 1998, the rate is set at 0.4%, compared to the
30 current rate of 0.6%. However, payroll taxes from workers are continued
31 at their current rate through December 31, 1996 and reduced to 0.5% in
32 calendar year 1997 to provide revenues for the Health Care Subsidy Fund.

33 2. Starting on July 1, 1997, the fund reserve ratios used to determine
34 which tax schedule is applied to employers are reduced, which will make
35 it easier in the future for tax schedules to go into effect which will result
36 in lower tax rates for employers in most cases. The fund reserve ratio that
37 "triggers" tax schedule "A," which provides the lowest tax rates, is
38 reduced from 10% to 6%. The trigger for schedule "B" is reduced from
39 7% to 4%, the trigger for schedule "C" is reduced from 4% to 3%. The
40 reserve ratio which triggers the 10% tax surcharge, is increased from 0 to
41 1%.

42 3. If the fund reserve ratio declines to a level below 3.00% on March
43 31 of either 1997 or 1998, the Treasurer will transfer the amount
44 necessary to raise the reserve ratio to a level of 3.00%, thereby making
45 impossible the imposition of tax schedule "D" on employers during those
46 years.

1

2

3 Provides funding for charity care subsidies and establishes health care
4 program for low income persons.