

SENATE, No. 1200

STATE OF NEW JERSEY

INTRODUCED MARCH 21, 1996

By Senator LITTELL

1 AN ACT concerning funding for hospital charity care subsidies and
2 other purposes and the provision of unemployment insurance
3 benefits, revising parts of the statutory law, and making an
4 appropriation.

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

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

11 2. As used in sections 1 through 17 of [this act and] P.L.1992,
12 c.160 (C.26:2H-18.51 through 26:2H-18.67), sections 12 through 15
13 of P.L.1995, c.133 (C.26:2H-18.59a through C.26:2H-18.59d) and
14 sections 7 through 14 of P.L. , c. (C.)(pending before the
15 Legislature as this bill):

16 "Administrator" means the administrator of the Health Care Subsidy
17 Fund appointed by the commissioner.

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

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

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

27 "Commissioner" means the Commissioner of Health.

28 "Department" means the Department of Health.

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

32 "Disproportionate share payment" means those payments made by
33 the Division of Medical Assistance and Health Services in the
34 Department of Human Services to hospitals defined as

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 disproportionate share hospitals by the Commissioner of Human
2 Services in accordance with federal laws and regulations applicable to
3 hospitals serving a disproportionate number of low income patients.

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

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

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

11 "Medicare" means the program established pursuant to Pub.L.89-97
12 (42 U.S.C.§1395 et seq.).

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

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

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

24

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

27 5. The commissioner shall:

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

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

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

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

46 e. Study and, if feasible, establish hospital cost and outcome

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

1 Legislature shall determine. Interest earned on the monies in the fund
2 shall be credited to the fund.

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

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

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

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

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

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

1 unemployment compensation fund established pursuant
2 to R.S.43:21-9.

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

4

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

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

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

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

25 Hospital Specific Approved Uncompensated Care-1991
26
27 Hospital Specific Preliminary Cost Base-1992
28 = Hospital Specific % Uncompensated Care (%UC)

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

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

34 Hospital Specific Approved Uncompensated Care-1991
35
36 Total approved Uncompensated Care All Eligible Hospitals-1991
37 X \$500 million
38 = Maximum Amount of Hospital Specific
39 Charity Care Subsidy for 1993

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

46 The demographic information shall include the recipient's age, sex,

1 marital status, employment status, type of health insurance coverage,
2 if any, and if the recipient is a child under 18 years of age who does
3 not have health insurance coverage or a married person who does not
4 have health insurance coverage, whether the child's parent or the
5 married person's spouse, as the case may be, has health insurance.

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

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

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

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

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

31 If there are additional charity care balances available after the 1994
32 distribution based on 1993 charity care costs, the department shall
33 transfer these available balances from the fund to the Division of
34 Medical Assistance and Health Services for an approved one-time
35 additional disproportionate share payment to hospitals according to
36 the methodology provided in section 12 of P.L.1995, c.133
37 (C.26:2H-18.59a). The total payment for all hospitals shall not exceed
38 \$75.5 million.

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

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

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

1 e. The total amount allocated for charity care subsidy payments
2 shall be: in 1994, \$450 million [and]; in 1995, \$400 million; in 1996,
3 \$275 million; and in 1997, \$265 million. Total payments to hospitals
4 shall not exceed the amount allocated for each given year.

5 f. Beginning January 1, 1995:

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

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

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

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

17

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

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

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

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

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

37

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

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

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

44

45 7. (New section) a. Beginning January 1, 1996 through December
46 31, 1997, the charity care subsidy shall be determined according to the

1 following methodology.

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

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

15 Charity care subsidy payments shall be based upon actual
16 documented hospital charity care.

17 As used in this section:

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

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

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

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

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

41 (3) The hospital-specific "profitability factor" shall be determined
42 annually as follows. Those hospitals that are equal to or below the
43 Statewide median operating margin shall be assigned a profitability
44 factor of "1". For those hospitals that are above the Statewide median
45 operating margin, the profitability factor shall be equal to:

1 .75 x (hospital specific operating
2 margin - Statewide median operating margin)
3 1 -
4 highest hospital specific operating
5 margin - Statewide median operating margin
6

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

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

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

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

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

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

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

42 9. (New section) a. The Commissioner of Health shall transfer to
43 the Hospital Health Care Subsidy account in the Division of Medical
44 Assistance and Health Services of the Department of Human Services
45 from the Health Care Subsidy Fund, \$35 million in calendar year 1996
46 and \$45 million in calendar year 1997, according to a schedule to be

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

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

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

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

31

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

41

42 11. (New section) The State Treasurer shall transfer to the Health
43 Care Subsidy Fund established pursuant to section 8 of P.L.1992,
44 c.160 (C.26:2H-18.58), only those revenues generated from third party
45 liability recoveries by the State which are required for the purposes
46 provided in section 10 of P.L. , c. (C.)(pending before the

1 Legislature as this bill).

2

3 12. (New section) The Health Care Subsidy Fund shall be funded
4 with General Fund revenues in the following amounts: in calendar year
5 1996, \$25 million; and in calendar year 1997, \$50 million. In order to
6 provide funding for the Health Care Subsidy Fund in these amounts,
7 the Governor shall recommend and the Legislature shall appropriate
8 to the Health Care Subsidy Fund the following amounts: in Fiscal Year
9 1997, \$25 million; and in Fiscal Year 1998, \$50 million.

10

11 13. (New section) a. The Commissioner of Health shall conduct
12 a study of the feasibility of such policy options as delivering charity
13 care services through a managed care network that includes both
14 inpatient and outpatient services and which may be operated by the
15 State or by a private managed care entity, and shall report on the
16 findings and recommendations of that study to the Governor and the
17 Legislature no later than 15 months after the enactment of P.L. ,
18 c. (C.)(pending before the Legislature as this bill).

19 b. The Health Information Electronic Data Interchange Policy
20 Council established pursuant to P.L. , c. (C.)(pending
21 before the Legislature as Senate Bill No. 50 or Assembly Bill No. 1476
22 of 1996), shall conduct a study of the feasibility of utilizing
23 administrative cost savings accruing from the adoption of health care
24 information electronic data interchange technology to first accelerate
25 the scheduled reduction in the use of revenues from employee and
26 employer contributions and then to reduce the need for General Fund
27 appropriations to fund the Health Care Subsidy Fund pursuant to the
28 provisions of P.L. , c. (C.)(pending before the Legislature as
29 this bill, and shall report on the findings and recommendations of that
30 study to the Governor and the Legislature no later than eight months
31 after the enactment of P.L. , c. (C.)(pending before the
32 Legislature as Senate Bill No. 50 or Assembly Bill No. 1476 of 1996).

33 c. The Commissioner of Health shall conduct a study of the
34 feasibility of reimbursing for charity care services on the basis of
35 claims processed, and at the lowest per diem or per case rate, as
36 applicable, charged by a hospital to any third party payer for health
37 care services; and shall report on the findings and recommendations of
38 that study to the Governor and the Legislature no later than six months
39 after the enactment of P.L. , c. (C.)(pending before the
40 Legislature as this bill).

41

42 14. (New section) The State shall pay inpatient hospitalization
43 costs for a recipient of general public assistance pursuant to P.L.1947,
44 c.156 (C.44:8-107 et seq.) who is admitted to a special hospital or
45 psychiatric hospital licensed by the Department of Health which is not
46 eligible to receive a charity care subsidy from the Health Care Subsidy

1 Fund established pursuant to section 8 of P.L.1992, c.160
2 (C.26:2H-18.58) and to which payments were made prior to July 1,
3 1991 on behalf of patients receiving general public assistance. The
4 State shall pay the inpatient hospitalization costs on the same basis as
5 hospitals are reimbursed for charity care costs pursuant to section 7 of
6 P.L. , c. (C.)(pending before the Legislature as this bill).

7

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

9 43:21-7. Contributions. Employers other than governmental
10 entities, whose benefit financing provisions are set forth in section 4
11 of P.L.1971, c.346 (C.43:21-7.3), and those nonprofit organizations
12 liable for payment in lieu of contributions on the basis set forth in
13 section 3 of P.L.1971, c.346 (C.43:21-7.2), shall pay to the controller
14 for the unemployment compensation fund, contributions as set forth
15 in subsections (a), (b) and (c) hereof, and the provisions of subsections
16 (d) and (e) shall be applicable to all employers, consistent with the
17 provisions of the "unemployment compensation law" and the
18 "Temporary Disability Benefits Law," P.L.1948, c.110 (C.43:21-25 et
19 seq.).

20 (a) Payment.

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

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

32 (b) Rate of contributions. Each employer shall pay the following
33 contributions:

34 (1) For the calendar year 1947, and each calendar year thereafter,
35 $2\frac{7}{10}\%$ of wages paid by him during each such calendar year, except
36 as otherwise prescribed by subsection (c) of this section.

37 (2) The "wages" of any individual, with respect to any one
38 employer, as the term is used in this subsection (b) and in subsections
39 (c), (d) and (e) of this section 7, shall include the first \$4,800.00 paid
40 during calendar year 1975, for services performed either within or
41 without this State; provided that no contribution shall be required by
42 this State with respect to services performed in another state if such
43 other state imposes contribution liability with respect thereto. If an
44 employer (hereinafter referred to as a successor employer) during any
45 calendar year acquires substantially all the property used in a trade or
46 business of another employer (hereinafter referred to as a

1 predecessor), or used in a separate unit of a trade or business of a
2 predecessor, and immediately after the acquisition employs in his
3 trade or business an individual who immediately prior to the
4 acquisition was employed in the trade or business of such predecessor,
5 then, for the purpose of determining whether the successor employer
6 has paid wages with respect to employment equal to the first
7 \$4,800.00 paid during calendar year 1975, any wages paid to such
8 individual by such predecessor during such calendar year and prior to
9 such acquisition shall be considered as having been paid by such
10 successor employer.

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

28 (c) Future rates based on benefit experience.

29 (1) A separate account for each employer shall be maintained and
30 this shall be credited with all the contributions which he has paid on
31 his own behalf on or before January 31 of any calendar year with
32 respect to employment occurring in the preceding calendar year;
33 provided, however, that if January 31 of any calendar year falls on a
34 Saturday or Sunday, an employer's account shall be credited as of
35 January 31 of such calendar year with all the contributions which he
36 has paid on or before the next succeeding day which is not a Saturday
37 or Sunday. But nothing in this chapter (R.S.43:21-1 et seq.) shall be
38 construed to grant any employer or individuals in his service prior
39 claims or rights to the amounts paid by him into the fund either on his
40 own behalf or on behalf of such individuals. Benefits paid with respect
41 to benefit years commencing on and after January 1, 1953, to any
42 individual on or before December 31 of any calendar year with respect
43 to unemployment in such calendar year and in preceding calendar years
44 shall be charged against the account or accounts of the employer or
45 employers in whose employment such individual established base
46 weeks constituting the basis of such benefits. Benefits paid under a

1 given benefit determination shall be charged against the account of the
2 employer to whom such determination relates. When each benefit
3 payment is made, either a copy of the benefit check or other form of
4 notification shall be promptly sent to the employer against whose
5 account the benefits are to be charged. Such copy or notification shall
6 identify the employer against whose account the amount of such
7 payment is being charged, shall show at least the name and social
8 security account number of the claimant and shall specify the period
9 of unemployment to which said check applies. If the total amount of
10 benefits paid to a claimant and charged to the account of the
11 appropriate employer exceeds 50% of the total base year, base week
12 wages paid to the claimant by that employer, then such employer shall
13 have canceled from his account such excess benefit charges as
14 specified above.

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

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

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

28 (4) Employer Reserve Ratio. (A) Each employer's rate shall be 2
29 8/10%, except as otherwise provided in the following provisions. No
30 employer's rate for the 12 months commencing July 1 of any calendar
31 year shall be other than 2 8/10%, unless as of the preceding January 31
32 such employer shall have paid contributions with respect to wages paid
33 in each of the three calendar years immediately preceding such year,
34 in which case such employer's rate for the 12 months commencing July
35 1 of any calendar year shall be determined on the basis of his record up
36 to the beginning of such calendar year. If, at the beginning of such
37 calendar year, the total of all his contributions, paid on his own behalf,
38 for all past years exceeds the total benefits charged to his account for
39 all such years, his contribution rate shall be:

40 (1) 2 5/10%, if such excess equals or exceeds 4%, but less than
41 5%, of his average annual payroll (as defined in paragraph (2),
42 subsection (a) of R.S.43:21-19);

43 (2) 2 2/10%, if such excess equals or exceeds 5%, but is less than
44 6%, of his average annual payroll;

45 (3) 1 9/10%, if such excess equals or exceeds 6%, but is less than
46 7%, of his average annual payroll;

1 (4) $1\frac{6}{10}\%$, if such excess equals or exceeds 7%, but is less than
2 8%, of his average annual payroll;

3 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less than
4 9%, of his average annual payroll;

5 (6) 1%, if such excess equals or exceeds 9%, but is less than 10%,
6 of his average annual payroll;

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

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

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

15 (1) 4%, if such excess is less than 10% of his average annual
16 payroll;

17 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is less than
18 20%, of his average annual payroll;

19 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his average
20 annual payroll.

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

26 (i) if the reserve balance in its account is positive, its assigned rate
27 shall be the highest rate in effect for positive balance accounts for that
28 period, or 5.4%, whichever is higher, and (ii) if the reserve balance in
29 its account is negative, its assigned rate shall be the highest rate in
30 effect for deficit accounts for that period.

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

35 (5) (A) Unemployment Trust Fund Reserve Ratio. If on March 31
36 of any calendar year the balance in the unemployment trust fund equals
37 or exceeds 4% but is less than 7% of the total taxable wages reported
38 to the controller as of that date in respect to employment during the
39 preceding calendar year, the contribution rate, effective July 1
40 following, of each employer eligible for a contribution rate calculation
41 based upon benefit experience, shall be increased by $\frac{3}{10}$ of 1% over
42 the contribution rate otherwise established under the provisions of
43 paragraph (3) or (4) of this subsection. If on March 31 of any
44 calendar year the balance of the unemployment trust fund exceeds $2\frac{1}{2}\%$
45 but is less than 4% of the total taxable wages reported to the
46 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 6/10 of 1% over
4 the contribution rate otherwise established under the provisions of
5 paragraph (3) or (4) of this subsection.

6 If on March 31 of any calendar year the balance of the
7 unemployment trust fund is less than 2 1/2% of the total taxable wages
8 reported to the controller as of that date in respect to employment
9 during the preceding calendar year, the contribution rate, effective July
10 1 following, of each employer (1) eligible for a contribution rate
11 calculation based upon benefit experience, shall be increased by (i)
12 6/10 of 1% over the contribution rate otherwise established under the
13 provisions of paragraph (3), (4)(A) or (4)(B) of this subsection, and
14 (ii) an additional amount equal to 20% of the total rate established
15 herein, provided, however, that the final contribution rate for each
16 employer shall be computed to the nearest multiple of 1/10% if not
17 already a multiple thereof; (2) not eligible for a contribution rate
18 calculation based upon benefit experience, shall be increased by 6/10
19 of 1% over the contribution rate otherwise established under the
20 provisions of paragraph (4) of this subsection. For the period
21 commencing July 1, 1984 and ending June 30, 1986, the contribution
22 rate for each employer liable to pay contributions under R.S.43:21-7
23 shall be increased by a factor of 10% computed to the nearest multiple
24 of 1/10% if not already a multiple thereof.

25 (B) If on March 31 of any calendar year the balance in the
26 unemployment trust fund equals or exceeds 10% but is less than 12
27 1/2% of the total taxable wages reported to the controller as of that
28 date in respect to employment during the preceding calendar year, the
29 contribution rate, effective July 1 following, of each employer eligible
30 for a contribution rate calculation based upon benefit experience, shall
31 be reduced by 3/10 of 1% under the contribution rate otherwise
32 established under the provisions of paragraphs (3) and (4) of this
33 subsection; provided that in no event shall the contribution rate of any
34 employer be reduced to less than 4/10 of 1%. If on March 31 of any
35 calendar year the balance in the unemployment trust fund equals or
36 exceeds 12 1/2% of the total taxable wages reported to the controller
37 as of that date in respect to employment during the preceding calendar
38 year, the contribution rate, effective July 1 following, of each
39 employer eligible for a contribution rate calculation based upon benefit
40 experience, shall be reduced by 6/10 of 1% if his account for all past
41 periods reflects an excess of contributions paid over total benefits
42 charged of 3% or more of his average annual payroll, otherwise by
43 3/10 of 1% under the contribution rate otherwise established under the
44 provisions of paragraphs (3) and (4) of this subsection; provided that
45 in no event shall the contribution rate of any employer be reduced to
46 less than 4/10 of 1%.

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

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

13 (E) With respect to experience rating years beginning on or after
 14 July 1, 1986, the new employer rate or the unemployment experience
 15 rate of an employer under this section shall be the rate which appears
 16 in the column headed by the Unemployment Trust Fund Reserve Ratio
 17 as of the applicable calculation date and on the line with the Employer
 18 Reserve Ratio, as defined in paragraph 4 of this subsection
 19 (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 A	7.00% to 9.99% B	4.00% to 6.99% C	2.50% to 3.99% D	2.49% and Under E
30 Positive Reserve Ratio:					
31 17% and over	0.3	0.4	0.5	0.6	1.2
32 16.00% to 16.99%	0.4	0.5	0.6	0.6	1.2
33 15.00% to 15.99%	0.4	0.6	0.7	0.7	1.2
34 14.00% to 14.99%	0.5	0.6	0.7	0.8	1.2
35 13.00% to 13.99%	0.6	0.7	0.8	0.9	1.2
36 12.00% to 12.99%	0.6	0.8	0.9	1.0	1.2
37 11.00% to 11.99%	0.7	0.8	1.0	1.1	1.2
38 10.00% to 10.99%	0.9	1.1	1.3	1.5	1.6
39 9.00% to 9.99%	1.0	1.3	1.6	1.7	1.9
40 8.00% to 8.99%	1.3	1.6	1.9	2.1	2.3
41 7.00% to 7.99%	1.4	1.8	2.2	2.4	2.6
42 6.00% to 6.99%	1.7	2.1	2.5	2.8	3.0
43 5.00% to 5.99%	1.9	2.4	2.8	3.1	3.4
44 4.00% to 4.99%	2.0	2.6	3.1	3.4	3.7
45 3.00% to 3.99%	2.1	2.7	3.2	3.6	3.9
46 2.00% to 2.99%	2.2	2.8	3.3	3.7	4.0
47 1.00% to 1.99%	2.3	2.9	3.4	3.8	4.1
48 0.00% to 0.99%	2.4	3.0	3.6	4.0	4.3
49 Deficit Reserve Ratio:					
50 -0.00% to -2.99%	3.4	4.3	5.1	5.6	6.1
51 -3.00% to -5.99%	3.4	4.3	5.1	5.7	6.2

1	-6.00% to -8.99%	3.5	4.4	5.2	5.8	6.3
2	-9.00% to-11.99%	3.5	4.5	5.3	5.9	6.4
3	-12.00%to-14.99%	3.6	4.6	5.4	6.0	6.5
4	-15.00%to-19.99%	3.6	4.6	5.5	6.1	6.6
5	-20.00%to-24.99%	3.7	4.7	5.6	6.2	6.7
6	-25.00%to-29.99%	3.7	4.8	5.6	6.3	6.8
7	-30.00%to-34.99%	3.8	4.8	5.7	6.3	6.9
8	-35.00% and under	5.4	5.4	5.8	6.4	7.0
9	New Employer Rate	2.8	2.8	2.8	3.1	3.4

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

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

14

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

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

29 (H) On or after January 1, 1993 until December 31, 1993,
30 notwithstanding any other provisions of this paragraph (5), the
31 contribution rate for each employer liable to pay contributions, as
32 computed under subparagraph (E) of this paragraph (5), shall be
33 decreased by a factor of 52.0% computed to the nearest multiple of
34 1/10%, except that, if an employer has a deficit reserve ratio of
35 negative 35.0% or under, the employer's rate of contribution shall not
36 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
37 amount of the reduction in the employer contributions stipulated by
38 this subparagraph (H) shall be in addition to the amount of the
39 reduction in the employer contributions stipulated by subparagraph (G)
40 of this paragraph (5), except that the rate of contribution of an
41 employer who has a deficit reserve ratio of negative 35.0% or under
42 shall not be reduced pursuant to this subparagraph (H) to less than
43 5.4% and the rate of contribution of any other employer shall not be
44 reduced to less than 0.0%.

45 On or after January 1, 1994 until December 31, 1995, except as
46 provided pursuant to subparagraph (I) of this paragraph (5),
47 notwithstanding any other provisions of this paragraph (5), the
48 contribution rate for each employer liable to pay contributions, as

1 computed under subparagraph (E) of this paragraph (5), shall be
2 decreased by a factor of 36.0% computed to the nearest multiple of
3 1/10%, except that, if an employer has a deficit reserve ratio of
4 negative 35.0% or under, the employer's rate of contribution shall not
5 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
6 amount of the reduction in the employer contributions stipulated by
7 this subparagraph (H) shall be in addition to the amount of the
8 reduction in the employer contributions stipulated by subparagraph (G)
9 of this paragraph (5), except that the rate of contribution of an
10 employer who has a deficit reserve ratio of negative 35.0% or under
11 shall not be reduced pursuant to this subparagraph (H) to less than
12 5.4% and the rate of contribution of any other employer shall not be
13 reduced to less than 0.0%.

14 On or after January 1, 1996 until December 31, 1996, the
15 contribution rate for each employer liable to pay contributions, as
16 computed under subparagraph (E) of this paragraph (5), shall be
17 decreased by a factor of 20.0% computed to the nearest multiple of
18 1/10%, except that, if an employer has a deficit reserve ratio of
19 negative 35.0% or under, the employer's rate of contribution shall not
20 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
21 amount of the reduction in the employer contributions stipulated by
22 this subparagraph (H) shall be in addition to the amount of the
23 reduction in the employer contributions stipulated by subparagraph (G)
24 of this paragraph (5), except that the rate of contribution of an
25 employer who has a deficit reserve ratio of negative 35.0% or under
26 shall not be reduced pursuant to this subparagraph (H) to less than
27 5.4% and the rate of contribution of any other employer shall not be
28 reduced to less than 0.0%.

29 On or after January 1, 1997 until December 31, 1997, the
30 contribution rate for each employer liable to pay contributions, as
31 computed under subparagraph (E) of this paragraph (5), shall be
32 decreased by a factor of 19.0% computed to the nearest multiple of
33 1/10%, except that, if an employer has a deficit reserve ratio of
34 negative 35.0% or under, the employer's rate of contribution shall not
35 be reduced pursuant to this subparagraph (H) to less than 5.4%. The
36 amount of the reduction in the employer contributions stipulated by
37 this subparagraph (H) shall be in addition to the amount of the
38 reduction in the employer contributions stipulated by subparagraph (G)
39 of this paragraph (5), except that the rate of contribution of an
40 employer who has a deficit reserve ratio of negative 35.0% or under
41 shall not be reduced pursuant to this subparagraph (H) to less than
42 5.4% and the rate of contribution of any other employer shall not be
43 reduced to less than 0.0%.

44 (I) If the fund reserve ratio decreases to a level of less than 4.00%
45 on March 31 of calendar year 1994 or calendar year 1995, the
46 provisions of subparagraph (H) of this paragraph (5) shall cease to be

1 in effect as of July 1 of that calendar year.

2 If, upon calculating the unemployment compensation fund reserve
3 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to July 1, 1997, the
4 controller finds that the fund reserve ratio has decreased to a level of
5 less than 4.00%, the Commissioner of Labor shall notify the State
6 Treasurer of this fact and of the dollar amount necessary to bring the
7 fund reserve ratio up to a level of 4.00%. The State Treasurer shall,
8 prior to July 1, 1997, transfer from the General Fund to the
9 unemployment compensation fund, revenues in the amount specified
10 by the commissioner and which, upon deposit in the unemployment
11 compensation fund, shall result, upon recalculation, in a fund reserve
12 ratio used to determine employer contributions beginning July 1, 1997
13 of at least 4.00%.

14 If, upon calculating the unemployment compensation fund reserve
15 ratio pursuant to R.S.43:21-7(c)(5)(D) prior to July 1, 1998, the
16 controller finds that the fund reserve ratio has decreased to a level of
17 less than 4.00%, the Commissioner of Labor shall notify the State
18 Treasurer of this fact and of the dollar amount necessary to bring the
19 fund reserve ratio up to a level of 4.00%. The State Treasurer shall,
20 prior to July 1, 1998, transfer from the General Fund to the
21 unemployment compensation fund, revenues in the amount specified
22 by the commissioner and which, upon deposit in the unemployment
23 compensation fund, shall result, upon recalculation, in a fund reserve
24 ratio used to determine employer contributions beginning July 1, 1998
25 of at least 4.00%.

26 (6) Additional contributions.

27 Notwithstanding any other provision of law, any employer who has
28 been assigned a contribution rate pursuant to subsection (c) of this
29 section for the year commencing July 1, 1948, and for any year
30 commencing July 1 thereafter, may voluntarily make payment of
31 additional contributions, and upon such payment shall receive a
32 recomputation of the experience rate applicable to such employer,
33 including in the calculation the additional contribution so made. Any
34 such additional contribution shall be made during the 30-day period
35 following the date of the mailing to the employer of the notice of his
36 contribution rate as prescribed in this section, unless, for good cause,
37 the time for payment has been extended by the controller for not to
38 exceed an additional 60 days; provided that in no event may such
39 payments which are made later than 120 days after the beginning of
40 the year for which such rates are effective be considered in
41 determining the experience rate for the year in which the payment is
42 made. Any employer receiving any extended period of time within
43 which to make such additional payment and failing to make such
44 payment timely shall be, in addition to the required amount of
45 additional payment, a penalty of 5% thereof or \$5.00, whichever is
46 greater, not to exceed \$50.00. Any adjustment under this subsection

1 shall be made only in the form of credits against accrued or future
2 contributions.

3 (7) Transfers.

4 (A) Upon the transfer of the organization, trade or business, or
5 substantially all the assets of an employer to a successor in interest,
6 whether by merger, consolidation, sale, transfer, descent or otherwise,
7 the controller shall transfer the employment experience of the
8 predecessor employer to the successor in interest, including credit for
9 past years, contributions paid, annual payrolls, benefit charges, et
10 cetera, applicable to such predecessor employer, pursuant to
11 regulation, if it is determined that the employment experience of the
12 predecessor employer with respect to the organization, trade, assets
13 or business which has been transferred may be considered indicative
14 of the future employment experience of the successor in interest.
15 Unless the predecessor employer was owned or controlled (by legally
16 enforceable means or otherwise), directly or indirectly, by the
17 successor in interest, or the predecessor employer and the successor
18 in interest were owned or controlled (by legally enforceable means or
19 otherwise), directly or indirectly, by the same interest or interests, the
20 transfer of the employment experience of the predecessor shall not be
21 effective if such successor in interest, within four months of the date
22 of such transfer of the organization, trade, assets or business, or
23 thereafter upon good cause shown, files a written notice protesting the
24 transfer of the employment experience of the predecessor employer.

25 (B) An employer who transfers part of his or its organization,
26 trade, assets or business to a successor in interest, whether by merger,
27 consolidation, sale, transfer, descent or otherwise, may jointly make
28 application with such successor in interest for transfer of that portion
29 of the employment experience of the predecessor employer relating to
30 the portion of the organization, trade, assets or business transferred to
31 the successor in interest, including credit for past years, contributions
32 paid, annual payrolls, benefit charges, et cetera, applicable to such
33 predecessor employer. The transfer of employment experience may be
34 allowed pursuant to regulation only if it is found that the employment
35 experience of the predecessor employer with respect to the portion of
36 the organization, trade, assets or business which has been transferred
37 may be considered indicative of the future employment experience of
38 the successor in interest. Credit shall be given to the successor in
39 interest only for the years during which contributions were paid by the
40 predecessor employer with respect to that part of the organization,
41 trade, assets or business transferred.

42 (C) A transfer of the employment experience in whole or in part
43 having become final, the predecessor employer thereafter shall not be
44 entitled to consideration for an adjusted rate based upon his or its
45 experience or the part thereof, as the case may be, which has thus been
46 transferred. A successor in interest to whom employment experience

1 or a part thereof is transferred pursuant to this subsection shall, as of
2 the date of the transfer of the organization, trade, assets or business,
3 or part thereof, immediately become an employer if not theretofore an
4 employer subject to this chapter (R.S.43:21-1 et seq.).

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

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

20 (B) Effective January 1, 1978 there shall be no contributions by
21 workers in the employ of any governmental or nongovernmental
22 employer electing or required to make payments in lieu of
23 contributions unless the employer is covered by the State plan under
24 the "Temporary Disability Benefits Law" (C.43:21-37 et seq.), and in
25 that case contributions shall be at the rate of 1/2 of 1%, except that
26 commencing July 1, 1986, workers in the employ of any
27 nongovernmental employer electing or required to make payments in
28 lieu of contributions shall be required to make contributions to the
29 fund at the same rate prescribed for workers of other nongovernmental
30 employers.

31 (C) (i) Notwithstanding the above provisions of this paragraph (1),
32 during the period starting July 1, 1986 and ending December 31, 1992,
33 each worker shall contribute to the fund 1.125% of wages paid with
34 respect to his employment with a governmental employer electing or
35 required to pay contributions or nongovernmental employer, including
36 a nonprofit organization which is an employer as defined under
37 R.S.43:21-19(h)(6), regardless of whether that nonprofit organization
38 elects or is required to finance its benefit costs with contributions to
39 the fund or by payments in lieu of contributions, after that employer
40 has satisfied the conditions set forth in subsection R.S.43:21-19(h)
41 with respect to becoming an employer. Contributions, however, shall
42 be at the rate of 0.625% while the worker is covered by an approved
43 private plan under the "Temporary Disability Benefits Law" while the
44 worker is exempt under section 7 of that law, P.L.1948, c.110
45 (C.43:21-31) or any other provision of that law; provided that such
46 contributions shall be at the rate of 0.625% of wages paid with respect

1 to employment with the State of New Jersey or any other
2 governmental entity or instrumentality electing or required to make
3 payments in lieu of contributions and which is covered by the State
4 plan under the "Temporary Disability Benefits Law," except that, while
5 the worker is exempt from the provisions of the "Temporary Disability
6 Benefits Law" under section 7 of that law, P.L.1948, c.110
7 (C.43:21-31) or any other provision of that law, or is covered for
8 disability benefits by an approved private plan of the employer, the
9 contributions to the fund shall be 0.125%.

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

11 (D) Notwithstanding any other provisions of this paragraph (1),
12 during the period starting January 1, 1993 and ending June 30, 1994,
13 each worker shall contribute to the unemployment compensation fund
14 0.5% of wages paid with respect to the worker's employment with a
15 governmental employer electing or required to pay contributions or
16 nongovernmental employer, including a nonprofit organization which
17 is an employer as defined under paragraph 6 of subsection (h) of
18 R.S.43:21-19, regardless of whether that nonprofit organization elects
19 or is required to finance its benefit costs with contributions to the fund
20 or by payments in lieu of contributions, after that employer has
21 satisfied the conditions set forth in subsection (h) of R.S.43:21-19
22 with respect to becoming an employer. No contributions, however,
23 shall be made by the worker while the worker is covered by an
24 approved private plan under the "Temporary Disability Benefits Law,"
25 P.L.1948, c.110 (C.43:21-25 et seq.) or while the worker is exempt
26 under section 7 of P.L.1948, c.110 (C.43:21-31) or any other
27 provision of that law; provided that the contributions shall be at the
28 rate of 0.50% of wages paid with respect to employment with the
29 State of New Jersey or any other governmental entity or
30 instrumentality electing or required to make payments in lieu of
31 contributions and which is covered by the State plan under the
32 "Temporary Disability Benefits Law," except that, while the worker is
33 exempt from the provisions of the "Temporary Disability Benefits
34 Law" under section 7 of that law, P.L.1948, c.110 (C.43:21-31) or any
35 other provision of that law, or is covered for disability benefits by an
36 approved private plan of the employer, no contributions shall be made
37 to the fund.

38 Each worker shall, starting on January 1, 1996 and ending
39 December 31, 1996, contribute to the unemployment compensation
40 fund [0.60%] 0.48% of wages paid with respect to the worker's
41 employment with a governmental employer electing or required to pay
42 contributions or nongovernmental employer, including a nonprofit
43 organization which is an employer as defined under paragraph 6 of
44 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
45 organization elects or is required to finance its benefit costs with
46 contributions to the fund or by payments in lieu of contributions, after

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

7 Each worker shall, starting on January 1, 1997 and ending
8 December 31, 1997, contribute to the unemployment compensation
9 fund 0.49% of wages paid with respect to the worker's employment
10 with a governmental employer electing or required to pay
11 contributions or nongovernmental employer, including a nonprofit
12 organization which is an employer as defined under paragraph 6 of
13 subsection (h) of R.S.43:21-19, regardless of whether that nonprofit
14 organization elects or is required to finance its benefit costs with
15 contributions to the unemployment compensation fund or by payments
16 in lieu of contributions, after that employer has satisfied the conditions
17 set forth in subsection (h) of R.S.43:21-19 with respect to becoming
18 an employer, provided that the contributions shall be at the rate of
19 0.10% of wages paid with respect to employment with the State of
20 New Jersey or any other governmental entity or instrumentality
21 electing or required to make payments in lieu of contributions.

22 On and after January 1, 1998, each worker shall contribute to the
23 unemployment compensation fund 0.60% of wages paid with respect
24 to the worker's employment with a governmental employer electing or
25 required to pay contributions or nongovernmental employer, including
26 a nonprofit organization which is an employer as defined under
27 paragraph 6 of subsection (h) of R.S.43:21-19, regardless of whether
28 that nonprofit organization elects or is required to finance its benefit
29 costs with contributions to the unemployment compensation fund or
30 by payments in lieu of contributions, after that employer has satisfied
31 the conditions set forth in subsection (h) of R.S.43:21-19 with respect
32 to becoming an employer, provided that the contributions shall be at
33 the rate of 0.10% of wages paid with respect to employment with the
34 State of New Jersey or any other governmental entity or
35 instrumentality electing or required to make payments in lieu of
36 contributions.

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

1 next succeeding payroll period, he alone shall thereafter be liable for
2 such contributions, and for the purpose of R.S.43:21-14, such
3 contributions shall be treated as employer's contributions required
4 from him.

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

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

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

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

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

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

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

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

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

30 (3) If an employee receives wages from more than one employer
31 during any calendar year, and either the sum of his contributions
32 deposited in and credited to the State disability benefits fund [(in
33 accordance with paragraph (2) of this subsection)] plus the amount of
34 his contributions, if any, required towards the costs of benefits under
35 one or more approved private plans under the provisions of section 9
36 of the "Temporary Disability Benefits Law" (C.43:21-33) and
37 deducted from his wages, or the sum of such latter contributions, if the
38 employee is covered during such calendar year only by two or more
39 private plans, exceeds an amount equal to 1/2 of 1% of the "wages"
40 determined in accordance with the provisions of R.S.43:21-7(b)(3)
41 during the calendar years beginning on or after January 1, 1976, the
42 employee shall be entitled to a refund of the excess if he makes a claim
43 to the controller within two years after the end of the calendar year in
44 which the wages are received with respect to which the refund is
45 claimed and establishes his right to such refund. Such refund shall be
46 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
3 the portion of the aggregate amount of such refunds made during any
4 calendar year which is applicable to private plans for which
5 deductions were made under section 9 of the "Temporary Disability
6 Benefits Law," such determination to be based upon the ratio of the
7 amount of such wages exempt from contributions to such fund, as
8 provided in subparagraph (B) of paragraph (1) of this subsection with
9 respect to coverage under private plans, to the total wages so exempt
10 plus the amount of such wages subject to contributions to the disability
11 benefits fund, as provided in subparagraph ~~[(B)]~~[(G)] of paragraph
12 ~~[(2)]~~[(1)] of this subsection. The controller shall, in accordance with
13 prescribed regulations, prorate the amount so determined among the
14 applicable private plans in the proportion that the wages covered by
15 each plan bear to the total private plan wages involved in such refunds,
16 and shall assess against and recover from the employer, or the insurer
17 if the insurer has indemnified the employer with respect thereto, the
18 amount so prorated. The provisions of R.S.43:21-14 with respect to
19 collection of employer contributions shall apply to such assessments.
20 The amount so recovered by the controller shall be paid into the State
21 disability benefits fund.

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

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

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

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

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

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

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

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

1 Law" on or before December 31 of any calendar year with respect to
2 disability in such calendar year and in preceding calendar years shall be
3 charged against the account of the employer by whom such individual
4 was employed at the commencement of such disability or by whom he
5 was last employed, if out of employment.

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

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

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

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

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

27 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds 1
28 $\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

29 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds 1
30 $\frac{1}{2}$ % of his average annual payroll.

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

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

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

41 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
42 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual payroll;

43 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or exceeds
44 $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual payroll;

45 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or exceeds
46 $\frac{3}{4}$ of 1% but is less than 1% of his average annual payroll;

1 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
2 1% of his average annual payroll.

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

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

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

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

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

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

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

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

16

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

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

24 Beginning January 1, 1996 until December 31, 1996, each employee
25 shall, in such a manner and at such times as determined by the
26 commissioner, contribute to the fund an amount equal to 0.12% of the
27 employee's taxable wages.

28 Beginning January 1, 1997 until December 31, 1997, each employee
29 shall, in such a manner and at such times as determined by the
30 commissioner, contribute to the fund an amount equal to 0.11% of the
31 employee's taxable wages.

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

39 b. If the unemployment compensation fund reserve ratio, as
40 determined pursuant to paragraph (5) of subsection (c) of
41 R.S.43:21-7, decreases to a level of less than 4.00% on March 31 of
42 calendar year 1994 or calendar year 1995, the provisions of subsection
43 a. of this section shall cease to be in effect as of July 1 of that calendar
44 year and each employer who would be subject to making the
45 contributions pursuant to subsection a. of this section if that
46 subsection were in effect shall, beginning on July 1 of that calendar

1 year, contribute to the fund an amount equal to 0.62% of the total
2 wages paid by the employer and shall continue to contribute that
3 amount until December 31, 1995.

4 c. If the total amount of contributions to the fund pursuant to this
5 section during the calendar year 1993 exceeds \$600 million, all
6 contributions which exceed \$600 million shall be deposited in the
7 unemployment compensation fund. If the total amount of
8 contributions to the fund pursuant to this section during calendar year
9 1994 or calendar year 1995 exceeds \$500 million, all contributions
10 which exceed \$500 million shall be deposited in the unemployment
11 compensation fund. If the total amount of contributions made to the
12 fund pursuant to this section for the calendar year 1996 exceeds \$325
13 million, all contributions which exceed \$325 million in a calendar year
14 shall be deposited in the unemployment compensation fund. If the
15 total amount of contributions made to the fund pursuant to this section
16 for the calendar year 1997 exceeds \$300 million, all contributions
17 which exceed \$300 million shall be deposited in the unemployment
18 compensation fund.

19 d. All necessary administrative costs related to the collection of
20 contributions pursuant to this section shall be paid from the
21 contributions.

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

23

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

26 32. a. If an employee receives wages from more than one
27 employer during any calendar year, and the sum of the employee's
28 contributions deposited in the fund exceeds an amount equal to 0.6%
29 of the wages determined in accordance with the provisions of
30 paragraph (3) of subsection (b) of R.S.43:21-7 during calendar year
31 1993, calendar year 1994 or calendar year 1995, the employee shall be
32 entitled to a refund of the excess if a claim establishing the employee's
33 right to the refund is made within two years after the end of the
34 respective calendar year in which the wages are received and are the
35 subject of the claim. The commissioner shall refund any overpayment
36 from the fund without interest.

37 If an employee receives wages from more than one employer during
38 calendar year 1996, and the sum of the employee's contributions
39 deposited in the fund exceeds an amount equal to 0.12% of the wages
40 determined in accordance with the provisions of paragraph (3) of
41 subsection (b) of R.S.43:21-7 during calendar year 1996, the employee
42 shall be entitled to a refund of the excess if a claim establishing the
43 employee's right to the refund is made within two years after the end
44 of the respective calendar year in which the wages are received and are
45 the subject of the claim. The commissioner shall refund any
46 overpayment from the fund without interest.

1 If an employee receives wages from more than one employer during
2 calendar year 1997, and the sum of the employee's contributions
3 deposited in the fund exceeds an amount equal to 0.11% of the wages
4 determined in accordance with the provisions of paragraph (3) of
5 subsection (b) of R.S.43:21-7 during calendar year 1997, the employee
6 shall be entitled to a refund of the excess if a claim establishing the
7 employee's right to the refund is made within two years after the end
8 of the respective calendar year in which the wages are received and are
9 the subject of the claim. The commissioner shall refund any
10 overpayment from the fund without interest.

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

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

25

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

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

36 (b) Any governmental entity or instrumentality may, as an
37 alternative to financing benefits by payments in lieu of contributions,
38 elect to pay contributions beginning with the date on which its
39 subjectivity begins by filing written notice of its election with the
40 department no later than 120 days after such subjectivity begins,
41 provided that such election shall be effective for at least two full
42 calendar years; or it may elect to pay contributions for a period of not
43 less than two calendar years beginning January 1 of any year if written
44 notice of such election is filed with the department not later than
45 February 1 of such year; provided, further, that such governmental
46 entity or instrumentality shall remain liable for payments in lieu of

1 contributions with respect to all benefits paid based on base year
2 wages earned in the employ of such entity or instrumentality in the
3 period during which it financed its benefits by payments in lieu of
4 contributions.

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

11 (d) Any governmental entity or instrumentality electing the option
12 for contributions financing shall report and pay contributions in
13 accordance with the provisions of R.S.43:21-7 except that,
14 notwithstanding the provisions of that section, the contribution rate for
15 such governmental entity or instrumentality shall be 1% for the entire
16 calendar year 1978 and the contribution rate for any subsequent
17 calendar years shall be the rate established for governmental entities
18 or instrumentalities under subsection (e) of this section.

19 (e) On or before September 1 of each year, the Commissioner of
20 Labor shall review the composite benefit cost experience of all
21 governmental entities and instrumentalities electing to pay
22 contributions and, on the basis of that experience, establish the
23 contribution rate for the next following calendar year which can be
24 expected to yield sufficient revenue in combination with worker
25 contributions to equal or exceed the projected costs for that calendar
26 year.

27 (f) Any covered governmental entity or instrumentality electing to
28 pay contributions shall each year appropriate, out of its general funds,
29 moneys to pay the projected costs of benefits at the rate determined
30 under subsection (e) of this section. These funds shall be held in a
31 trust fund maintained by the governmental entity for this purpose. Any
32 surplus remaining in this trust fund may be retained in reserve for
33 payment of benefit costs for subsequent years either by contributions
34 or payments in lieu of contributions.

35 (g) Any governmental entity or instrumentality electing to finance
36 benefit costs with payments in lieu of contributions shall pay into the
37 fund an amount equal to all benefit costs for which it is liable pursuant
38 to the provisions of the "unemployment compensation law." Each
39 subject governmental entity or instrumentality shall require payments
40 from its workers in the same manner and amount as prescribed under
41 R.S.43:21-7(d) for governmental entities and instrumentalities
42 financing their benefit costs with contributions. No such payment shall
43 be used for a purpose other than to meet the benefits liability of such
44 governmental entity or instrumentality. In addition, each subject
45 governmental entity or instrumentality shall appropriate out of its
46 general funds sufficient moneys which, in addition to any worker

1 payments it requires, are necessary to pay its annual benefit costs
2 estimated on the basis of its past benefit cost experience; provided that
3 for its first year of coverage, its benefit costs shall be deemed to
4 require an appropriation equal to 1% of the projected total of its
5 taxable wages for the year. These appropriated moneys and worker
6 payments shall be held in a trust fund maintained by the governmental
7 entity or instrumentality for this purpose. Any surplus remaining in
8 this trust fund shall be retained in reserve for payment of benefit costs
9 in subsequent years. If a governmental entity or instrumentality
10 requires its workers to make payments as authorized herein, such
11 workers shall not be subject to the contributions required in
12 R.S.43:21-7(d).

13 (h) Notwithstanding the provisions of the above subsection (g),
14 commencing July 1, 1986 worker contributions to the unemployment
15 trust fund with respect to wages paid by any governmental entity or
16 instrumentality electing or required to make payments in lieu of
17 contributions, including the State of New Jersey, shall be made in
18 accordance with the provisions of R.S.43:21-7(d)(1)(C) or
19 R.S.43:21-7(d)(1)(D), as applicable, and, in addition, each
20 governmental entity or instrumentality electing or required to make
21 payments in lieu of contributions shall, except during the period
22 starting January 1, 1993 and ending December 31, 1995 or, if the
23 unemployment compensation fund reserve ratio, as determined
24 pursuant to paragraph (5) of subsection (c) of R.S.43:21-7, decreases
25 to a level of less than 4.00% on March 31 of calendar year 1994 or
26 calendar year 1995, ending July 1 of that calendar year, require
27 payments from its workers at the [rate of 0.50%] following rates
28 wages paid, which amounts are to be held in the trust fund maintained
29 by the governmental entity or instrumentality for payment of benefit
30 costs: for calendar year 1996, 0.38%;for calendar year 1997, 0.39%;
31 and for calendar year 1998 and each calendar year thereafter, 0.50%.
32 (cf: P.L1992, c.205, s.1)

33
34 19. Section 1 of P.L.1944, c.81(C.43:21-14.1) is amended to read
35 as follows:

36 1. Any employee who is paid wages by two or more employers
37 aggregating more than [\$3,000.00 during any calendar year prior to
38 January 1, 1968, \$3,600.00 during any calendar year commencing on
39 or after January 1, 1968 and prior to January 1, 1972, \$4,200.00
40 during any calendar year commencing on or after January 1, 1972 and
41 prior to January 1, 1975, or \$4,800.00 during any calendar year
42 commencing on or after January 1, 1975, and prior to January 1, 1976,
43 and thereafter] the amount of "wages" determined in accordance with
44 the provisions of R.S. 43:21-7(b)(3) shall be entitled to a refund of
45 the amount of contributions deducted from such wages and paid to
46 the Division of Employment Security in excess of the contribution

1 which is determined pursuant to R.S.43:21-7(d)(1)(D) required on
2 [\$3,000.00 of such wages paid during any calendar year prior to
3 January 1, 1968, \$3,600.00 during any calendar year commencing on
4 or after January 1, 1968 and prior to January 1, 1972, \$4,200.00
5 during any calendar year commencing on or after January 1, 1972 and
6 prior to January 1, 1975, or \$4,800.00 during any calendar year
7 commencing on or after January 1, 1975, and prior to January 1,
8 1976, and thereafter] the amount of "wages" determined in
9 accordance with the provisions of R.S.43:21-7(b)(3) except that no
10 such refund shall be made unless the employee makes a claim,
11 establishing his right thereto, within 2 years after the calendar year in
12 which the wages are paid with respect to which refund of contribution
13 is claimed. No interest shall be allowed or paid with respect to any
14 such refund.

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

16

17 20. Section 5 of P.L.1970, c.324 (C.43:21-24.11) is amended to
18 read as follows:

19 5. For the purposes of the extended benefit program and as used
20 in this act, unless the context clearly requires otherwise:

21 a. "Extended benefit period" means a period which

22 (1) Begins with the third week after a week for which there is a
23 state "on" indicator; and

24 (2) Ends with either of the following weeks, whichever occurs later:

25 (a) The third week after the first week for which there is a state
26 "off" indicator; or

27 (b) The thirteenth consecutive week of such period; provided, that
28 no extended benefit period may begin by reason of a state "on"
29 indicator before the fourteenth week after the close of a prior extended
30 benefit period which was in effect with respect to this State; and
31 provided further, that no extended benefit period may become
32 effective in this State prior to the effective date of this act.

33 b. (Deleted by amendment.)

34 c. (Deleted by amendment.)

35 d. There is a "state 'on' indicator" for this State for a week if
36 [the]:

37 (1) The division determines, in accordance with the regulations of
38 the United States Secretary of Labor, that for the period consisting of
39 the respective week and the immediately preceding 12 weeks, the rate
40 of insured unemployment (not seasonally adjusted) under the
41 [Unemployment Compensation Law] "unemployment compensation
42 law" (R.S.43:21-1 et seq.):

43 [(1)] (a) Equaled or exceeded 120% of the average of these rates
44 for the corresponding 13-week period during each of the preceding 2
45 calendar years, and [equaled or exceeded 4%; provided that], for
46 weeks beginning after September 25, 1982, [the rate] equaled or

- 1 exceeded 5%; or
- 2 [(2)] (b) With respect to benefits for weeks of unemployment
3 beginning after [March 30, 1977, equaled or exceeded 5%; provided
4 that for weeks beginning after] September 25, 1982, [the rate] equaled
5 or exceeded 6%; or
- 6 (2) With respect to any week of unemployment beginning after
7 June 30, 1996, the average seasonally adjusted rate of total
8 unemployment in the State, as determined by the United States
9 Secretary of Labor for the most recent three-month period for which
10 data for all states are published before the close of that week:
- 11 (a) Equals or exceeds 6.5%; and
- 12 (b) Equals or exceeds 110% of the average seasonally adjusted rate
13 of total unemployment in the State during either of the corresponding
14 three-month periods ending in the two preceding calendar years.
- 15 e. There is a "state 'off' indicator" for this State for a week if the
16 division determines, in accordance with the regulations of the United
17 States Secretary of Labor, that for the period consisting of the
18 respective week and the immediately preceding 12 weeks, neither
19 [subparagraph] paragraph (1) or (2) of [paragraph] subsection d. was
20 satisfied.
- 21 f. "Rate of insured unemployment," for purposes of subsections d.
22 and e. means the percentage derived by dividing
- 23 (1) The average weekly number of individuals filing claims for
24 regular benefits in this State for weeks of unemployment with respect
25 to the most recent 13-consecutive-week period, as determined by the
26 division on the basis of its reports to the United States Secretary of
27 Labor, by
- 28 (2) The average monthly covered employment for the specified
29 period.
- 30 g. "Regular benefits" means benefits payable to an individual under
31 the [Unemployment Compensation Law] "unemployment
32 compensation law" (R.S.43:21-1 et seq.) or under any other State law
33 (including benefits payable to Federal civilian employees and to
34 ex-servicemen pursuant to 5 U.S.C. [chapter 85] §8501 et seq.) other
35 than extended benefits.
- 36 h. "Extended benefits" means benefits (including benefits payable
37 to Federal civilian employees and to ex-servicemen pursuant to 5
38 U.S.C. [chapter 85] §8501 et seq.) payable to an individual under the
39 provisions of this act for weeks of unemployment in his eligibility
40 period.
- 41 i. "Eligibility period" of an individual means the period consisting
42 of the weeks in his benefit year which begin in an extended benefit
43 period and, if his benefit year ends within the extended benefit period,
44 any weeks thereafter which begin in the period.
- 45 j. "Exhaustee" means an individual who, with respect to any week
46 of unemployment in his eligibility period:

1 (1) has received prior to the week, all of the regular benefits that
2 were available to him under the [Unemployment Compensation Law]
3 "unemployment compensation law" or any other State law (including
4 dependents' allowances and benefits payable to Federal civilian
5 employees and ex-servicemen under 5 U.S.C. [chapter 85] §8501 et
6 seq.) in his current benefit year that includes such week, provided,
7 that for the purposes of this [subparagraph] paragraph, an individual
8 shall be deemed to have received all of the regular benefits that were
9 available to him although as a result of a pending appeal with respect
10 to wages and/or employment that were not considered in the original
11 monetary determination in his benefit year, he may subsequently be
12 determined to be entitled to added regular benefits; or

13 (2) his benefit year having expired prior to such week, has no, or
14 insufficient, wages and/or employment on the basis of which he could
15 establish a new benefit year that would include such week; and

16 (3) (a) has no right to unemployment benefits or allowances, as the
17 case may be, under the Railroad Unemployment Insurance Act, the
18 Trade Expansion Act of 1962, the Automotive Products Trade Act of
19 1965 and such other Federal laws as are specified in regulations
20 issued by the United States Secretary of Labor; and

21 (b) has not received and is not seeking unemployment benefits
22 under the Unemployment Compensation Law of Canada; but if he is
23 seeking these benefits and the appropriate agency finally determines
24 that he is not entitled to benefits under that law he is considered an
25 exhaustee if the other provisions of this definition are met.

26 k. "State law" means the unemployment insurance law of any state
27 approved by the United States Secretary of Labor under section 3304
28 of the Internal Revenue Code of [1954] 1986, 26 U.S.C. §3304.

29 l. "High unemployment period" means any period during which the
30 average seasonally adjusted rate of total unemployment in the State,
31 as determined by the United States Secretary of Labor for the most
32 recent three-month period for which data for all states are published:

33 (1) Equals or exceeds 8%; and

34 (2) Equals or exceeds 110% of the average seasonally adjusted rate
35 of total unemployment in the State during either of the corresponding
36 three-month periods ending in the two preceding calendar years.

37 (cf: P.L.1982, c.144, s.1)

38

39 21. Section 9 of P.L.1970, c.324 (C.43:21-24.15) is amended to
40 read as follows:

41 9. [The] a. Except as provided in subsection b. of this section, the
42 total extended benefit amount payable to any eligible individual with
43 respect to his applicable benefit year shall be the lesser of the
44 following amounts:

45 [a.] (1) 50% of the total of regular benefits which were payable to
46 him under the [Unemployment Compensation Law] "unemployment

1 compensation law" (R.S.43:21-1 et seq.) in his applicable benefit year;
2 or

3 [b.] (2) thirteen times his weekly benefit amount which was
4 payable to him under the [Unemployment Compensation Law]
5 "unemployment compensation law" (R.S.43:21-1 et seq.) for a week
6 of total unemployment in the applicable benefit year.

7 b. With respect to weeks beginning during a high unemployment
8 period, the total extended benefit amount payable to an eligible
9 individual with respect to his applicable benefit year shall be the lesser
10 of the following amounts:

11 (1) 80% of the total of regular benefits which were payable to the
12 individual under the "unemployment compensation law" (R.S.43:21-1
13 et seq.) during the applicable benefit year; or

14 (2) twenty times the weekly benefit amount which was payable to
15 the individual under the "unemployment compensation law"
16 (R.S.43:21-1 et seq.) for a week of total unemployment during the
17 applicable benefit year.

18 c. Notwithstanding any other provisions of the [Unemployment
19 Compensation Law] "unemployment compensation law" (R.S.43:21-1
20 et seq.), if the benefit year of an adversely affected worker covered by
21 a certification under subchapter A, chapter 2, Title II of the Trade Act
22 of 1974, P.L.93-618, [5 U.S.C.5312 et seq.] (19U.S.C.§2271 et seq.)
23 as amended, ends within an extended benefit period, the remaining
24 balance of extended benefits that the individual would, but for this
25 section, be entitled to receive in that extended benefit period, with
26 respect to weeks of unemployment beginning after the end of the
27 benefit year, shall be reduced (but not below zero) by the product of
28 the number of weeks for which the individual received any amounts as
29 trade readjustment allowances within that benefit year, multiplied by
30 the individual's weekly benefit amount for extended benefits.
31 (cf: P.L.1982, c.144, s.3)

32
33 22. (New Section) For the purposes of the Emergency
34 Unemployment Benefits Program and as used in sections 22 through
35 27 of this 1996 amendatory and supplementary act:

36 "Division" means the Division of Unemployment and Temporary
37 Disability Insurance".

38 "Emergency unemployment benefits" means benefits financed
39 entirely by the State and paid to exhaustees pursuant to sections 22
40 through 27 of this 1996 amendatory and supplementary act.

41 "Emergency unemployment benefit period" means a period not
42 within an extended benefit period, which:

43 a. Begins on March 3, 1996, and

44 b. Ends upon the conclusion of the second week after the first week
45 for which there is a State "on" indicator as defined in section 5 of
46 P.L.1970, c.324 (C.43:21-24.11) or other federally-financed

1 supplemental benefits program, or

2 c. If there is no such "on" indicator, ends with the occurrence of
3 either of the following:

4 (1) The third week after the first week for which there is a State
5 emergency unemployment benefits "off" indicator; or

6 (2) The calendar week after the calendar week in which total
7 expenditures of the emergency unemployment compensation fund
8 Statewide first exceed \$250 million.

9 There is a State emergency unemployment benefits "off" indicator
10 for any week in which it is determined by the division based on data
11 reported by the U.S. Bureau of Labor Statistics that, for the prior four
12 calendar months, the average total unemployment rate (seasonally
13 adjusted) in this State is less than 6.0 percent.

14 Notwithstanding any other provision of this subsection c., no
15 emergency unemployment benefits shall be paid after September 1,
16 1996, except that emergency benefits shall be paid to individuals who
17 established emergency unemployment claims prior to that date. No
18 emergency unemployment benefits shall be paid to any individual after
19 December 8, 1996.

20 "Eligibility period" of an exhaustee means the period consisting of
21 the weeks in the exhaustee's benefit year which begin in an emergency
22 unemployment benefit period and, if that benefit year ends in the
23 emergency unemployment benefit period, any weeks thereafter which
24 begin in the period.

25 "Exhaustee" means an individual who exhausted all of the regular
26 benefits that were available to the individual pursuant to the
27 "unemployment compensation law," R.S.43:21-1 et seq., (including
28 benefits payable to federal civilian employees and ex-service persons
29 or payable under the combined wage program), after September 2,
30 1995 and before March 3, 1996, or during any calendar week of the
31 emergency unemployment benefit period. No individual who
32 exhausted all of the available regular benefits prior to September 3,
33 1995 shall be eligible for emergency unemployment benefits. An
34 individual whose benefit year has expired prior to the beginning of the
35 emergency unemployment benefit period shall not be eligible for such
36 benefits.

37

38 23. (New section) During an emergency unemployment benefit
39 period exhaustees, who otherwise continue to meet the eligibility
40 requirements for regular benefits pursuant to the provisions of the
41 "unemployment compensation law," R.S.43:21-1 et seq., and who are
42 not eligible for any other unemployment benefits, including benefits
43 provided for by any federal law extending benefits beyond those
44 provided for as regular benefits or extended benefits, may receive
45 weekly emergency unemployment benefits for weeks subsequent to
46 March 3, 1996 in an amount equal to the weekly benefit amount of the

1 individual's most recent regular unemployment benefit claim subject to
2 the provisions of the "unemployment compensation law," R.S.43:21-1
3 et seq. The maximum emergency unemployment benefits an individual
4 may receive pursuant to sections 22 through 27 of this 1996
5 amendatory and supplementary act is 25 percent of the regular
6 unemployment benefits which were payable to the individual pursuant
7 to the "unemployment compensation law," R.S.43:21-1 et seq.,
8 (including benefits payable to federal civilian employees and ex-service
9 persons or payable under the combined wage program) in the
10 individual's applicable benefit year.

11

12 24. (New section) No employer's account shall be charged for
13 emergency unemployment benefits paid to an unemployed individual
14 pursuant to sections 22 through 27 of this 1996 amendatory and
15 supplementary act, except for the account of an out-of -State employer
16 who is liable for charges under the Combined Wage Program.
17 However, nothing in this section shall be construed to relieve
18 employers electing to make payments in lieu of contributions pursuant
19 to section 3 or 4 of P.L.1971, c.346 (C.43:21-7.2 or C.43:21-7.3)
20 from reimbursing the unemployment benefits paid to an unemployed
21 individual pursuant to sections 22 through 27 of this 1996 amendatory
22 and supplementary act.

23 Emergency unemployment benefits paid to federal civilian
24 employees shall be charged to the appropriate federal account.
25 Emergency unemployment benefits paid to ex-service persons shall be
26 charged to the General Fund.

27

28 25. (New section) Emergency unemployment benefits may be paid
29 pursuant to the provisions of sections 22 through 27 of this 1996
30 amendatory and supplementary act only with respect to weeks not
31 within an extended benefit period, and not within a period covered by
32 any federal law allowing the filing of new claims extending benefits
33 beyond those provided for as regular or extended benefits. If a federal
34 extended benefits period triggers "on" , maximum benefits payable to
35 an individual under the federal extended benefits program or any
36 federal supplemental benefits program shall be reduced by an amount
37 equal to that received by the individual under the emergency
38 unemployment benefits program.

39

40 26. (New section) Notwithstanding the provisions of any other
41 law, the division shall use appropriate administrative means to insure
42 that emergency unemployment benefits are paid only to individuals
43 who meet the requirements of sections 22 through 27 of this 1996
44 amendatory and supplementary act. These administrative actions may
45 include, but shall not be limited to, the following procedure. The
46 division shall match the claimant's social security number against

1 available wage records to insure that no earnings were reported for
2 that claimant by employers under R.S.43:21-14 for periods in which
3 emergency unemployment benefits were paid.

4
5 27. (New section) No exhaustee shall receive benefits pursuant to
6 sections 22 through 27 of this 1996 amendatory and supplementary
7 act during the portion of the emergency unemployment benefit period
8 which occurs prior to the effective date of this 1996 amendatory and
9 supplementary act unless the exhaustee submits to the division a
10 signed written statement, on a form approved by the division, that the
11 exhaustee was actively seeking work during that portion of the benefit
12 period and was otherwise eligible for the benefits.

13
14 28. P.L.1950, c.303 (C.44:8-146 et seq.) is repealed.

15
16 29. There is appropriated \$1,500,000 from the General Fund to the
17 Department of Health to effectuate the purposes of section 13 of
18 P.L. , c. (C.)(pending before the Legislature as this bill).

19
20 30. This act shall take effect immediately and be retroactive to
21 January 1, 1996, except that section 14 shall take effect on July 1,
22 1996.

23 24 25 STATEMENT

26
27 This bill establishes a methodology for the distribution of charity
28 care subsidies to hospitals and provides a funding mechanism for these
29 subsidies and the Health Access New Jersey subsidized insurance
30 program, as well as for other hospital and drug abuse treatment
31 services.

32 The charity care subsidy distribution methodology for 1996 and
33 1997 is similar to that used in 1995. The hospital-specific charity care
34 subsidy shall be determined by allocating available charity care funds
35 so as to equalize hospital-specific payer mix factors (as defined in the
36 bill) to the Statewide target payer mix factor; except that, if the
37 Statewide total of adjusted charity care is less than available charity
38 care funding, a hospital's subsidy shall equal its adjusted charity care.
39 The Statewide target payer mix factor is the lowest payer mix factor
40 to which all hospitals receiving charity care subsidies can be reduced
41 by spending all of the amount allocated in each year for charity care
42 subsidies. Those hospitals with a payer mix factor greater than the
43 Statewide target payer mix factor shall be eligible to receive a subsidy
44 sufficient to bring their factor down to that Statewide level; those
45 hospitals with a payer mix factor that is less than or equal to the
46 Statewide target payer mix factor shall not be eligible to receive a

1 subsidy.

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

6 The bill provides that the Health Care Subsidy Fund will be funded
7 at \$350 million in 1996, and \$350 million in 1997.

8 The monies in the Health Care Subsidy Fund will be allocated as
9 follows:

10 -- for charity care subsidies, \$275 million in 1996 and \$265 million
11 in 1997;

12 -- for the Health Access New Jersey program, \$40 million in 1996
13 and \$40 million in 1997;

14 -- for the Hospital Health Care Subsidy account in the Division of
15 Medical Assistance and Health Services (Medicaid), to fund services
16 at disproportionate share hospitals with high numbers of AIDS,
17 tuberculosis, substance abuse, neonatal and mental health patients,
18 \$35 million (State share) in calendar year 1996 and \$45 million (State
19 share) in calendar year 1997. In succeeding years, the Legislature
20 shall appropriate funds for this purpose in the annual appropriation
21 act. Also, of the \$35 million and \$45 million allocations, respectively,
22 \$8.75 million (State share) will be allocated to those disproportionate
23 share hospitals which serve large numbers of low-income mentally ill
24 or developmentally disabled patients; and

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

28 The bill also specifies that the commissioner will report to the
29 Governor and the Legislature by December 31 of each year on the
30 status of the Health Care Subsidy Fund, including any remaining
31 balances in the fund.

32 In addition, the bill clarifies that the purpose of the Health Access
33 New Jersey program will be to provide health insurance coverage for
34 low-income, uninsured children, as well as working people and those
35 temporarily unemployed.

36 Finally, the bill:

37 -- requires the Commissioner of Health to study the feasibility of
38 such policy options as delivering charity care through a publicly or
39 privately operated managed care network which includes both
40 inpatient and outpatient services, and of reimbursing for charity care
41 services on the basis of claims processed and at the lowest per diem or
42 per case rate charged by a hospital to any third party payer for health
43 care services;

44 -- requires the Health Information Electronic Data Interchange
45 Policy Council, which would be established under Senate Bill No. 50
46 or Assembly Bill No. 1476 of 1996, to study the feasibility of utilizing

1 administrative cost savings accruing from the adoption of health care
2 information electronic data interchange technology to first accelerate
3 the scheduled reduction in the use of revenues from employee and
4 employer contributions and then to reduce the need for General Fund
5 appropriations to fund the Health Care Subsidy Fund;

6 -- directs that the findings and recommendations from these studies
7 be reported to the Governor and the Legislature within certain
8 specified time periods; and

9 -- appropriates \$1.5 million to the Department of Health to fund
10 these studies.

11 This bill establishes an Emergency Unemployment Benefits Program
12 and provides that the program would permit up to 6 1/2 weeks of
13 additional unemployment benefits to claimants who have exhausted
14 their entitlement to regular unemployment benefits. The bill is
15 intended to assist a growing number of unemployed workers who have
16 exhausted their claims for regular unemployment and have remained
17 unemployed, in light of the more restrictive trigger mechanism under
18 the amended "Federal-State Extended Unemployment Compensation
19 Act of 1970," (26 U.S.C. §3304 fn.). The program extends through
20 September 1, 1996, except that it would automatically terminate if the
21 Federal-State Extended Benefits Program or any federally funded
22 supplemental benefits program were to be triggered, or if the total
23 unemployment rate were to fall below 6%. Total benefits expenditure
24 is capped at \$250 million.

25 The program is limited to those unemployment claimants who have
26 filed intrastate claims, and includes claims filed by federal civilian
27 employees, ex-service persons and those filed under the Combined
28 Wage Program. Benefits paid under the Emergency Unemployment
29 Benefits Program would be funded by the unemployment
30 compensation fund; employers' Experience Rating Accounts would not
31 be charged.

32 The bill also modifies the conditions under which extended UI
33 benefits are made available to laid off workers who exhaust their
34 regular UI benefits but are not able to obtain employment.

35 The provisions of the bill regarding extended UI benefits are based
36 on the federal Unemployment Compensation Amendments of 1992,
37 Pub.L.102-318. That law permits each state to enact legislation to
38 provide an alternative unemployment threshold or "trigger" to start a
39 program under which the State and the federal government share the
40 costs of the benefits on a 50-50 basis.

41 This bill contains that alternative trigger, which provides 13 weeks
42 of extended benefits for each worker if the State's total unemployment
43 rate is 6.5% or more and is also at least 10% higher than the rate for
44 the corresponding 13-week period during either of the preceding two
45 calendar years. Twenty weeks of extended benefits are provided if the
46 State's total unemployment rate reaches 8%. The cost of the extended

1 benefits is shared equally by the State and the federal government.

2 Under current State law, the trigger for 50-50 State/federal
3 extended unemployment benefits is that New Jersey must have an
4 insured unemployment rate of at least 6% or at least 5% and also at
5 least 20% higher than the rate for the corresponding 13-week period
6 during both of the preceding two calendar years. This trigger was
7 unattainable for New Jersey and most other states during the recent
8 recession, because most unemployed workers do not receive regular
9 unemployment benefits and therefore are not counted when the insured
10 unemployment rate is calculated. Throughout the period from 1990
11 to 1993, New Jersey's insured unemployment rate remained well below
12 5%, even when the State's total unemployment rate rose above 9%.
13 Before 1984, extended benefits were available in most states, including
14 New Jersey, only due to the more attainable trigger for the 100%
15 federally-funded emergency unemployment program.

16 This bill is designed to help alleviate the pain inflicted by long-term
17 unemployment on many New Jersey households, including home
18 mortgage foreclosures, severe depression, increased substance abuse,
19 marital breakups and even suicides.

20 For the last three years, New Jersey has had the highest rate of any
21 state of laid-off workers exhausting their UI benefits without being
22 able to find new work. During the last four years more than 430,000
23 New Jersey workers ran out of all federal and State UI benefits. The
24 State has also had the highest home mortgage foreclosure rate in the
25 nation. During that time, New Jersey's home foreclosure rate was
26 more than twice as high as any time in the recessions of the 1970's and
27 the 1980's.

28

29

30

31

32 Provides funding for hospital charity care subsidies and other
33 programs, extends unemployment insurance benefits; appropriates \$1.5
34 million to Department of Health.