CHAPTER 9

STATE HEALTH BENEFITS PROGRAM

Authority

N.J.S.A. 52:14–17.27.

Source and Effective Date

R.1993 d.463, effective August 23, 1993.
See: 25 N.J.R. 2651(b), 25 N.J.R. 4508(b).

Executive Order No. 66(1978) Expiration Date

Chapter 9, State Health Benefits Program,
expires on August 23, 1998.

Chapter Historical Note

All provisions of this chapter were adopted by the Commission, pursuant to authority delegated at N.J.S.A. 52:14–17.27 and became effective prior to September 1, 1969. Amendments became effective December 19, 1969 as R.1969 d.33. See: 1 N.J.R. 10(b), 2 N.J.R. 8(a).

1970 Revisions: Amendments became effective December 10, 1970 as R.1970 d.147. See: 2 N.J.R. 94(d), 3 N.J.R. 11(a).

1971 Revisions: Amendments became effective February 17, 1971 as R.1971 d.21. See: 3 N.J.R. 10(a), 3 N.J.R. 52(c). Further amendments became effective October 5, 1971 as R.1971 d.177. See: 3 N.J.R. 138(a), 3 N.J.R. 236(a).

1972 Revisions: Amendments became effective October 4, 1972 as R.1972 d.200. See: 4 N.J.R. 168(b), 4 N.J.R. 283(c).

1973 Revisions: Amendments became effective January 4, 1973 as R.1973 d.8. See: 4 N.J.R. 282(a), 5 N.J.R. 59(b). Further amendments became effective June 6, 1973 as R.1973 d.148. See: 5 N.J.R. 76(a), 5 N.J.R. 181(a). Further amendments became effective October 2, 1973 as R.1973 d.285. See: 5 N.J.R. 243(a), 5 N.J.R. 393(a).

1974 Revisions: Amendments became effective August 19, 1974 as R.1974 d.228. See: 6 N.J.R. 156(a), 6 N.J.R. 360(c).

1975 Revisions: Amendments became effective March 14, 1975 as R.1975 d.68. See: 7 N.J.R. 76(a), 7 N.J.R. 181(a). Further amendments became effective March 13, 1975 as R.1975 d.65. See: 6 N.J.R. 495(a), 7 N.J.R. 180(c). Further amendments became effective June 9, 1975 as R.1975 d.159. See: 7 N.J.R. 118(e), 7 N.J.R. 349(b).

1976 Revisions: Amendments became effective April 22, 1976 as R.1976 d.124. See: 8 N.J.R. 85(c), 8 N.J.R. 263(a). Further amendments became effective October 8, 1976 as R.1976 d.313. See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).

1978 Revisions: Amendments became effective April 8, 1978 as R.1978 d.130. See: 9 N.J.R. 600(a), 10 N.J.R. 265(a). Further amendments became effective April 18, 1978 as R.1978 d.131. See: 10 N.J.R. 80(b), 10 N.J.R. 265(b). Further amendments became effective December 26, 1978 as R.1978 d.442. See: 10 N.J.R. 456(a), 11 N.J.R. 105(b).

1979 Revisions: Amendments became effective April 23, 1979 as R.1979 d.159. See: 11 N.J.R. 94(d), 11 N.J.R. 304(c). Further amendments became effective July 3, 1979 as R.1979 d.261. See: 11 N.J.R. 208(b), 11 N.J.R. 415(a). Further amendments became effective October 4, 1979 as R.1979 d.396. See: 11 N.J.R. 303(d), 11 N.J.R. 595(c).

1980 Revisions: Amendments became effective July 1, 1980 as R.1980 d.300. See: 12 N.J.R. 216(b), 12 N.J.R. 497(b).

1981 Revisions: Amendments became effective June 4, 1981 as R.1981 d.138. See: 13 N.J.R. 110(b), 13 N.J.R. 376(b).

1982 Revisions: Amendments became effective October 18, 1982 as R.1982 d.341. See: 14 N.J.R. 36(a), 14 N.J.R. 1165(a).

1983 Revisions: Amendments became effective March 7, 1983 as R.1983 d.44. See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b). Further amendments became effective May 2, 1983 as R.1983 d.129. See: 15 N.J.R. 81(b), 15 N.J.R. 697(b). This chapter was readopted pursuant to Executive Order 66(1978) effective May 16, 1983 as R.1983 d.177. See: 15 N.J.R. 529(a), 15 N.J.R. 930(e). Further amendments became effective August 15, 1983 as R.1983 d.332. See: 15 N.J.R. 793(a), 15 N.J.R. 1383(d).

1984 Revisions: Amendments became effective December 17, 1984 as R.1984 d.560. See: 16 N.J.R. 2422(b), 16 N.J.R. 3479(b).

1985 Revisions: Amendments became effective February 4, 1985 as R.1985 d.18. See: 16 N.J.R. 2422(a), 17 N.J.R. 320(b). Further amendments became effective April 1, 1985 as R.1985 d.165. See: 16 N.J.R. 3192(b), 17 N.J.R. 841(a). Further amendments became effective November 18, 1985 as R.1985 d.587. See: 17 N.J.R. 1399(a), 17 N.J.R. 2784(b).

1986 Revisions: Amendments became effective January 21, 1986 as R.1985 d.676. See: 17 N.J.R. 2386(a), 18 N.J.R. 2135(c). Further amendments became effective February 18, 1986 as R.1986 d.28. See: 17 N.J.R. 2868(a), 18 N.J.R. 427(b). Further amendments became effective October 20, 1986 as R.1986 d.423. See: 18 N.J.R. 1451(b), 18 N.J.R. 2135(c).

1987 Revisions: Amendments became effective December 7, 1987 as R.1987 d.497. See: 19 N.J.R. 1636(b), 19 N.J.R. 2303(b).

1988 Revisions: Pursuant to Executive Order No. 66(1978), Chapter 9 expired on June 6, 1988, and subsequently was adopted as new rules by R.1988 d.461, effective October 3, 1988. See: 20 N.J.R. 1536(a), 20 N.J.R. 2466(d). Amendments became effective October 3, 1988 d.469. See: 20 N.J.R. 1536(b), 20 N.J.R. 2466(e). Further amendments became effective October 3, 1988 as R.1988 d.471. See: 20 N.J.R. 1537(a), 20 N.J.R. 2467(a). Further amendments became effective October 17, 1988 as R.1988 d.442. See: 20 N.J.R. 741(a), 20 N.J.R. 2590(b). Further amendments became effective October 3, 1988 as R.1988 d.470. See: 20 N.J.R. 1182(a), 20 N.J.R. 2467(b).

1989 Revisions: Added new rule 1.8 effective March 6, 1989 as R.1989 d.126. See: 20 N.J.R. 2863(a), 21 N.J.R. 638(c).

Pursuant to Executive Order No. 66(1978), Chapter 9 was readopted as R.1993 d.463. See: Source and Effective Date. See, also, section annotations for specific rulemaking activity.

Law Review and Journal Commentaries

State Health Benefits Program. Judith Nallin, 134 N.J.L.J. No. 3, 61 (1993).

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SUBCHAPTER 1. ADMINISTRATION

17:9–1.1 Commission meetings

(a) The Commission shall meet, as necessary, at the call of the chairman or the secretary.

(b) Any two members of the Commission shall constitute a quorum for the purpose of conducting the business of the Commission.

(c) If a member is unable to attend a meeting, he shall designate a person to represent him as his alternate. The person so designated shall be permitted to vote on business brought before the Commission.

17:9–1.2 Records

(a) The minutes of the Commission meetings are public records and may be inspected during regular business hours at the office of the Division of Pensions under supervision of the Chief of the Health Benefits Bureau or other representatives of the office.

(b) Records considered confidential include all matters related to the coverage of individual participants and their families, mailing addresses of active and retired participants and individual files related to major medical claims where no official purpose or reason for inspection is indicated.

Case Notes

Computerized claims data regarding health benefits paid under state plan constituted "public records". Board of Educ. of Newark v. New Jersey Dept. of Treasury, Div. of Pensions, 279 N.J.Super. 489, 653 A.2d 589 (A.D.1995).

17:9–1.3 Appeals from Commission decisions

The following statement shall be incorporated in every written notice setting forth the Commission's determination in a matter where such determination is contrary to the claim made by the claimant or his legal representative:

"If you disagree with the determination of the Commission in this matter, you may appeal by sending a written statement to the Commission within 45 days from the date of this letter, informing the Commission of your disagreement and all of the reasons therefor. If no such written statement is received within the 45 day period, this determination shall be considered final."

As amended, R.1970 d.147, effective December 10, 1970.
See: 2 N.J.R. 94(d), 3 N.J.R. 11(a).

Case Notes

Where the Commission has not exercised authority to regulate mental illness coverage, the Appellate Division would not defer to the Health Benefits' Commission's interpretation. Heaton v. State Health Benefits Com'n, 264 N.J.Super. 141, 624 A.2d 69 (A.D.1993).

Administrative remedies must be exhausted by appealing health Insurance administrators' adverse determination before commencing suit against the administrator. Burley v. Prudential Ins. Co. of America, 251 N.J.Super. 493, 598 A.2d 936 (A.D.1991).

17:9–1.4 (Reserved)

As amended, R.1971 d.21, effective February 17, 1971.
See: 3 N.J.R. 10(a), 3 N.J.R. 52(c).
As amended, R.1979 d.159, effective April 23, 1979.
See: 11 N.J.R. 94(d), 11 N.J.R. 304(c).
As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
This section formerly contained rules on local employer premium and interest.

17:9–1.5 Voluntary termination of employer; notice

(a) A resolution furnished by the Division of Pensions must be completed by employers who wish to voluntarily terminate their participation in the program.

(b) For purposes of local coverage, when a participating employer voluntarily terminates coverage, the coverage for the employer's active and retired employees shall terminate as of the first of the month following a 60–day period beginning with the receipt of the resolution by the Health Benefits Commission. The Commission may, from time to time, establish a re-entry application period not to exceed 30 days for those employers who have terminated coverage. During this period, an employer who has terminated coverage only once may submit a resolution for automatic re-entry. The re-entry shall be effective upon a date set by the Commission which date shall be not less than 60 days nor more than 365 days following the receipt of the resolution for re-entry. Automatic re-entry into the program will be permitted only once.

1. An employer who has terminated coverage more than once may submit a resolution for re-entry during the re-entry application period. The Commission shall consider the relevant facts accompanying the resolution, including any hardship or emergency, the impact of re-entry on the program and individual members, and whether re-entry is consistent with statutory law or judicial determinations. The Commission shall approve or disapprove the resolution for re-entry and shall so notify the employer within 30 days following receipt of the resolution. If the Commission approves the re-entry, the re-entry shall be effective upon a date determined by the Commission, which date shall be not less than 60 days nor more than 365 days following the Commission's approval. The re-entry shall be contingent upon the employer's reimbursement to the Commission of administrative expenses reasonably based upon the approximate cost to the Commission of re-enrolling the employer.

(c) The employer shall notify all active employees of the date their coverage in the program has terminated.

(d) The Division of Pensions shall act to notify all retired employees or survivors of the termination of coverage and to send a list of the names and addresses to the terminating employer for his or her information, upon his or her request.

Amended by R.1970 d.147, effective December 10, 1970.
See: 2 N.J.R. 94(d), 3 N.J.R. 11(a).
Amended by R.1976 d.124, effective April 22, 1976.
See: 8 N.J.R. 85(c), 8 N.J.R. 263(a).
Amended by R.1983 d.332, effective August 15, 1983.
See: 15 N.J.R. 793(a), 15 N.J.R. 1383(d).
List of names and addresses to be sent to terminating employer upon request.
Amended by R.1985 d.587, effective November 18, 1985.
See: 17 N.J.R. 1399(a), 17 N.J.R. 2784(b).
(b): Added text "for a period . . . permitted only once."
Amended by R.1993 d.269, effective June 7, 1993.
See: 25 N.J.R. 460(a), 25 N.J.R. 2505(d).

17:9–1.6 Default of employer; notice

(a) For purposes of local coverage, a participating employer will be considered in default 31 days after the beginning of the coverage period for which charges were due. At that point, coverage will terminate for all employers and their dependents covered by the employer.

(b) The secretary of the commission will notify the Attorney General's office, the Division of Local Finance, the Department of Education and the carriers. The Division of Pensions will notify every participating employee, active and retired, or survivors, of the termination of coverage.

As amended, R.1970 d.147, effective December 10, 1970.
See: 2 N.J.R. 94(d), 3 N.J.R. 11(a).
As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges" and the phrase "his" to "his or her".

17:9–1.7 Guidelines; local employers; purchase of contracts

Pursuant to the provisions of N.J.S.A. 52:14–17.25 et seq., it is the policy of the State Health Benefits Commission that when local governments purchase insurance contracts of health benefits, such as prescription drug, dental expense and vision care coverages, such contracts and coverage therein must adhere to the guidelines approved by the State Health Benefits Commission for such contracts or coverages, as such guidelines were transmitted to all public employers by the Division of Pensions. Local governments cannot deviate from such guidelines in purchasing such contracts or coverages without the approval of the State Health Benefits Commission.

As amended, R.1983 d.331, effective August 15, 1983.
See: 15 N.J.R. 884(a), 15 N.J.R. 1383(e).

17:9–1.8 Employer incentives for non-enrollment prohibited

An employer shall not offer a financial enticement of cash or anything else of value to an employee who elects not to enroll or to terminate enrollment in the State Health Benefits Program.

SUBCHAPTER 2. COVERAGE

17:9–2.1 Enrollment charges

Each eligible employee shall be eligible to enroll for coverage without cost to the employee; and each employee's eligible dependents shall be eligible for enrollment for coverage provided that the additional charges for such coverage shall be paid by the employee as required by his or her employer.

As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges" and "his" to "his or her".

17:9–2.2 Enrollment form

At the time each employee first becomes eligible for coverage, the employee shall complete enrollment and authorization forms indicating the employee's election to enroll or not to enroll for coverage on his or her own behalf; and the employee's election to enroll or not to enroll his or her dependents for coverage under one of the options to be provided in the commission's master contract or contracts.

As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
Added reference to female employees.

17:9–2.3 Annual enrollment period

(a) Any employee who shall elect not to enroll for coverage for himself or herself or for his or her dependent at the time such employee or dependent first becomes eligible for coverage shall subsequently be permitted to enroll himself or herself and his or her dependents only during the annual enrollment period, which is the month of April of each year with coverage effective for the first coverage period in July in the case of State coverage and the month of March with coverage effective July 1 in the case of local coverage.

(b) The annual enrollment period will be the annual opportunity for employees to elect participation in a health maintenance organization for themselves and their dependents. The change in the election cannot be made more frequently than once a year except where the employee moves and is no longer able to be serviced by a health maintenance organization or the health maintenance organization is terminated.

(c) The State Health Benefits Commission may, at its discretion in order to optimize benefits, establish a special enrollment period at any time it deems necessary to do so.

Amended by R.1974 d.228, effective August 19, 1974.
See: 6 N.J.R. 156(a), 6 N.J.R. 360(c).
Amended by R.1976 d.124, effective April 22, 1976.
See: 8 N.J.R. 85(c), 8 N.J.R. 263(a).
Amended by R.1978 d.131, effective April 18, 1978.
See: 10 N.J.R. 80(b), 10 N.J.R. 265(b).
Amended by R.1978 d.442, effective December 26, 1978.
See: 10 N.J.R. 456(a), 11 N.J.R. 105(b).
Amended by R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "his" was changed to "his or her".
Amended by R.1985 d.18, effective February 4, 1985.
See: 16 N.J.R. 2422(a), 17 N.J.R. 320(b).
(c) added.
Amended by R.1993 d.259, effective June 7, 1993.
See: 25 N.J.R. 4025(a), 25 N.J.R. 2506(a).

17:9–2.4 Coverage changes; exceptions

(a) An employee may change his or her enrollment and the enrollment of his or her dependents to any type of coverage at any time if such changes result from a change in family, dependency or employment status of the employee or his or her dependents. Such changes will be permitted under the following conditions:

1. *Marriage.* Any employee who has been enrolled for coverage and who subsequently marries may enroll the spouse and eligible dependents, if any, for any appropriate type of coverage by completing and forwarding a new enrollment form within the period beginning 60 days prior to the marriage and ending 60 days after such marriage. In the event that the spouse of such employee is already enrolled as an employee, the provisions of N.J.A.C. 17:9–3.9 shall apply to such spouse's enrollment.

2. *Divorce; separation.* Any employee who has been enrolled or has been covered as a dependent of an enrolled employee and is subsequently divorced may enroll, delete from coverage or cover any eligible dependents by completing and forwarding a new enrollment form within 60 calendar days after the divorce of such employee or dependent of an employee who was covered previously under the spouse's contract. A change of enrollment of this nature is optional in the case of separation.

3. *Death of spouse or dependent child.* Any employee, who is enrolled as the dependent of another employee who dies, may thereupon enroll as an employee, and may enroll any eligible dependents, for any appropriate coverage by completing and forwarding a new enrollment form within 60 days following the death. Any employee may, upon the death of a spouse or dependent child who is enrolled as a dependent, enroll himself or herself and any other eligible dependents for any appropriate coverage by completing and forwarding a new enrollment form.

4. *Return from military leave.* Any employee, upon return from any period of military leave without pay, may enroll himself or herself and any eligible dependents for any appropriate coverage by completing and forwarding an enrollment form within 60 days after the date of his or her return to active full-time employment. In the event a dependent of an employee is discharged from military service, the employee may enroll such dependent for any appropriate coverage within the time specified above.

5. *No minor children.* Any employee who shall have enrolled one or more dependent children as dependents may enroll for any coverage at the time the last such dependent child reaches age 23 or marries prior to that time by completing and forwarding a new enrollment form.

6. *A spouse ceases to be an employee.* If two spouses, both of whom are also employees, are enrolled for any coverage and one of them ceases to be an employee or becomes ineligible for coverage as an employee, the other spouse may enroll for any appropriate coverage and may enroll all eligible dependents for that coverage by completing and forwarding a new enrollment form within 60 days after the change of status occurs.

7. *Adoption or guardian of dependent children.* When an employee with single coverage or husband and wife coverage adopts children, becomes legal guardian of children, assumes direct support of children, he or she may enroll such eligible dependents for any appropriate type of coverage by completing and forwarding a new enrollment form within the period beginning 60 days prior to and ending 60 days after completion of legal action involving the adoption or guardianship. Such application must be accompanied by legal papers stipulating the relationship.

8. *Retirement or COBRA enrollment.* When an employee enrolls in the retiree or COBRA group, he or she may, within 60 days of the qualifying event, select a plan other than the plan which covered the employee as an active employee.

9. *Upon return to employment from an approved leave of absence.* The employee may elect to change coverage to add any eligible dependent(s) who had been removed from this group coverage while the employee was on such leave.

(b) An employee may change his or her enrollment and the enrollment of his eligible dependents to any type of coverage under conditions other than those specified in subsection (a) of this Section, only during the annual enrollment period.

(c) An employee who wishes to change his or her enrollment and the enrollment of his or her eligible dependents for any of the reasons included in (a) above but who has failed to complete and forward the required enrollment form within the time limits which have been prescribed, may effect such change of enrollment only during the annual enrollment period. For provisions governing coverages and charges for 10–month employees, see N.J.A.C. 17:9–5.11(c).

Amended by R.1973 d.8, effective Jan. 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
Amended by R.1989 d.335, effective July 3, 1989.
See: 21 N.J.R. 886(a), 21 N.J.R. 1836(a).
Reference to N.J.A.C. 17:9–45.11(c) added and technical changes made.
Amended by R.1993 d.249, effective June 7, 1993.
See: 25 N.J.R. 4025(c), 25 N.J.R. 2506(b).
Amended by R.1993 d.349, effective July 6, 1993.
See: 25 N.J.R. 1671(b), 25 N.J.R. 2899(a).

17:9–2.5 Employee coverage requirements

(a) For each employee who shall elect to be covered for himself or herself, coverage shall become effective only after all of the following conditions have been satisfied:

1. The master contract or contracts are effective;

2. In the case of local coverage, the employer's participation has been approved by the Commission;

3. The employee satisfies the definition of "employee", is eligible for coverage; and

4. An enrollment form has been legibly completed by the employee and registered by the State Centralized Payroll Section or the certifying agent of the local employer with the Health Benefits Bureau of the Division of Pensions within the prescribed time limits.

Amended by R.1973 d.8, effective Jan. 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

17:9–2.6 Effective date; State employees and dependents

For State employees and their dependents for whom an enrollment application has been filed with the Division of Pensions, coverage is effective on the first day of the fifth payroll period of employment for a sub-group which reports on a bi-weekly basis, or the first day following the completion of two months of continuous service for a sub-group which reports on a monthly basis. If employee deductions are required for HMO coverage, deductions begin on the first day of the third payroll period of employment for bi-weekly sub-groups and approximately one month prior to the effective date of coverage for monthly sub-groups.

As amended, R.1973 d.8, effective Jan. 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premium" was changed to "charge".
Repeal and new rule by R.1989 d.469, effective September 5, 1989.
See: 21 N.J.R. 1503(a), 21 N.J.R. 2807(a).
All State employees and dependents participating in the State Health Benefits Program allowed to obtain coverage within a two-month period.

17:9–2.7 Effective date; local employees and dependents

For local employees and their dependents for whom an enrollment application has been filed with the Division of

Pensions, coverage is effective on the first day following the completion of two months of continuous service. If employee deductions are required for HMO or dependent coverage, deductions begin approximately one month prior to the effective date of coverage.

As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premium" was changed to "charge".
Repeal and new rule by R.1989 d.469, effective September 5, 1989.
See: 21 N.J.R. 1503(a), 21 N.J.R. 2807(a).
All local employees and dependents participating in the State Health Benefits Program allowed to obtain coverage within a two-month period.

17:9–2.8 Effective date; ineligible employees and dependents

(a) An employee who, at the time of his or her coverage would otherwise become effective, is not actively at work on a full-time basis at his or her customary place of employment or other location to which his or her employment requires him or her to travel, shall not be covered until he or she is so actively at work. Such employee shall be eligible for coverage immediately upon his or her return to active full-time work.

(b) The major medical coverage for a dependent (except a newborn child), who, at the time of his or her coverage would otherwise become effective, is confined in a medical facility primarily for medical care or treatment on the date the major medical coverage would otherwise become effective with respect to that dependent, will be deferred until his or her final medical release from all such confinement.

(c) Employees and dependents who cannot meet the requirements established by this rule, but who were covered under a major medical insurance plan of their public employer just prior to the employer's participation in the State program, shall be permitted to enroll.

As amended, R.1984 d.560, eff. December 17, 1984.
See: 16 N.J.R. 2422(b), 16 N.J.R. 3479(b).
Section substantially amended.

Cross References

Major medical benefits coverage, ineligible dependents, see N.J.A.C. 17:9–3.7.

17:9–2.9 Transfers

(a) In order to provide mobility to employees of participating employers, as well as of the State, employees who transfer from one State payroll to another, or from one participating employer to another, or from the State to a participating employer, or from a participating employer to the State, may continue coverage under the program as long as they enter the service of the new employer in a period for which contributions have already been made; however, if coverage has been terminated, the employee will again have to satisfy the two-month, continuous-employment waiting period and the actively-at-work requirement in order to obtain the coverage again.

(b) For employees who will have the option of traditional coverage or electing HMO participation upon a transfer, as described in subsection (a) of this section, a 30–day period will be available for the selection of coverage during which period their former coverage will be continued.

As amended, R.1976 d.124, effective April 22, 1976.
See: 8 N.J.R. 85(c), 8 N.J.R. 263(a).

Case Notes

Statute calls for uniformity in coverage to all eligible employees with respect to contracts made on prospective basis for benefit of employees of state or local employers. Weiner v. County of Essex, 262 N.J.Super. 270, 620 A.2d 1071 (L.1992).

County was collaterally estopped from asserting defenses that it did not specifically assume obligation to pay postretirement medical benefits conferred by welfare board. Weiner v. County of Essex, 262 N.J.Super. 270, 620 A.2d 1071 (L.1992).

17:9–2.10 HMO; elections

(a) Employees who locate in an area serviced by a participating HMO will have a 30–day period for the selection of coverage during which period their former coverage will be continued. The status of employees who have no HMO election to make will be the same as the described for employees who transfer. (See N.J.A.C. 17:9–2.9(a).)

(b) Employees who are participating in an eligible HMO but who move out of the area serviced by that HMO will have a 30–day period to select one of the following options:

1. Continue participation in the former HMO; or

2. Transfer participation to an eligible HMO in the new area, if such is available in the new area; or

3. Transfer coverage into the traditional program.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1976 d.124, eff. April 22, 1976.
See: 8 N.J.R. 85(c), 8 N.J.R. 263(a).
As amended, R.1983 d.129, eff. May 2, 1983.
See: 15 N.J.R. 81(b), 15 N.J.R. 697(b).
Subsection (b) added.

17:9–2.11 Coverage for survivors

(a) For purposes of the continuity of coverage in the event of accidental or ordinary death where the survivors are eligible for periodic pension benefits for life, or until a dependent child is no longer eligible for such benefits, coverage may be extended until such time as the application for such death benefits is formally approved by the board of trustees of the retirement system paying the benefit, or by the carrier underwriting the individual annuity contracts. If it is not necessary for a board of trustees to approve the application, then the application for such benefits will be considered approved when the necessary action has been taken by the Division of Pensions, the local retirement system, or the carrier.

(b) The eligible survivor of the deceased employee must submit personal payments to the health benefits program in order to continue coverage.

(c) Should coverage lapse through no fault of the survivor, who would be eligible to continue such coverage, retroactive coverage may be granted up to a period of three months, provided the payment of charges is made.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1979 d.159, eff. April 23, 1979.
See: 11 N.J.R. 94(d), 11 N.J.R. 304(c).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
Reference to premiums changed to charges.

17:9–2.12 Major Medical; eligible charges at enrollment (local employees)

(a) For purposes of local coverage, all eligible charges incurred by an eligible employee or his or her covered dependents, from January 1 of a calendar year to the effective date of coverage for his or her participating employer, will be considered to satisfy the deductibles and copayments required under the Major Medical coverage. The above provision is contingent upon the eligible employee being actively at work on the effective date of coverage and his or her dependents not be deferred as stated under N.J.A.C. 17:9–2.8(b).

(b) The charges considered are to be eligible charges under the Major Medical contract and no charges will be considered that would have been paid by the basic plan, had the employee had such coverage. No charges will be used to satisfy the deductibles and copayments for which the employee has been reimbursed by any source where any employer participated under another contract.

As amended, R.1984 d.560, eff. December 17, 1984.
See: 16 N.J.R. 2422(b), 16 N.J.R. 3479(b).
Deleted "being able to satisfy the normal activities test required by the contract". Inserted "not be deferred ... N.J.A.C. 17:9–2.8(b)".
Amended by R.1988 d.469, eff. October 3, 1988.
See: 20 N.J.R. 1526(b), 20 N.J.R. 2466(e).
Added "deductibles and copayments".

17:9–2.13 Major Medical; extension of coverage charges

(a) For purposes of the payment of claims under the Major Medical contract, if immediately prior to his or her entry into the eligible classes an employee or dependent was covered under the extension of coverage provisions of the Major Medical contract, such coverage will be effective immediately but solely with respect to charges incurred in connection with the illness for which such person was covered under said extension if the following conditions are satisfied:

1. The charges would have been considered eligible charges had the extension not terminated;

2. The coverage under the extension would have not otherwise terminated.

(b) Full coverage subject to the regular rules shall begin on the payroll corresponding to the payroll on which deductions are resumed.

17:9–2.14 Effective date; maternity benefits

Effective January 1, 1973, maternity and obstetrical benefits are extended to employees and dependent wives with single, husband and wife, and parent and child coverage.

R.1973 d.148, eff. June 6, 1973.
See: 5 N.J.R. 168(a), 5 N.J.R. 247(b).

17:9–2.15 Major Medical; separate plans

If the State or local employer adopts separate plans for all employees or for some portion of covered employees for prescription drug reimbursement, vision care, or other health care benefits, largely duplicating or minimizing the benefits provided under the Major Medical program, such services or benefits for the participants of such separate plans will no longer be considered eligible for reimbursement under the Major Medical program to the extent benefits are provided under such plans.

R.1975 d.68, eff. March 14, 1975.
See: 7 N.J.R. 76(a), 7 N.J.R. 181(a).
As amended, R.1980 d.300, eff. July 1, 1980.
See: 12 N.J.R. 216(b), 12 N.J.R. 497(b).

17:9–2.16 Policy provisions adoption

The State Health Benefits Commission adopts by reference all of the policy provisions contained in the contracts between the carriers, the health maintenance organizations and the State Health Benefits Commission as well as any subsequent amendments thereto, to the exclusion of all other possible coverages.

R.1981 d.138, effective June 4, 1981.
See: 13 N.J.R. 110(b), 13 N.J.R. 376(b).

OAL Note: The contract provisions incorporated by reference in this rule have been filed with Administrative Publications and Filings, Office of Administrative Law, as part of the official text of this rule, but are not reproduced herein.

Case Notes

Health Benefits Commission was without statutory authority to exclude from coverage of mentally ill persons while providing coverage for mental retardation or physical disability. G.B. v. State Health Benefits Com'n, 222 N.J.Super. 83, 535 A.2d 1010 (A.D.1988).

Support hose prescribed by physician not a covered benefit under state health benefits plan. Stanley v. State Health Benefits Commission. 93 N.J.A.R.2d (TYP) 26.

No medical coverage available for handicapped son over age 23 where employee failed to timely present medical evidence of handicap. Schultz, Jr. v. State Health Benefits Commission. 93 N.J.A.R.2d (TYP) 24.

Private duty nursing services ordered by doctor not medically necessary within meaning of state health benefits plan. Marks v. State Health Benefits Commission. 93 N.J.A.R.2d (TYP) 23.

Major medical plan exclusion for cosmetic surgery excluded coverage for bilateral otoplasty, despite approval of basic coverage plan. Palmer v. State Health Benefits Commission. 93 N.J.A.R.2d (TYP) 20.

Employee not entitled to reimbursement for psychotherapy services rendered by counselor licensed as social worker rather than psychologist or medical doctor. Goldman v. State Health Benefits Commission. 93 N.J.A.R.2d (TYP) 18.

17:9–2.17 Chapters 384 and 386, Laws of 1987; enrollment of retirees

For the purposes of implementing Chapters 384 and 386 of the Laws of 1987, retirees of boards of education participating in the State Health Benefits Program who do not qualify for State payment of premiums for coverage and are not enrolled in the program may enroll within the one-year period from June 1, 1988 to May 31, 1989.

New Rule, R.1988 d.471, effective October 3, 1988.
See: 20 N.J.R. 1537(a), 20 N.J.R. 2467(a).

SUBCHAPTER 3. DEPENDENTS

17:9–3.1 Dependents and children defined

(a) The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

"Children" includes stepchildren, legally adopted children and foster children who are wholly dependent upon the employee for support and maintenance. This includes children in a guardian-ward, legal relationship who are living with the employee.

"Dependents" means an employee's spouse and the employee's unmarried children through the end of the calendar year in which they reach the age of 23 years who live with the employee in a regular parent-child relationship.

"Living with" shall be defined so as to include children in the case of divorce who may not actually be living with the covered parent, but where such covered parent is required to provide for the support and maintenance of such children, and the parent's application for dependent coverage is documented by a copy of an appropriate court order.

(b) The determination as to the continuation of certain mentally retarded or physically handicapped children will be made before they attain age 23 rather than before they attain age 19, as given in the general statute.

As amended, R.1969 d.33, eff. December 19, 1969.
See: 1 N.J.R. 10(b), 2 N.J.R. 8(a).
As amended, R.1972 d.200, eff. October 4, 1972.
See: 4 N.J.R. 168(b), 4 N.J.R. 283(c).
As amended, R.1976 d.313, eff. October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).

17:9–3.2 Military service

A spouse or child enlisting or inducted into military service shall not be considered during such military service.

17:9–3.3 Medicare

Any person who is otherwise eligible for benefits as a dependent of any active or retired employee, but who, although he is eligible to enroll in the Federal Medicare program, is not covered by the complete Federal program, would not be covered as a dependent.

As amended, R.1973 d.285, eff. October 2, 1973.
See: 5 N.J.R. 243(a), 5 N.J.R. 393(a).

17:9–3.4 Certification of dependency

An employee who elects to enroll an eligible dependent for any coverage shall report such dependent's relationship or status on the enrollment form and such listing of the dependent shall constitute the required certification that at the time of enrollment such dependent is wholly dependent upon the employee for support and maintenance.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1984 d.560, eff. December 17, 1984.
See: 16 N.J.R. 2422(b), 16 N.J.R. 3479(b).
Deleted text "and such certification . . . same sex and age".

17:9–3.5 Additional dependents

If, after having enrolled his or her dependent for coverage under family or parent-child coverage, an employee acquires one or more additional dependent children through birth or legal adoption and guardianship, such additional children shall be enrolled as dependents, if they are otherwise eligible.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1973 d.313, eff. October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).

17:9–3.6 Basic benefits; ineligible dependents

(a) The basic benefits coverage of a dependent who, at the time his or her coverage would otherwise become effective, is confined in an institution for care and treatment, shall become effective as indicated below:

1. Hospital benefit shall be payable for confinements commencing on and after the effective date of coverage only; and

2. Medical/Surgical benefits shall be payable for services rendered on and after the effective date of coverage only.

17:9–3.7 Major Medical; ineligible dependents

The Major Medical benefits coverage for any dependent (except a newborn child) who, at the time his or her coverage would become effective, is confined in a medical facility primarily for medical care or treatment on the date that the Major Medical coverage would otherwise become effective with respect to that dependent, the coverage for that dependent will be deferred until his or her final medical release from all such confinement. See N.J.A.C. 17:9–2.8.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1984 d.560, eff. December 17, 1984.
See: 16 N.J.R. 2422(b), 16 N.J.R. 3479(b).
Section substantially amended.

Cross References

State health benefits program, coverage changes, see N.J.A.C. 17:9–2.4.

17:9–3.8 (Reserved)

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

17:9–3.9 Multiple coverage; employee and spouse

An employee who is the spouse of another employee may elect to forego coverage as an employee and to be enrolled for coverage as a dependent, in which event no coverage shall be provided for such spouse as an employee while covered as a dependent.

Amended by R.1973 d.8, effective January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

17:9–3.10 (Reserved)

Amended by R.1976 d.313, effective October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).

SUBCHAPTER 4. EMPLOYEES

17:9–4.1 State employee defined

(a) For purposes of State coverage, "employee" shall mean an appointive or elective officer or full-time employee of the State including employees of:

1. Rutgers, the State University of New Jersey;

2. Delaware River Joint Toll Bridge Commission (Free Bridges);

3. Palisades Interstate Park Commission;

4. University of Medicine and Dentistry of New Jersey;

5. Agencies or special projects which are supported from or whose employees are paid from sources of revenue, other than general funds, which other funds shall bear the cost of benefits under this Act.

Amended by R.1973 d.8, effective January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
Amended by R.1983 d.330, effective August 15, 1983.
See: 15 N.J.R. 792(b), 15 N.J.R. 1383(c).
Change name to University of Medicine and Dentistry of New Jersey.

17:9–4.2 State; full-time defined

(a) For purposes of State coverage, "full-time" shall mean:

1. The normal full-time weekly schedule for the particular class title, and in any case not less than 35 hours per week;

2. Employment for 12 months, except in the case of those employees engaged in activities where the regular and normal work schedule is ten months;

3. Sabbaticals where the compensation paid is 50 percent or more of the salary granted just prior to the leave and the period of eligibility terminates with the end of the fiscal year;

4. Public defenders who are paid on the basis of an average 30–hour work week schedule, notwithstanding Section 4 of this Subchapter;

5. Employees of the University of Medicine and Dentistry of New Jersey who are paid for a minimum of 20 hours per week, notwithstanding N.J.A.C. 17:9–4.4;

6. Teaching assistants and graduate assistants at Rutgers, the State University, who are paid for a minimum of 15 hours, notwithstanding N.J.A.C. 17:9–4.4;

7. Deputy attorneys general in the Office of the Attorney General and the Divisions of Criminal Justice, Gaming and Law in the Department of Law and Public Safety, who are paid for a minimum of 20 hours per week, notwithstanding the provisions of N.J.A.C. 17:9–4.4, until June 30, 1994.

(b) Where the otherwise eligible employee elects a voluntary furlough, as authorized by P.L. 1993, c.297, coverage shall continue with the employer paying the costs as if the member were an active employee, provided that the employee remits in advance to the employer the amount required, if any, as the employee's contribution for coverage.

Amended by R.1973 d.8, effective January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
Amended by R.1975 d.68, effective March 14, 1975.
See: 7 N.J.R. 76(a), 7 N.J.R. 181(a).
Amended by R.1983 d.330, effective August 15, 1983.
See: 15 N.J.R. 792(b), 15 N.J.R. 1383(c).
Change name to University of Medicine and Dentistry of New Jersey.
Amended by R.1988 d.442, effective October 17, 1988.
See: 20 N.J.R. 741(a), 20 N.J.R. 2590(b).
Added (a)7.
Amended by R.1990 d.480, effective October 1, 1990.
See: 22 N.J.R. 1903(a), 22 N.J.R. 3158(b).
Deleted text from (a)7 and inserted new.

Amended by R.1993 d.57, effective April 5, 1993.
See: 24 N.J.R. 2345(a), 25 N.J.R. 1518(a).
Revised (a)7.
Amended by R.1995 d.3, effective January 3, 1995.
See: 26 N.J.R. 2202(a), 27 N.J.R. 128(a).

Case Notes

Under statute requiring the minimum level of coverage for health benefits for local government employees to be substantially equivalent to the level available to State employees, Health Benefits Commission held able to increase health benefits available to participating local government employees when benefits available to State employees were increased as a result of negotiated agreement between the State and its employees. New Jersey School Boards Ass'n v. Ewing Tp. Bd. of Educ., Mercer Cty., 183 N.J.Super. 215, 443 A.2d 761 (App.Div.1982).

17:9–4.3 Ineligible employees defined

(a) For purposes of State and local coverage, "employee" shall not mean:

1. Any person with less than two months of continuous service;

2. Any person whose compensation is limited to reimbursement of necessary expenses actually incurred in the discharge of his official duties;

3. Any person compensated on a fee basis (see N.J.A.C. 17:9–4.5);

4. Any person who is employed on short-term, seasonal, intermittent or emergency basis such as a person whose compensation is in the nature of a "retainer", or is for occasional services or whose service is for brief periods at intervals, such as substitute teachers;

5. Any person whose compensation is paid or payable by voucher;

6. Any person whose services are not full-time;

7. Any person granted a sabbatical where the compensation paid is less than 50 percent of the salary granted just prior to the leave;

8. Any person who is an aide or patient employee in a State, county or municipal institution;

9. Any person, active or retired, who is otherwise eligible for benefits but who, although he is eligible to enroll in the Federal Medicare Program, is not covered by the complete Federal program.

Amended by R.1971 d.21, effective February 17, 1971.
See: 3 N.J.R. 10(a), 3 N.J.R. 52(c).
Amended by R.1973 d.285, effective October 2, 1973.
See: 5 N.J.R. 243(a), 5 N.J.R. 393(a).
Amended by R.1978 d.441, effective December 26, 1978.
See: 10 N.J.R. 517(b), 11 N.J.R. 105(a).

Case Notes

Continuation of health benefits to school psychologist after reduction in work week to 18 hours denied; board of education's policy limiting health benefits to full time employees, that is, to those working more than 20 hours per week, held reasonable in view of State health program rules. Janus v. Maywood Bd. of Educ., Bergen Cty., 4 N.J.A.R. 105 (1982).

17:9–4.4 State; ineligible employees defined

(a) For purposes of State coverage, "employee" shall not mean any person who is paid:

1. An hourly rate (payroll compensation code 7) except that a full-time employee with a Civil Service title assigned an hourly salary range is eligible;

2. A daily rate (payroll compensation code 8);

3. A rate per meeting, session (payroll compensation code 8);

4. A salary based on a percentage of full-time (payroll compensation code 6);

5. Any employee who is on a Federal payroll or combination of Federal and State payrolls;

6. Any person who is not on a State payroll;

7. Any person who is on the payroll of another state, whether or not such person is also on a New Jersey State payroll;

8. Any otherwise eligible employee for whom the State, directly or indirectly, provides benefits under any other plan, which benefits have a value equal to or in excess of the benefits payable under the State Employees Health Benefits Act.

17:9–4.5 Local; employee defined

For purposes of local coverage, "employee" shall mean an appointive or elected officer or full-time employee of the local employer, including an employee who is compensated on a fee basis as a convenient method of payment of wages or salary, but who is not a self-employed, independent contractor compensated in a like manner.

Case Notes

Under statute requiring the minimum level of coverage for health benefits for local government employees to be substantially equivalent to the level available to State employees, Health Benefits Commission held able to increase health benefits available to participating local government employees when benefits available to State employees were increased as a result of negotiated agreement between the State and its employees. New Jersey School Boards Ass'n v. Ewing Tp. Bd. of Educ., Mercer Cty., 183 N.J.Super. 215, 443 A.2d 761 (App.Div.1982).

17:9–4.6 Local; full time defined

(a) For purposes of local coverage, "full-time" shall mean:

1. Employment of any eligible employees who appear on a regular payroll and who receive a salary or wages for an average of the number of hours per week as prescribed by the governing body of the participating employer. Each participating employer shall, by resolution, determine the number of hours worked which shall be considered to be "full-time." In no case shall the number of hours for "full-time" be less than 20.

2. Sabbaticals where the compensation paid is 50 percent or more of the salary granted just prior to the leave and the period of eligibility terminates with the end of the fiscal year.

Amended by R.1983 d.43, effective March 7, 1983.
See: 14 N.J.R. 1296(a), 15 N.J.R. 343(c).
Minimum hours per week changed to an average of hours per week.
Amended by R.1995 d.644, effective December 18, 1995.
See: 27 N.J.R. 2680(a), 27 N.J.R. 5040(a).

Case Notes

Permanent school based substitute teachers; sick leave and benefits. East Orange Education Association v. East Orange Board of Education, 94 N.J.A.R.2d (EDU) 366.

Continuation of health benefits to school psychologist after reduction in work week to 18 hours denied; board of education's policy limiting health benefits to full time employees, that is, to those working more than 20 hours per week, held reasonable in view of State health program rules. Janus v. Maywood Bd. of Educ., Bergen Cty., 4 N.J.A.R. 105 (1982).

17:9–4.7 Multiple positions

For purposes of State and local coverage, "full-time" shall mean employment of an employee who holds multiple public positions at the same time, if the employee would otherwise be eligible for coverage in any one of such positions.

Amended by R.1973 d.8, effective January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

SUBCHAPTER 5. CHARGES

17:9–5.1 Separate experience; State and local

The experience of local employers should be considered separately from that of the State.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

Case Notes

Under statute requiring the minimum level of coverage for health benefits for local government employees to be substantially equivalent to the level available to State employees, Health Benefits Commission held able to increase health benefits available to participating local government employees when benefits available to State employees were increased as a result of negotiated agreement between the State and its employees. New Jersey School Boards Ass'n v. Ewing Tp. Bd. of Educ., Mercer Cty., 183 N.J.Super. 215, 443 A.2d 761 (App.Div.1982).

17:9–5.2 Waiting period

There shall be a two-month waiting period for local employer participation.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

17:9–5.3 Advance charges; interest charges

(a) For the purpose of local coverage, in the traditional program, the employer must remit to the Division of Pensions charges covering a one-month period in advance of the coverage date whereas charges for HMO coverage are remitted directly to the HMO in which the employee is enrolled.

(b) If the transmittal report and full payment of health benefits charges are not received within 15 days of the due date, as cited on the monthly transmittal mailed from the Division of Pensions, interest at the rate of one percent per annum above the average annualized daily rate of return on the State Cash Management Fund as published by the Division of Investment for the most recent fiscal year shall be applied to the total transmittal of health benefits charges from the 16th day until the payment is received. The interest penalty will also be applied if payment is received by the Health Benefits Bureau without the transmittal report for proper distribution.

As amended, R.1978 d.442, eff. December 26, 1978.
See: 10 N.J.R. 456(a), 11 N.J.R. 105(b).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges".
Amended by R.1986 d.28, effective February 18, 1986.
See: 17 N.J.R. 2868(a), 18 N.J.R. 427(b).
(b) added.

17:9–5.4 Local employer payment of dependent charges

(a) The statute requires the employer to pay the employee's cost of the coverage and may pay any portion of the cost for the dependent coverage.

(b) Any employer who elects to pay any portion of the cost for dependent coverage shall pay the same proportion of the cost of such dependent coverage for all employees covered in the program.

(c) However, when a local employer agrees to pay all of the cost for dependent coverage, all employees must be resolicited with respect to coverage for themselves and their dependents.

(d) The employer shall give all of his employees an opportunity for completing, and forwarding a new enrollment form within 60 days following the employer's assumption of the dependent premium charges.

(e) Any employee who fails to complete and forward the required form within the time limits which have been prescribed, may effect such change of enrollment only during the annual enrollment period.

As amended, R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1974 d.229, eff. August 19, 1974.
See: 6 N.J.R. 123(b), 6 N.J.R. 360(d).

17:9–5.5 Local employer resolution; Chapter 88, P.L. 1974; Chapter 54, P.L. 1979

(a) A local employer will satisfy the requirements of Chapters 88, P.L. 1974 by adopting a resolution designed to:

1. Apply to all eligible present and future pensioners of the employer and their dependents;

2. Continue as long as the State is paying the cost of its eligible pensioners and their dependents in accordance with the provisions of Chapter 75, P.L. 1972;

3. Provide for local employer reimbursement of Federal Medicare charges for eligible pensioners and/or their spouses, as well as the payment of health insurance charges required by the program, on a basis comparable to the reimbursement made by the State to its eligible pensioners and their spouses in accordance with the provisions of Chapter 75, P.L. 1972 (see N.J.A.C. 17:9–5.8);

4. Require the local employer to pay the full cost of such charges;

5. Provide for an effective date not earlier than the first day of the month at least 90 days following receipt of the local employer's resolution on forms approved by the division.

(b) A local employer may also adopt an additional resolution designed to apply to all eligible pensioners and their dependents who retired on or after July 1, 1964, in accordance with the provisions of Chapter 54, P.L. 1979. Such resolution shall meet the prescriptions of subsection (a) of this section.

As amended, R.1971 d.177, eff. October 5, 1971.
See: 3 N.J.R. 138(a), 3 N.J.R. 236(a).
As amended, R.1973 d.285, eff. October 2, 1973.
See: 5 N.J.R. 243(a), 5 N.J.R. 393(a).
As amended, R.1975 d.65, eff. March 13, 1975.
See: 6 N.J.R. 495(a), 7 N.J.R. 180(c).
As amended, R.1979 d.396, eff. October 4, 1979.
See: 11 N.J.R. 303(d), 11 N.J.R. 595(c).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges".

Case Notes

Statute calls for uniformity in coverage to all eligible employees with respect to contracts made on prospective basis. Weiner v. County of Essex, 262 N.J.Super. 270, 620 A.2d 1071 (L.1992).

County, which was successor to county welfare board, was collaterally estopped from asserting defenses that it did not specifically assume obligation to pay postretirement medical benefits. Weiner v. County of Essex, 262 N.J.Super. 270, 620 A.2d 1071 (L.1992).

Requirement of paragraph (a)1 held valid as reasonable and necessary for the administration of the Health Benefits Program Act; denial of implementation of negotiated health benefits plan by Commission upheld due to discrimination between eligible employees. New Jersey Policemen's Benevolent Ass'n Local # 42 v. New Jersey State Health Benefits Commission, 153 N.J.Super. 152, 379 A.2d 285 (App.Div. 1977).

17:9–5.6 Health maintenance organization charges

For purposes of State and local coverage, the employer who pays any portion of the cost for the employee and for dependent coverage cannot pay any more for the same type of coverage if the employee enrolls himself or herself and his or her dependents in a health maintenance organization as an alternative program. If the cost of the coverage in the alternative plan exceeds the cost of the State program, the additional charge would be collected by payroll deductions from the employee.

Amended by R.1974 d.228, eff. August 19, 1974.
See: 6 N.J.R. 156(a), 6 N.J.R. 360(c).
Amended by R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges" and "his" to "his or her".
Administrative Correction.
See: 24 N.J.R. 4068(b).

17:9–5.7 State and local; multiple coverage refunds

In the case of State and local coverage, when a husband and wife have secured coverage in the health benefits program as a result of one of them being employed by the State and the other by a local employer who has adopted the program, a refund is possible in the case of an employee of a local employer who is paying the full cost of dependent coverage for a spouse, who is an employee of the State and eligible for coverage but who has rejected such coverage.

Amended by R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).

17:9–5.8 Medicare refunds

(a) Each active employee, as well as the employee's spouse, who is covered under Part B of the Federal Medicare program, shall receive a refund of the amount paid for Part B semiannually.

(b) All refunds for subgroups of the State are accomplished with the preparation and submission to the Health Benefits Bureau of a claim for refund form duly signed by the employee claiming the refund as verified from the records of the program.

(c) The State centralized payroll unit will process similar claims for refund by State employees paid by that agency.

(d) The local employer is responsible for refunds to any of his or her active employees, as well as the employee's spouse, who are covered under Part B of the Federal Medicare Program.

(e) All refunds will be made payable to the active or retired employee constituting the most timely charge payment for Part B coverage.

(f) Similar reimbursement will be made by the State and local employers, who have adopted the necessary resolution, to eligible retired employees for himself or herself and the retired employee's spouse, but in no event shall duplicate refunds be made to any employee for himself or herself or his or her spouse.

(g) Since Medicare premiums reimbursements are dependent upon sufficient, annual appropriations from the legislature, eligible reimbursements regarding Medicare Part B premiums will include only those premiums that have been paid within the 12 months immediately preceding the date of submission for the appropriate claim for refund form by the employee. Medicare Part B premiums paid prior to the 12 months immediately preceding the date of submission of the appropriate claim for refund form are not eligible for reimbursement.

Amended by R.1973 d.285, eff. October 2, 1973.
See: 5 N.J.R. 243(a), 5 N.J.R. 393(a).
Amended by R.1978 d.442, eff. December 26, 1978.
See: 10 N.J.R. 456(a), 11 N.J.R. 105(b).
Amended by R.1981 d.139, eff. June 4, 1981.
See: 13 N.J.R. 110(c), 13 N.J.R. 376(c).
(g) added.
Amended by R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premium" was changed to "charges" and "his" to "his or her".

Case Notes

County, which was successor to county welfare board, was collaterally estopped from asserting defenses that it did not specifically assume obligation to pay postretirement medical benefits. Weiner v. County of Essex, 262 N.J.Super. 270, 620 A.2d 1071 (L.1992).

Statute calls for uniformity in coverage to all eligible employees with respect to contracts made on prospective basis. Weiner v. County of Essex, 262 N.J.Super. 270, 620 A.2d 1071 (L.1992).

17:9–5.9 Refunds rejected

Any request for refund not specified in N.J.A.C. 17:9–5.7 and 5.8 shall be denied. For example, a husband and wife may be employed in the same or in different locations, each location participating in the State Health Benefits Program and both having family coverage, or both having husband and wife coverage; in spite of the apparent duplication of coverage, neither of the covered employees would be eligible for a refund. Or, the wife carries only single employee coverage under the State program while her husband is covered by a plan in private industry where the employer pays for employee and dependent coverage; no refund would be payable since both would have to have been in public employment covered by the State program. Or, if one spouse applies for Medicare reimbursement for himself or herself and his or her spouse, the other shall not receive duplicate reimbursement.

Amended by R.1973 d.8, eff. January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
Amended by R.1976 d.313, eff. October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).

Case Notes

County was not entitled to a refund of health care benefit premiums erroneously paid on behalf of terminated employees or employees who were eligible for lower premiums. Essex County v. State Health Benefits Commission, 93 N.J.A.R.2d (TYP) 317.

17:9–5.10 Retroactive charges; payment due

Retroactive charges covering the entire period of retroactivity will be calculated on the basis of the charge in effect on the date the employee is actually enrolled.

R.1975 d.159, eff. June 9, 1975.
See: 7 N.J.R. 118(e), 7 N.J.R. 349(b).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
"premiums" was changed to "charges".

17:9–5.11 Charges and coverage; 10–month employees

(a) Employees hired as of September 1 under a 10–month contract shall have charges deducted from the wages they received in September to establish their coverage as of the beginning date of their employment. In order to continue a 10–month employee's coverage during the months of July and August, sufficient charges will be deducted prior to the expiration of their 10–month contract to continue their coverage during the heretofore mentioned months, provided their employment resumes in September.

(b) Regarding 10–month contract State employees paid on a biweekly basis, the effective date of coverage for September enrollments will be the period which is the one nearest September 1.

(c) A 10–month employee whose employment resumes in September may enroll eligible dependents within 60 days of the qualifying event. Should any part of the 60–day period occur during July and August, that period will be extended day for day up to 60 days after the employee resumes work in September.

R.1978 d.131, eff. April 18, 1978.
See: 10 N.J.R. 80(b), 10 N.J.R. 265(b).
As amended, R.1982 d.341, eff. October 18, 1982.
See: 14 N.J.R. 36(a), 14 N.J.R. 1165(a).
Clarified coverage of biweekly cases of 10–month employees.
As amended, R.1983 d.330, eff. August 15, 1983.
See: 15 N.J.R. 792(b), 15 N.J.R. 1383(c).
The word "premiums" replaced by "charges".
Amended by R.1989 d.335, effective July 3, 1989.
See: 21 N.J.R. 886(a), 21 N.J.R. 1836(a).
Provisions governing coverages and charges for 10–month employees added at (c).

SUBCHAPTER 6. RETIREMENT

17:9–6.1 Retired employee defined

(a) "Retired employee" means a person who is eligible for coverage under the program, or under the health insurance plan of the person's employer where the employer is

not participating in the program and the person is eligible to participate under P.L. 1987, c.384, immediately preceding retirement and receives a periodic retirement allowance from a State or locally administered retirement system or plan upon retirement. This "retired employee" status, once established, will continue in effect even though the employer is subsequently disbanded and no successor agency is created upon the dissolution of such employer. An employee who continued his or her coverage while on an official leave of absence for illness without pay but whose coverage terminated when his or her leave exceeded the period established by the statute for the continuation of coverage for such leave, will be permitted to elect to continue health benefits coverage into retirement provided such leave was in effect immediately preceding the date of his or her retirement.

(b) The definition of "retired employee" shall include the spouse of the employee, provided he or she was covered as a dependent under the Health Benefits Program immediately preceding the retirement or the death of the active or retired employee, and further provided that in the case of death of an active employee, the spouse is receiving a periodic pension or survivorship benefit from a State or locally administered retirement system or plan.

(c) The definition of "retired employee" shall include an employee who is eligible to receive a Federal pension based upon employment with the Cooperative Extension service staff of Rutgers University.

1. This coverage is contingent upon the employee applying for and receiving a Federal pension immediately following the cessation of employment and further provided that the pension to which he or she is entitled is being granted by reason of his or her age or disability and coverage based on his or her employment with Rutgers University.

2. The Personnel Office of Rutgers University shall act as a collection officer for the collection of the charges required on a direct payment basis from the employees.

3. This payment shall be required from the employee on a quarterly basis in advance of coverage paid with the monthly billing.

(d) The definition of "retired employee" shall also include an employee who is eligible to receive a monthly annuity from the Teachers' Insurance and Annuity Association or long-term disability benefits based on his or her participation in the New Jersey Alternate Benefit Program, provided the employee who is receiving a monthly annuity applied for and began receiving a TIAA annuity immediately following the termination of his or her employment in a position covered by the Alternate Benefit Program, and further provided, that TIAA agrees to deduct the appropriate charge from the retired employee's monthly TIAA annuity and remits it promptly to the State Health Benefits Program as a remitting officer.

(e) The definition of "retired employee" shall include any former employee who retired from a State or locally administered retirement system on or after July 1, 1964, or the spouse of the former employee of an employer who becomes a participating employer if the employee or spouse:

1. Is receiving a periodic retirement allowance or survivorship benefit from a State or locally administered retirement system;

2. Was insured under a group medical insurance plan of the employer immediately prior to the date the employer became a participating employer; and

3. Elects to enroll in the State Health Benefits Program at the time the employer becomes a participating employer.

(f) The definition of "retired employee" shall include an employee who is eligible for continuation of coverage in the program at the time of retirement who terminates coverage at that time because he or she is covered as a dependent of another covered employee or as an active employee and who applies for continuation of coverage within a reasonable time after termination of coverage as a dependent or active employee.

(g) The definition of "retired employee" shall not include an employee who on cessation of employment, elects a vested, deferred retirement benefit under which payments begin at a future date.

(h) The employer liability for charge payments on behalf of eligible retired employees which includes those employees who are eligible to receive long-term disability benefits is payable in accordance with the provisions of N.J.S.A. 52:14–17.32 and 17.38.

As amended, R.1973 d.8, eff. Jan. 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1978 d.130, eff. April 8, 1978.
See: 9 N.J.R. 600(a), 10 N.J.R. 265(a).
As amended, R.1978 d.442, eff. December 26, 1978.
See: 10 N.J.R. 456(a), 11 N.J.R. 105(b).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premium" was changed to "charge" and reference to female employees was added.
Amended by R.1985 d.676, effective January 21, 1986.
See: 17 N.J.R. 2386(a), 18 N.J.R. 212(b).
New (e) added; old (e)-(f) recodified (f)-(g).
Amended by R.1986 d.423, effective October 20, 1986.
See: 18 N.J.R. 1451(b), 18 N.J.R. 2135(c).
Added text to (a) "This retired employee ... of such employer", deleted text from (b) "and immediately applies ... system or plan".
Amended by R.1987 d.497, effective December 7, 1987.
See: 19 N.J.R. 1636(b), 19 N.J.R. 2303(b).
Substantially amended.
Amended by R.1988 d.470, effective October 3, 1988.
See: 20 N.J.R. 1182(a), 20 N.J.R. 2467(b).
Deleted "covered" from (a) and added "eligible for coverage ... participate under P.L. 1987, c.384".

17:9–6.2 Coverage for prospective retirants

(a) For purposes of retired coverage, continuity of coverage may be extended until such time as the application for retirement is formally approved by the Board of Trustees of the retirement system paying the benefit or by the carrier underwriting the individual annuity contracts.

1. If it is not necessary for a Board of Trustees to approve the application, then the retirement application will be considered approved when the necessary action has been taken by the Division of Pensions, the local retirement system, or the carrier.

2. The retiring employee or eligible dependent of a retired employee must submit personal payments to the Health Benefits program in order to continue coverage.

3. Should coverage lapse through no fault of the retired employee of his or her spouse who would be eligible to continue such coverage, retroactive coverage may be granted, provided charges are received.

(b) Any employee, upon retirement, or an eligible survivor of such employee will be notified by regular mail of his or her right to continuous coverage in the State Health Benefits Program. The retired employee or eligible survivor must, within a 15–day period following the receipt of the letter offering retired coverage, submit the appropriate application and charges for such coverage, if required. Any retired employee or eligible survivor not responding within the 15–day period shall receive a second notice by certified mail.

As amended, R.1973 d.8, eff. Jan. 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges" and "his" to "his or her".
Amended by R.1985 d.677, effective January 21, 1986.
See: 17 N.J.R. 2604(a), 18 N.J.R. 213(a).
Text added in (b) "Any retired employee ... by certified mail."

17:9–6.3 Retired coverage; limitation

(a) For purposes of retired coverage, coverage may be increased to include a spouse and dependents acquired subsequent to the date of retirement. In all other instances, coverage cannot be increased.

(b) Pensioners, whose original retirement allowance or pension is less than the charge to be deducted to pay for the cost of the coverage to such pensioner, will be permitted to continue coverage provided that the pensioner pays for the cost of such coverage in advance on a quarterly basis, in which case there will be no pension deduction.

(c) If the pensioner moves and is no longer able to be serviced by a health maintenance organization or the organization is terminated, the pensioner will have a 30–day period for the selection of coverage under another participating organization or the traditional coverage.

(d) A pensioner and/or spouse, who has maintained coverage in the State Health Benefits Program following retirement and is subsequently removed from such coverage for not having the complete Federal Medicare coverage Parts A and B as required by statute, will be permitted to obtain prospective reentry into the State Health Benefits Program once proof of complete Federal Medicare coverage Part A and B has been provided to the Division of Pensions.

(e) Coverage for a retired employee or the spouse of a retired employee of an employer who becomes a participating employer in the State Health Benefits Program shall be limited to that which is comparable to the coverage which the employer or spouse had under the group medical insurance plan of the employer immediately prior to the date the employer became a participating employer.

As amended, R.1975 d.159, effective June 9, 1975.
See: 7 N.J.R. 118(e), 7 N.J.R. 349(b).
As amended, R.1976 d.313, effective October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).
As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
Subsection (d) concerning prospective reentry into the State Health Benefits Program, added.
Amended by R.1985 d.165, effective April 1, 1985.
See: 16 N.J.R. 3192(b), 17 N.J.R. 841(a).
(a)-(b) substantially amended.
Amended by R.1985 d.676, effective January 21, 1986.
See: 17 N.J.R. 2386(a), 18 N.J.R. 212(b).
(e) added.

Case Notes

Retiree who elected not to participate in state health plan at time he retired could not later enroll. Driller v. State Health Benefits Commission. 93 N.J.A.R.2d (TYP) 16.

17:9–6.4 Disability earnings

A retirant, whose disability retirement allowance has been suspended as his or her income exceeded the limits established by law, shall have his or her health insurance terminated upon the suspension of his or her allowance. Upon the reinstatement of the individual's allowance, his or her coverage will resume on a prospective basis only. However, where the employer is liable for the charge payment, the coverage shall be continued without interruption.

R.1976 d.313, eff. October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
Reference to premiums was changed to charges and reference to female employees added.

17:9–6.5 Discontinuance of allowance

When a retirant, beneficiary or their designated representative fails to furnish information which results in the discontinuance of the allowance, the retirant's or beneficiary's coverage may be terminated upon such discontinuance. However, where the employer is liable for the charge payment, the coverage shall be continued without interruption. Upon the reinstatement of the individual's retirement allowance, his or her health insurance will be resumed and may be made retroactive. The same applies whenever an allowance is discontinued such as in cases involving possible incompetency, change of guardian or other arrangements which may temporarily cause the suspension of the payment.

R.1976 d.313, eff. October 8, 1976.
See: 8 N.J.R. 443(c), 8 N.J.R. 539(a).

As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premium" was changed to "charge" and "his" to "his or her".

17:9–6.6 Beneficiary, dependent or survivor

(a) An eligible beneficiary or survivor will have their coverage discontinued upon the death of the retirant but will be given the opportunity to continue coverage on a prospective basis only, once they have filed proper applications for pensions. Coverage may be made retroactive for as much as six months provided the necessary charges are paid. Any request for retroactive coverage in excess of six months shall be submitted to the secretary.

(b) An eligible dependent, who is not the recipient of any monthly retirement benefit from a State-administered retirement system upon the death of the retired member, will be offered the opportunity to continue participation in the State Health Benefits Program subsequent to the death of the retired member. The coverage will be no greater than the coverage that was in effect at the time of the retired member's death and will be limited to only those dependents covered at the time of the member's death. The Division of Pensions will bill the appropriate dependent at the group rate then in effect for such coverage on a quarterly calendar basis.

R.1976 d.313, eff. October 8, 1976.
See: 8 N.J.R. 443(a), 8 N.J.R. 539(a).
As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premium" was changed to "charge".
Amended by R.1986 d.424, effective October 20, 1986.
See: 18 N.J.R. 1452(a), 18 N.J.R. 2135(d).
(b) added.

17:9–6.7 Coverage for PFRS and SPRS accidental death benefit recipients

(a) For the purposes of this section, "eligible person" means the widow or widower and child, as defined in N.J.S.A. 43:16A–1, of a member of the Police and Firemen's Retirement System, to or for whom an accidental death benefit is payable under N.J.S.A. 43:16A–10, and the surviving spouse and child, as defined in N.J.S.A. 53:5A–3, of a member of the State Police Retirement System, to or for whom an accidental death benefit is payable under N.J.S.A. 53:5A–14.

(b) An eligible person may participate in the State Health Benefits Program regardless of whether the member's employer is a participating employer. The premiums for the coverage shall be paid by the State of New Jersey, as provided in P.L. 1989, c.271.

(c) Persons eligible to participate in the program under this section shall participate in the retiree group. If there is a widow or widower, or surviving spouse, eligible children shall participate as dependents of the widow or widower, or surviving spouse. If there is no widow or widower, or surviving spouse, eligible children shall participate as members of the program, and their eligibility to participate shall continue as long as they qualify as children under the laws governing the retirement system of the deceased member.

(d) An eligible person, as defined in (a) above, shall be eligible for coverage under the program as of February 1, 1990, or the effective date for an accidental death benefit under the retirement system of the deceased member, whichever is later. An eligible person shall receive a refund for premiums paid for health insurance coverage comparable to that provided under the program for the period from the date of eligibility for coverage under this section and the effective date of enrollment, but the refund shall not exceed the cost of the coverage under the program. An eligible person who is covered under Part B of the Federal Medicare program shall receive a refund for the amount paid for Part B. While an application for an accidental death benefit is pending, an eligible person enrolled in the program may continue coverage on a direct payment basis. If an accidental death benefit is granted, the eligible person shall receive a refund of the payments made.

New Rule, R.1990 d.481, effective October 1, 1990.
See: 22 N.J.R. 1903(b), 22 N.J.R. 3158(c).

SUBCHAPTER 7. TERMINATION

17:9–7.1 Termination effective date

Cessation of active full-time employment shall be deemed to occur on the last day of the coverage period for which charges have been paid.

As amended, R.1983 d.44, eff. March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges".

17:9–7.2 Termination conversion rights; effective dates

(a) The coverage of an employee and such employee's dependents shall be terminated; subject to the conversion rights, whenever such employee's eligibility shall cease for any of the reasons given in subsection (c) of this section.

(b) The effective date of termination shall be the last day of the coverage period corresponding to the payroll period or month in which the last payroll deduction was made from the employee's salary for the coverage of dependents, if any are required, or the last charge shall have been paid by the State for the employee's and/or his or her dependents' coverage or by the local employer for the employee and/or his or her dependents, as the case may be.

(c) The reasons for the termination of eligibility are as follows:

1. Leave of absence without pay: The coverage of an eligible employee and of an employee's dependents during any period of authorized leave of absence without pay shall terminate on the last day of the second coverage period following the last payroll period or month for which the employee received a salary payment; except that coverage of such employee and such employee's dependents may be continued by such employee, provided that the employee shall pay in advance the total charge required for the employee's coverage and coverage of the employee's dependents during such period of authorized leave of absence without pay; provided that no period of continued coverage, as provided above, shall exceed a total of 20 biweekly payroll periods, or nine months, during which the employee receives no pay.

2. Change to part-time status. In the event that an employee's active full-time employment shall cease and employee shall become a "part-time" employee, such employee's coverage, and the coverage of such employee's dependents, shall be terminated.

3. An employee whose coverage terminated as a result of a change from full-time to part-time status cannot be reenrolled until he or she has reestablished his or her eligibility for coverage by serving the normal waiting period prescribed for new enrollees. In no event will the waiting period include any part-time service rendered by the employee.

4. The coverage of an employee whose eligibility has ceased because of his or her resignation, temporary layoff, separation through a reduction in force, or any other reason, and the coverage of his or her dependents shall be terminated subject to the conversion rights.

5. An employee, who has an award pending, or who received an award of periodic benefits under Workers' Compensation, may continue his or her coverage and the coverage of his or her dependents, provided that the employee shall pay to his or her employer in advance that portion, if any, of the charges due from the employees to continue the coverage under his or her existing coverage.

6. A retired employee or surviving spouse who voluntarily discontinues coverage because of a return to covered public employment, may reenroll in the State Health Benefits Program upon termination of the covered public employment.

As amended, R.1973 d.8, effective January 4, 1973.
See: 4 N.J.R. 282(a), 5 N.J.R. 59(b).
As amended, R.1979 d.261, effective July 3, 1979.
See: 11 N.J.R. 208(b), 11 N.J.R. 415(a).
As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
The word "premiums" was changed to "charges" and "his" to "his or her".
Amended by R.1989 d.336, effective July 3, 1989.
See: 21 N.J.R. 886(b), 21 N.J.R. 1836(b).
Reenrollment provisions added at (c)6.

Cross References

See sections 4.2 (State; full-time defined) and 4.6 (Local; full-time defined) of this chapter in reference to the limited continuation of coverage while on sabbaticals.

17:9–7.3 Termination; Basic Benefits

The Basic Benefits coverage of an employee, and an employee's dependents, may be continued after termination of coverage under this group for any reason except voluntary termination, on a direct remittance basis under Left Group Coverage, as provided in the Commission's Master Contract or Contract.

17:9–7.4 Voluntary termination

An employee may elect voluntarily to terminate his or her coverage or coverage for his or her dependents at any time, but termination of the employee's own coverage shall automatically terminate the coverage of his or her dependents. Such voluntary termination shall be effected by written notice thereof to the Health Benefits Bureau by use of the enrollment and authorization form. Termination notices for employees enrolled in an HMO will be sent, directly to the HMO by the employer.

As amended, R.1978 d.442, effective December 26, 1978.
See: 10 N.J.R. 456(a), 11 N.J.R. 105(b).
As amended, R.1983 d.44, effective March 7, 1983.
See: 14 N.J.R. 1293(b), 15 N.J.R. 343(b).
Reference to female employees added.

SUBCHAPTER 8. PRESCRIPTION DRUG PROGRAM

Subchapter Historical Note

Subchapter 8, Prescription Drug Program, was formerly codified at 17:1–10 and was filed and became effective on April 7, 1977 as R.1977 d.117. See: 9 N.J.R. 142(c), 9 N.J.R. 243(a).

17:9–8.1 State Prescription Drug Program comparable to State Health Benefits Program

In accordance with the guidelines issued by the State Health Benefits Commission under terms of Chapter 12, Public Law 1975, and as those guidelines establish eligibility for coverage, the opportunity for an annual enrollment period, continuation of coverage during a leave of absence without pay, and circumstances concerning the change in, or the termination of, coverage on a basis identical to that of the State Health Benefit Program as administered by the Commission in accordance with the provisions of Chapter 49, Public Law 1961, as such apply to active State employees, the administration of the State Prescription Drug Program shall in all possible respects be identical to the State Health Benefits Program for such State employees. Any enrollment, application for a change in, or a termination of, coverage in the State Health Benefits Program shall be considered for a comparable result in the State Prescription Drug Program, except for the lack of rights of conversion. The annual enrollment period, or the effective date of coverage in the State Health Benefits Program for State employees shall likewise pertain to the State Prescription Drug Program.

Amended by R.1978 d.98, effective March 15, 1978.
See: 10 N.J.R. 40(a), 10 N.J.R. 175(c).
Recodified from 17:1–10.1 and amended by R.1993 d.268, effective August 2, 1993.
See: 25 N.J.R. 675(b), 25 N.J.R. 3506(b).

Case Notes

Member of state health benefits plan entitled to reimbursement of prescription drug expenses despite proof of loss filed beyond 90 day period. Grosman v. State Health Benefits Commission, 92 N.J.A.R.2d (TYP) 35.

17:9–8.2 Prescription drug cards and booklets

(a) All identification cards shall be issued by the carrier upon initial enrollment or change of coverage. Each issue shall reflect the bargaining unit in which the State employee participates. All cards and booklets will be distributed through the payroll and personnel officers. Requests for the general booklet shall be made to the Division.

(b) Applications for the replacement of cards will be accepted from those certifying a loss of their card, or in the case of divorce or separation, where coverage may be continued to a dependent.

Recodified from 17:1–10.2 and amended by R.1993 d.268, effective August 2, 1993.
See: 25 N.J.R. 675(b), 25 N.J.R. 3506(b).

17:9–8.3 Termination; effective date

(a) The effective date of termination shall be the last day of the coverage period corresponding to the payroll period or month in which the last payroll deduction was made from the employee's salary for the coverage of dependents, if any are required, or the last charge shall have been paid by the State for employee's and/or his or her dependents' coverage or by the local employer for the employee and/or his or her dependents, as the case may be.

(b) Eligibility shall be terminated as follows:

1. In the case of leave of absence without pay, the coverage of an eligible employee and of an employee's dependents during any period of authorized leave of absence without pay shall terminate on the last day of the second coverage period following the last payroll period or month for which the employee received a salary payment; except that coverage of such employee and such employee's dependents may be continued by such employee, provided that the employee shall pay in advance the total charge required for the employee's coverage and coverage of the employee's dependents during such period of authorized leave of absence without pay; provided that no period of continued coverage, as provided above, shall exceed a total of 20 biweekly payroll periods, or nine months, during which the employee receives no pay.

2. In the event that an employee's active full-time employment shall cease and employee shall become a "part-time" employee, such employee's coverage, and the coverage of such employee's dependents, shall be terminated.

3. An employee whose coverage terminated as a result of a change from full-time to part-time status cannot be reenrolled until he or she has reestablished his or her eligibility for coverage by serving the normal waiting period as prescribed for new enrollees. In no event will the waiting period include any part-time service rendered by the employee.

4. The coverage of an employee whose eligibility has ceased because of his or her resignation, temporary layoff, separation through a reduction in force, or any other reason, and the coverage of his or her dependents, shall be terminated.

5. An employee, who has an award pending, or who received an award of periodic benefits under Workers' Compensation, may continue his or her coverage and the coverage of his or her dependents, provided that the employee shall pay to his or her employer in advance that portion, if any, of the charges due from the employees to continue the coverage under his or her existing coverage.

6. Where the otherwise eligible employee elects a voluntary furlough, as authorized by P.L. 1993, c.297, coverage shall continue with the employer paying the costs as if the member were an active employee.

New Rule, R.1993 d.268, effective August 2, 1993.
See: 25 N.J.R. 675(b), 25 N.J.R. 3506(b).
Amended by R.1995 d.3, effective January 3, 1995.
See: 26 N.J.R. 2202(a), 27 N.J.R. 128(a).

SUBCHAPTER 9. DENTAL EXPENSE PROGRAM

Subchapter Historical Note

Subchapter 9, Dental Expense Program, was formerly codified at N.J.A.C. 17:1–11 (Chapter 1) and was filed and became effective on March 15, 1978, as R.1978 d.99. See: 10 N.J.R. 38(b), 10 N.J.R. 175(d). Subchapter 9 was recodified by R.1993 d.268, effective August 2, 1993. See: 25 N.J.R. 675(b), 25 N.J.R. 3506(b).

17:9–9.1 State Dental Expense Program; comparable to State Health Benefits Program

(a) Under terms of Chapter 12, Public Law 1975, eligibility and effective dates of coverage, the advance premium payments, the opportunity for an annual enrollment period, continuation of coverage during a transfer or leave of absence without pay, and circumstances concerning the change in, or the termination of, coverage on a basis identical to that of the State Health Benefits Program as administered by the State Health Benefits Commission in accordance with the provisions of Chapter 49, Public Law 1961, as such applies to active State employees, the administration of the State Dental Expense Program shall in all possible respects be identical to the State Health Benefits Program for such State employees. As the program is voluntary and contributions equal to one half of the premium charge for employees and dependents are prescribed, separate applications will be required for enrollment and for a change in, or a termination of, coverage in the Dental Expense Program. Yet all other matters related to coverage in the State Health Benefits Program shall be considered for a comparable result in the State Dental Expense Program, except for:

1. Lack of rights of conversion;

2. Coverage continued during approved leave of absence without pay of not more than three months (six biweekly pay periods) provided the employee pays the entire premium in advance (employer and employee shares for employees and dependents);

3. Coverage is not continued in the event of death or retirement;

4. A different annual enrollment period; and

5. Employees enrolling at the inception of the plan and new employees enrolling before July 1, 1978 will not be able to voluntarily terminate the coverage until July 1, 1979, while all employees enrolled for coverage to begin in any subsequent year will be required to participate in the plan for a minimum 12–month period. (An employee may change the type of coverage if such results from a change in coverage status or dependency, such as marriage, divorce or separation, death of a spouse or dependent child, return from military leave, when there are no longer any minor children, spouse ceases to be an employee or upon the adoption or appointment of a guardian of dependent children and the application for such change would have to be made in accordance with the regulations governing such change in status or dependency; similarly, the termination date of coverage of the employee and his qualified dependents shall depend upon the termination of his employment or by reason of his ceasing to be in the classes of employees eligible for coverage. His eligibility shall cease because of his resignation, temporary lay-off, separation through a reduction in force, or for any other reason. The effective date of termination shall be the last day of coverage period for which premiums have been paid for the employee and his qualified dependents.)

(b) Where the otherwise eligible employee elects a voluntary furlough, as authorized by P.L. 1993, c.297, coverage shall continue with the employer paying the costs as if the member were an active employee, provided that the employee remits in advance to the employer the amount required, if any, as the employee's contribution for coverage.

Amended by R.1995 d.3, effective January 3, 1995.
See: 26 N.J.R. 2202(a), 27 N.J.R. 128(a).

17:9–9.2 Dental expense cards and booklets

(a) Identification cards will be reissued periodically to assure the validity of coverage. All other cards will be issued by the carrier during the contract year upon the initial enrollment or change of coverage. All cards and booklets will be distributed through the payroll and personnel officers. Upon termination of employment or coverage, payroll and personnel officers shall make every effort to obtain a return of the identification card.

(b) Applications for the replacement of cards will be accepted from those certifying a loss of their card or, in the case of divorce or separation, where coverage may be continued to a qualified dependent.

17:9–9.3 Enrollment charges

Each eligible employee who enrolls for coverage shall be required to authorize the taking of deductions in order to pay one half of the premium charges for himself and his qualified dependents.

17:9–9.4 Enrollment forms

At a time each employee first becomes eligible for coverage, he may complete enrollment and authorization forms indicating his election to enroll for coverage on his own behalf and on behalf of his qualified dependents under one of the options to be provided in the master contract. In the absence of any authorization for payroll deductions coverage cannot be extended.

17:9–9.5 Annual enrollment period

Any employee who shall elect not to enroll for coverage for himself or for his qualified dependents at the time such employee or dependent first becomes eligible for coverage shall subsequently be permitted to enroll himself and his dependents only during the annual enrollment period, which is the month of May of each year with coverage effective for the first coverage period in October, except that there will be no such annual enrollment period in 1978, the first year in which the program is established.

17:9–9.6 Waiting period

There shall be a two-month (four biweekly pay periods) waiting period before coverage can begin on behalf of employees who have applied for themselves and their qualified dependents. In addition to such two-month waiting period, there shall be an additional eight-month waiting period before participants will be eligible for orthodontic benefits. Credit for qualified State service immediately preceding their election to participate at the inception of the plan or during any annual enrollment period can be counted towards establishing the 10 months or more of continuous service required for orthodontics. Otherwise, all other benefits will be available and such participants will become eligible for orthodontics as soon as 10 months of continuous qualified State service has been accumulated.

17:9–9.7 Covered expenses

While the master contract contains the specific provisions for services to be covered and those which are excluded, with the necessary limitations pertaining to different types of services, essentially the State Dental Expense Program will provide for the reimbursement of 80 percent of the usual, customary, and reasonable charges for diagnostic, prophylaxis, restorative, palliative, endodontic, oral surgical, and orthodontic procedures performed by licensed dentists (or dental hygienists), allowing for a $25.00 annual deductible per eligible member with a $75.00 maximum family deduct-

ible (three deductibles). Among other limitations, orthodontics is delimited to the correction of bite problems, caused by the malformation of tooth or bone structure, for covered persons who have not reached their 19th birthdate with a maximum of $800.00, including charges for diagnosis and active and retention treatment.

17:9–9.8 Premiums and coverage; 10–month employees

State employees hired as of September 1 under a 10–month contract shall have premiums deducted from the wages they receive in September to establish their coverage as of the beginning date of their employment. In the last month (June) of the employees' year of employment, premiums will be deducted to continue their coverage during the months of July and August provided their employment is to resume in September.

17:9–9.9 (Reserved)

R.1980 d.63, effective February 5, 1980
See: 12 N.J.R. 52(d), 12 N.J.R. 163(a).
Amended by R.1980 d.487, effective November 5, 1980.
See: 12 N.J.R. 614(a), 12 N.J.R. 729(a).
Section was "Dependents; extension of coverage".