

Chapter 375, P.L. 2005
(Enacted January 12, 2006)

[Fourth Reprint]
ASSEMBLY, No. 3759

**STATE OF NEW
JERSEY**
211th LEGISLATURE

INTRODUCED FEBRUARY 7, 2005

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman LORETTA WEINBERG

District 37 (Bergen)

Assemblyman PATRICK DIEGNAN, JR.

District 18 (Middlesex)

Co-Sponsored by:

Assemblymen Manzo, Chivukula, Russo, Scalera,

Gordon, Wisniewski, Caraballo, Assemblywoman

Stender, Assemblyman Prieto, Assemblywomen

Watson Coleman, Quigley, Assemblyman Gusciora,

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**Assemblywoman Cruz-Perez, Senators Gill, Vitale
and Buono**

SYNOPSIS

Requires health insurers and SHBP providing dependent coverage to provide for election of coverage by certain dependents until their 30th birthday.

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee on December 5, 2005, with amendments.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly floor amendments adopted February 24, 2005.

² Assembly floor amendments adopted May 16, 2005.

³ Assembly floor amendments adopted June 20, 2005.

⁴ Senate SCM committee amendments adopted December 5, 2005.

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(Sponsorship Updated As Of: 1/6/2006)

AN ACT concerning ⁴[extended]⁴ health ⁴[benefits] insurance⁴ coverage for certain dependents and supplementing various parts of the statutory law.

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

1. ⁴[An individual or group] a. As used in this section, "dependent" means a subscriber's child by blood or by law who:

(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b. (1) ⁴A ⁴hospital service corporation contract that provides ⁴[hospital or medical expense benefits that] coverage for a subscriber's dependent under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday, and⁴ is delivered, issued, executed or renewed in this State pursuant to P.L.1938, c.366 (C.17:48-1 et seq.), or approved for issuance or renewal in this State by the Commissioner of Banking and Insurance on or after the effective date of this ¹[act] section¹, ⁴[under which coverage of a dependent terminates at a specified

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age,]⁴ shall, ⁴[at the option of the insured, continue to] upon application of the dependent as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a] the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified] specific⁴ age, ⁴[provided that the dependent is under the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her own ¹and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the dependent's 30th birthday.

(2) Nothing herein shall be construed to require:

(a) coverage for services provided to a dependent before the effective date of this section; or

(b) that an employer pay all or part of the cost of coverage for a dependent as provided pursuant to this section⁴ .

⁴[An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹ . ²The hospital service corporation may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The hospital service corporation may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to

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be offered by the hospital service corporation pursuant to this section², which additional premium and service charge shall be paid by payroll deduction if the insured currently pays the premium contribution by payroll deduction. If the hospital service corporation does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the same basis and for the same service charge as for any other covered dependent. If the hospital service corporation assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the hospital service corporation shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their dependents²] The hospital service corporation may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the

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premium for an insured who elects coverage for a dependent pursuant to this section^{3]}

c. (1) A dependent covered by a subscriber's contract, which coverage under the contract terminates at a specific age before the dependent's 30th birthday, may make a written election for coverage as a dependent pursuant to this section, until the dependent's 30th birthday:

(a) within 30 days prior to the termination of coverage at the specific age provided in the contract;

(b) within 30 days after meeting the requirements for dependent status as set forth in subsection a. of this section, when coverage for the dependent under the contract previously terminated; or

(c) during an open enrollment period, as provided pursuant to the contract, if the dependent meets the requirements for dependent status as set forth in subsection a. of this section during the open enrollment period.

(2) For 12 months after the effective date of this section, a dependent who qualifies for dependent status as set forth in subsection a. of this section, but whose coverage as a dependent under a subscriber's contract terminated under the terms of the contract prior to the effective date of this section, may make a written election to reinstate coverage under that contract as a dependent pursuant to this section.

d. (1) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall consist of coverage which is identical to the coverage provided to that dependent prior to the termination of coverage at the specific age provided in the contract. If coverage is modified under the contract for any similarly situated dependents for coverage prior to the termination of coverage at the specific age provided in the contract, the coverage shall also be modified in the same manner for the dependent.

(2) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall not be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

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e. (1) The subscriber's contract may require payment of a premium by the subscriber or dependent, as appropriate, subject to the approval of the Commissioner of Banking and Insurance, for any period of coverage relating to a dependent's written election for coverage pursuant to subsection c. of this section. The payment shall not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the contract prior to the termination of coverage at the specific age provided in the contract.

(2) The applicable portion of the premium previously paid for the dependent's coverage under the contract shall be determined pursuant to regulations promulgated by the Commissioner of Banking and Insurance, based upon the difference between the contract's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage, or based upon any other formula or dependent rating tier deemed appropriate by the commissioner which provides a substantially similar result.

(3) Payments of the premium may, at the election of the payor, be made in monthly installments.

f. Coverage for a dependent provided pursuant to this section shall be provided until the earlier of the following:

(1) the dependent is disqualified for dependent status as set forth in subsection a. of this section;

(2) the date on which coverage ceases under the contract by reason of a failure to make a timely payment of any premium required under the contract by the subscriber or dependent for coverage provided pursuant to this section. The payment of any premium shall be considered to be timely if made within 30 days after the due date or within a longer period as may be provided for by the contract; or

(3) the date upon which the employer under whose contract coverage is provided to a dependent ceases to provide coverage to the subscriber.

Nothing herein shall be construed to permit a hospital service corporation to refuse a written election for coverage by a dependent pursuant to subsection c. of this section, based upon the dependent's prior disqualification pursuant to paragraph (1) of this subsection.

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g. Notice regarding coverage for a dependent as provided pursuant to this section shall be provided to a subscriber:

(1) in the certificate of coverage prepared for subscribers by the hospital service corporation on or about the date of commencement of coverage; and

(2) by the subscriber's employer:

(a) on or before the coverage of a subscriber's dependent terminates at the specific age as provided in the contract;

(b) at the time coverage of the dependent is no longer provided pursuant to this section because the dependent is disqualified for dependent status as set forth in subsection a. of this section, except this employer notice shall not be required when a dependent no longer qualifies based upon paragraphs (1) or (3) of subsection a. of this section;

(c) before any open enrollment period permitting a dependent to make a written election for coverage pursuant to subsection c. of this section; and

(d) immediately following the effective date of this section, with respect to information concerning a dependent's opportunity, for 12 months after the effective date of the section, to make a written election to reinstate coverage under a contract pursuant to paragraph (2) of subsection c. of this section⁴.

⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all] those⁴ contracts in which the hospital service corporation has reserved the right to change the premium.

2. ⁴[An individual or group] a. As used in this section, "dependent" means a subscriber's child by blood or by law who:

(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health

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benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b. (1) A⁴ medical service corporation contract that provides⁴ [hospital or medical expense benefits that] coverage for a subscriber's dependent under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday, and⁴ is delivered, issued, executed or renewed in this State pursuant to P.L.1940, c.74 (C.17:48A-1 et seq.), or approved for issuance or renewal in this State by the Commissioner of Banking and Insurance on or after the effective date of this¹ [act] section¹,⁴ [under which coverage of a dependent terminates at a specified age,]⁴ shall,⁴ [at the option of the insured, continue to] upon application of the dependent as set forth in subsection c. of this section,⁴ provide coverage to⁴ [a] the⁴ dependent⁴ [of the insured beyond] after⁴ that⁴ [specified] specific⁴ age,⁴ [provided that the dependent is under the age of 30¹ [and],¹ ²is a resident of the State,² has no dependent of his or her own¹ and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.)² or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the dependent's 30th birthday.

(2) Nothing herein shall be construed to require:

(a) coverage for services provided to a dependent before the effective date of this section; or

(b) that an employer pay all or part of the cost of coverage for a dependent as provided pursuant to this section⁴.

⁴[An insured may exercise this option for coverage of a dependent eligible pursuant to this section² within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹.² The medical service corporation may require as a condition of providing this coverage

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that the insured elect the coverage for the dependent for a period of at least one year.²

³[The medical service corporation may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to be offered by the medical service corporation pursuant to this section², which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the medical service corporation does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the same basis and for the same service charge as for any other covered dependent. If the medical service corporation assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the medical service corporation shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premiums for coverage of other insureds or their dependents²] The medical service corporation may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section³

c. (1) A dependent covered by a subscriber's contract, which coverage

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under the contract terminates at a specific age before the dependent's 30th birthday, may make a written election for coverage as a dependent pursuant to this section, until the dependent's 30th birthday:

(a) within 30 days prior to the termination of coverage at the specific age provided in the contract;

(b) within 30 days after meeting the requirements for dependent status as set forth in subsection a. of this section, when coverage for the dependent under the contract previously terminated; or

(c) during an open enrollment period, as provided pursuant to the contract, if the dependent meets the requirements for dependent status as set forth in subsection a. of this section during the open enrollment period.

(2) For 12 months after the effective date of this section, a dependent who qualifies for dependent status as set forth in subsection a. of this section, but whose coverage as a dependent under a subscriber's contract terminated under the terms of the contract prior to the effective date of this section, may make a written election to reinstate coverage under that contract as a dependent pursuant to this section.

d. (1) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall consist of coverage which is identical to the coverage provided to that dependent prior to the termination of coverage at the specific age provided in the contract. If coverage is modified under the contract for any similarly situated dependents for coverage prior to the termination of coverage at the specific age provided in the contract, the coverage shall also be modified in the same manner for the dependent.

(2) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall not be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

e. (1) The subscriber's contract may require payment of a premium by the subscriber or dependent, as appropriate, subject to the approval of the Commissioner of Banking and Insurance, for any period of coverage relating to a dependent's written election for coverage pursuant to subsection c. of this section. The premium shall not exceed 102% of the

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applicable portion of the premium previously paid for that dependent's coverage under the contract prior to the termination of coverage at the specific age provided in the contract.

(2) The applicable portion of the premium previously paid for the dependent's coverage under the contract shall be determined pursuant to regulations promulgated by the Commissioner of Banking and Insurance, based upon the difference between the contract's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage, or based upon any other formula or dependent rating tier deemed appropriate by the commissioner which provides a substantially similar result.

(3) Payments of the premium may, at the election of the payor, be made in monthly installments.

f. Coverage for a dependent provided pursuant to this section shall be provided until the earlier of the following:

(1) the dependent is disqualified for dependent status as set forth in subsection a. of this section;

(2) the date on which coverage ceases under the contract by reason of a failure to make a timely payment of any premium required under the contract by the subscriber or dependent for coverage provided pursuant to this section. The payment of any premium shall be considered to be timely if made within 30 days after the due date or within a longer period as may be provided for by the contract; or

(3) the date upon which the employer under whose contract coverage is provided to a dependent ceases to provide coverage to the subscriber.

Nothing herein shall be construed to permit a medical service corporation to refuse a written election for coverage by a dependent pursuant to subsection c. of this section, based upon the dependent's prior disqualification pursuant to paragraph (1) of this subsection.

g. Notice regarding coverage for a dependent as provided pursuant to this section shall be provided to a subscriber:

(1) in the certificate of coverage prepared for subscribers by the medical service corporation on or about the date of commencement of coverage; and

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(2) by the subscriber's employer:

(a) on or before the coverage of a subscriber's dependent terminates at the specific age as provided in the contract;

(b) at the time coverage of the dependent is no longer provided pursuant to this section because the dependent is disqualified for dependent status as set forth in subsection a. of this section, except this employer notice shall not be required when a dependent no longer qualifies based upon paragraphs (1) or (3) of subsection a. of this section;

(c) before any open enrollment period permitting a dependent to make a written election for coverage pursuant to subsection c. of this section;
and

(d) immediately following the effective date of this section, with respect to information concerning a dependent's opportunity, for 12 months after the effective date of the section, to make a written election to reinstate coverage under a contract pursuant to paragraph (2) of subsection c. of this section⁴.

⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all] those⁴ contracts in which the medical service corporation has reserved the right to change the premium.

3. ⁴[An individual or group] a. As used in this section, "dependent" means a subscriber's child by blood or by law who:

(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b. (1) A⁴ health service corporation contract that provides ⁴[hospital or medical expense benefits that] coverage for a subscriber's dependent

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under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday, and⁴ is delivered, issued, executed or renewed in this State pursuant to P.L.1985, c.236 (C.17:48E-1 et seq.), or approved for issuance or renewal in this State by the Commissioner of Banking and Insurance on or after the effective date of this ¹[act] section¹, ⁴[under which coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the option of the insured, continue to] upon application of the dependent as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a] the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified] specific⁴ age, ⁴[provided that the dependent is under the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her own ¹and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.)² or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the dependent's 30th birthday.

(2) Nothing herein shall be construed to require:

(a) coverage for services provided to a dependent before the effective date of this section; or

(b) that an employer pay all or part of the cost of coverage for a dependent as provided pursuant to this section⁴ .

⁴[An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹. ²The health service corporation may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The health service corporation may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to

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be offered by the health service corporation pursuant to this section², which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the health service corporation does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the same basis and for the same service charge as for any other covered dependent. If the health service corporation assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the health service corporation shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their dependents²] The health service corporation may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section³]

c. (1) A dependent covered by a subscriber's contract, which coverage under the contract terminates at a specific age before the dependent's 30th birthday, may make a written election for coverage as a dependent pursuant to this section, until the dependent's 30th birthday:

(a) within 30 days prior to the termination of coverage at the specific age provided in the contract;

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(b) within 30 days after meeting the requirements for dependent status as set forth in subsection a. of this section, when coverage for the dependent under the contract previously terminated; or

(c) during an open enrollment period, as provided pursuant to the contract, if the dependent meets the requirements for dependent status as set forth in subsection a. of this section during the open enrollment period.

(2) For 12 months after the effective date of this section, a dependent who qualifies for dependent status as set forth in subsection a. of this section, but whose coverage as a dependent under a subscriber's contract terminated under the terms of the contract prior to the effective date of this section, may make a written election to reinstate coverage under that contract as a dependent pursuant to this section.

d. (1) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall consist of coverage which is identical to the coverage provided to that dependent prior to the termination of coverage at the specific age provided in the contract. If coverage is modified under the contract for any similarly situated dependents for coverage prior to the termination of coverage at the specific age provided in the contract, the coverage shall also be modified in the same manner for the dependent.

(2) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall not be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

e. (1) The subscriber's contract may require payment of a premium by the subscriber or dependent, as appropriate, subject to the approval of the Commissioner of Banking and Insurance, for any period of coverage relating to a dependent's written election for coverage pursuant to subsection c. of this section. The premium shall not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the contract prior to the termination of coverage at the specific age provided in the contract.

(2) The applicable portion of the premium previously paid for the dependent's coverage under the contract shall be determined pursuant to

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regulations promulgated by the Commissioner of Banking and Insurance, based upon the difference between the contract's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage, or based upon any other formula or dependent rating tier deemed appropriate by the commissioner which provides a substantially similar result.

(3) Payments of the premium may, at the election of the payor, be made in monthly installments.

f. Coverage for a dependent provided pursuant to this section shall be provided until the earlier of the following:

(1) the dependent is disqualified for dependent status as set forth in subsection a. of this section;

(2) the date on which coverage ceases under the contract by reason of a failure to make a timely payment of any premium required under the contract by the subscriber or dependent for coverage provided pursuant to this section. The payment of any premium shall be considered to be timely if made within 30 days after the due date or within a longer period as may be provided for by the contract; or

(3) the date upon which the employer under whose contract coverage is provided to a dependent ceases to provide coverage to the subscriber.

Nothing herein shall be construed to permit a health service corporation to refuse a written election for coverage by a dependent pursuant to subsection c. of this section, based upon the dependent's prior disqualification pursuant to paragraph (1) of this subsection.

g. Notice regarding coverage for a dependent as provided pursuant to this section shall be provided to a subscriber:

(1) in the certificate of coverage prepared for subscribers by the health service corporation on or about the date of commencement of coverage; and

(2) by the subscriber's employer:

(a) on or before the coverage of a subscriber's dependent terminates at the specific age as provided in the contract;

(b) at the time coverage of the dependent is no longer provided pursuant to this section because the dependent is disqualified for

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dependent status as set forth in subsection a. of this section, except this employer notice shall not be required when a dependent no longer qualifies based upon paragraphs (1) or (3) of subsection a. of this section;

(c) before any open enrollment period permitting a dependent to make a written election for coverage pursuant to subsection c. of this section;
and

(d) immediately following the effective date of this section, with respect to information concerning a dependent's opportunity, for 12 months after the effective date of the section, to make a written election to reinstate coverage under a contract pursuant to paragraph (2) of subsection c. of this section⁴.

⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all] those⁴ contracts in which the health service corporation has reserved the right to change the premium.

⁴[4. An individual health insurance policy that provides hospital or medical expense benefits that is delivered, issued, executed or renewed in this State pursuant to chapter 26 of Title 17B of the New Jersey Statutes, or approved for issuance or renewal in this State by the Commissioner of Banking and Insurance on or after the effective date of this ¹[act] section, under which coverage of a dependent terminates at a specified age,¹ shall, at the option of the insured, continue to provide coverage to a dependent of the insured beyond that specified age, provided that the dependent is under the age of 30 ¹[and], ¹ ²is a resident of the State,² has no dependent of his or her own ¹and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)².

An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment

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and loss of group health coverage with the terminating employer¹. ²The insurer may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The insurer may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to be offered by the insurer pursuant to this section ², which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the insurer does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the same basis and for the same service charge as for any other covered dependent. If the insurer assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the insurer shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their dependents²] The insurer may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section³.

The provisions of this section shall apply to all policies in which the

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insurer has reserved the right to change the premium.]⁴

⁴[5.] 4. a. As used in this section, "dependent" means an insured's child by blood or by law who:

(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b. (1)⁴ A group health insurance policy that provides ⁴[hospital or medical expense benefits that] coverage for an insured's dependent under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday, and⁴ is delivered, issued, executed or renewed in this State pursuant to chapter 27 of Title 17B of the New Jersey Statutes, or approved for issuance or renewal in this State by the Commissioner of Banking and Insurance on or after the effective date of this ¹[act] section¹, ⁴[under which coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the option of the insured, continue to] upon application of the dependent as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a] the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified] specific⁴ age, ⁴[provided that the dependent is under the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her own ¹and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the dependent's 30th birthday.

(2) Nothing herein shall be construed to require:

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(a) coverage for services provided to a dependent before the effective date of this section; or

(b) that an employer pay all or part of the cost of coverage for a dependent as provided pursuant to this section⁴ .

⁴[An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹ . ²The insurer may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The insurer may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to be offered by the insurer pursuant to this section ²,which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the insurer does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the same basis and for the same service charge as for any other covered dependent. If the insurer assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the insurer shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their dependents²] The insurer may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for

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coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section^{3]}

c. (1) A dependent covered by an insured's policy, which coverage under the policy terminates at a specific age before the dependent's 30th birthday, may make a written election for coverage as a dependent pursuant to this section, until the dependent's 30th birthday:

(a) within 30 days prior to the termination of coverage at the specific age provided in the policy;

(b) within 30 days after meeting the requirements for dependent status as set forth in subsection a. of this section, when coverage for the dependent under the policy previously terminated; or

(c) during an open enrollment period, as provided pursuant to the policy, if the dependent meets the requirements for dependent status as set forth in subsection a. of this section during the open enrollment period.

(2) For 12 months after the effective date of this section, a dependent who qualifies for dependent status as set forth in subsection a. of this section, but whose coverage as a dependent under an insured's policy terminated under the terms of the policy prior to the effective date of this section, may make a written election to reinstate coverage under that policy as a dependent pursuant to this section.

d. (1) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall consist of coverage which is identical to the coverage provided to that dependent prior to the termination of coverage at the specific age provided in the policy. If coverage is modified under the policy for any similarly situated dependents for coverage prior to the termination of coverage at the specific age provided in the policy, the coverage shall also be modified in

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the same manner for the dependent.

(2) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall not be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

e. (1) The insured's policy may require payment of a premium by the insured or dependent, as appropriate, subject to the approval of the Commissioner of Banking and Insurance, for any period of coverage relating to a dependent's written election for coverage pursuant to subsection c. of this section. The premium shall not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the policy prior to the termination of coverage at the specific age provided in the policy.

(2) The applicable portion of the premium previously paid for the dependent's coverage under the policy shall be determined pursuant to regulations promulgated by the Commissioner of Banking and Insurance, based upon the difference between the policy's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage, or based upon any other formula or dependent rating tier deemed appropriate by the commissioner which provides a substantially similar result.

(3) Payments of the premium may, at the election of the payor, be made in monthly installments.

f. Coverage for a dependent provided pursuant to this section shall be provided until the earlier of the following:

(1) the dependent is disqualified for dependent status as set forth in subsection a. of this section;

(2) the date on which coverage ceases under the policy by reason of a failure to make a timely payment of any premium required under the policy by the insured or dependent for coverage provided pursuant to this section. The payment of any premium shall be considered to be timely if made within 30 days after the due date or within a longer period as may be provided for by the policy; or

(3) the date upon which the employer under whose policy coverage is provided to a dependent ceases to provide coverage to the insured.

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Nothing herein shall be construed to permit an insurer to refuse a written election for coverage by a dependent pursuant to subsection c. of this section, based upon the dependent's prior disqualification pursuant to paragraph (1) of this subsection.

g. Notice regarding coverage for a dependent as provided pursuant to this section shall be provided to an insured:

(1) in the certificate of coverage prepared for insureds by the insurer on or about the date of commencement of coverage; and

(2) by the insured's employer:

(a) on or before the coverage of an insured's dependent terminates at the specific age as provided in the policy;

(b) at the time coverage of the dependent is no longer provided pursuant to this section because the dependent is disqualified for dependent status as set forth in subsection a. of this section, except this employer notice shall not be required when a dependent no longer qualifies based upon paragraphs (1) or (3) of subsection a. of this section;

(c) before any open enrollment period permitting a dependent to make a written election for coverage pursuant to subsection c. of this section; and

(d) immediately following the effective date of this section, with respect to information concerning a dependent's opportunity, for 12 months after the effective date of the section, to make a written election to reinstate coverage under a policy pursuant to paragraph (2) of subsection c. of this section⁴.

⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all] those⁴ policies in which the insurer has reserved the right to change the premium.

⁴[6. An individual health benefits plan that provides hospital or medical expense benefits that is delivered, issued, executed or renewed in this State pursuant to P.L.1992, c.161 (C.17B:27A-2 et seq.) or approved for issuance or renewal in this State by the Commissioner of Banking and Insurance on or after the effective date of this ¹[act] section¹, under which coverage of a dependent terminates at a specified age, shall, at the option

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of the insured, continue to provide coverage to a dependent of the insured beyond that specified age, provided that the dependent is under the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her own ¹and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.)² or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)² .

An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter, ²only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹ . ²The carrier may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The carrier may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to be offered by the carrier pursuant to this section ²,which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the carrier does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the same basis and for the same service charge as for any other covered dependent. If the carrier assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the carrier shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their

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dependents^{2]} The carrier may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section³.

The provisions of this section shall apply to all individual health benefits plans in which the carrier has reserved the right to change the premium.]⁴

⁴[7.] 5. a. As used in this section, "dependent" means a covered person's child by blood or by law who:

(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b. (1)⁴ A small employer health benefits plan that provides ⁴[hospital or medical expense benefits that] coverage for a covered person's dependent under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday, and⁴ is delivered, issued, executed or renewed in this State pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) or approved for issuance or renewal in this State

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by the Commissioner of Banking and Insurance on or after the effective date of this ¹[act] section¹, ⁴[under which coverage of a dependent terminates at a specified age,]⁴ shall, ⁴[at the option of the insured, continue to] upon application of the dependent as set forth in subsection c. of this section,⁴ provide coverage to ⁴[a] the⁴ dependent ⁴[of the insured beyond] after⁴ that ⁴[specified] specific⁴ age, ⁴[provided that the dependent is under the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her own ¹and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the dependent's 30th birthday.

(2) Nothing herein shall be construed to require:

(a) coverage for services provided to a dependent before the effective date of this section; or

(b) that an employer pay all or part of the cost of coverage for a dependent as provided pursuant to this section⁴ .

⁴[An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹ . ²The carrier may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The carrier may assess the insured an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the insured elects the coverage required to be offered by the carrier pursuant to this section ², which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the carrier does not assess the insured an additional premium, coverage shall be provided to a

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dependent under 30 pursuant to this section on the same basis and for the same service charge as any other covered dependent. If the carrier assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the carrier shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their dependents^{2]} The carrier may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section^{3]}

c. (1) A dependent covered by a covered person's plan, which coverage under the plan terminates at a specific age before the dependent's 30th birthday, may make a written election for coverage as a dependent pursuant to this section, until the dependent's 30th birthday:

(a) within 30 days prior to the termination of coverage at the specific age provided in the plan;

(b) within 30 days after meeting the requirements for dependent status as set forth in subsection a. of this section, when coverage for the dependent under the plan previously terminated; or

(c) during a 30 day period in each year following the year coverage terminates at the specific age as provided in the plan, which period shall begin on the anniversary date on which the dependent's coverage

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terminates at the specific age as provided in the plan, if the dependent meets the requirements for dependent status as set forth in subsection a. of this section during the 30 day period.

(2) For 12 months after the effective date of this section, a dependent who qualifies for dependent status as set forth in subsection a. of this section, but whose coverage as a dependent under a covered person's plan terminated under the terms of the plan prior to the effective date of this section, may make a written election to reinstate coverage under that plan as a dependent pursuant to this section.

d. (1) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall consist of coverage which is identical to the coverage provided to that dependent prior to the termination of coverage at the specific age provided in the plan. If coverage is modified under the plan for any similarly situated dependents for coverage prior to the termination of coverage at the specific age provided in the plan, the coverage shall also be modified in the same manner for the dependent.

(2) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall not be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

e. (1) The covered person's plan may require payment of a premium by the covered person or dependent, as appropriate, subject to the approval of the Commissioner of Banking and Insurance, for any period of coverage relating to a dependent's written election for coverage pursuant to subsection c. of this section. The premium shall not exceed 102% of the applicable portion of the premium previously paid for that dependent's coverage under the plan prior to the termination of coverage at the specific age provided in the plan.

(2) The applicable portion of the premium previously paid for the dependent's coverage under the plan shall be determined pursuant to regulations promulgated by the Commissioner of Banking and Insurance, based upon the difference between the plan's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage, or based upon any other formula or dependent rating tier

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deemed appropriate by the commissioner which provides a substantially similar result.

(3) Payments of the premium may, at the election of the payor, be made in monthly installments.

f. Coverage for a dependent provided pursuant to this section shall be provided until the earlier of the following:

(1) the dependent is disqualified for dependent status as set forth in subsection a. of this section;

(2) the date on which coverage ceases under the plan by reason of a failure to make a timely payment of any premium required under the plan by the covered person or dependent for coverage provided pursuant to this section. The payment of any premium shall be considered to be timely if made within 30 days after the due date or within a longer period as may be provided for by the plan; or

(3) the date upon which the employer under whose plan coverage is provided to a dependent ceases to provide coverage to the covered person.

Nothing herein shall be construed to permit a carrier to refuse a written election for coverage by a dependent pursuant to subsection c. of this section, based upon the dependent's prior disqualification pursuant to paragraph (1) of this subsection.

g. Notice regarding coverage for a dependent as provided pursuant to this section shall be provided to a covered person:

(1) in the certificate of coverage prepared for covered persons by the carrier on or about the date of commencement of coverage; and

(2) by the covered person's employer:

(a) on or before the coverage of a covered person's dependent terminates at the specific age as provided in the plan;

(b) at the time coverage of the dependent is no longer provided pursuant to this section because the dependent is disqualified for dependent status as set forth in subsection a. of this section, except this employer notice shall not be required when a dependent no longer qualifies based upon paragraphs (1) or (3) of subsection a. of this section;

(c) before the 30 day period in each year following the year coverage

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terminates at the specific age as provided in the plan, permitting a dependent to make a written election for coverage pursuant to subsection c. of this section; and

(d) immediately following the effective date of this section, with respect to information concerning a dependent's opportunity, for 12 months after the effective date of the section, to make a written election to reinstate coverage under a plan pursuant to paragraph (2) of subsection c. of this section⁴.

⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all small employer health benefits] those⁴ plans in which the carrier has reserved the right to change the premium.

⁴[8. A certificate of authority to establish and operate a] 6. a. As used in this section, "dependent" means an enrollee's child by blood or by law who:

(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b. (1) A⁴ health maintenance organization ⁴contract that provides coverage for an enrollee's dependent under which coverage of the dependent terminates at a specific age before the dependent's 30th birthday, and is delivered, issued, executed or renewed⁴ in this State ⁴[shall not be issued or continued]⁴ pursuant to P.L.1973, c.337 (C.26:2J-1 et seq.) ⁴[by the Commissioner of Health and Senior Services]⁴ on or after the effective date of this ¹[act] section¹ ⁴[for a health maintenance organization that provides health care services pursuant to a contract, under which coverage of a dependent terminates at a specified age unless

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the contract provides, at the option of the insured, continued coverage to a dependent of the insured beyond] , shall, upon the application of the dependent as set forth in subsection c. of this section, provide coverage to the dependent after⁴ that ⁴[specified] specific⁴ age, ⁴[provided that the dependent is under the age of 30 ¹[and],¹ ²is a resident of the State,² has no dependent of his or her own ¹, and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.)²] until the dependent's 30th birthday.

(2) Nothing herein shall be construed to require:

(a) coverage for services provided to a dependent before the effective date of this section; or

(b) that an employer pay all or part of the cost of coverage for a dependent as provided pursuant to this section⁴ .

⁴[An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹. ²The health maintenance organization may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²

³[The health maintenance organization may assess the enrollee an additional premium, and a service charge not to exceed 3% of the premium, for the coverage for the dependent, if the enrollee elects the coverage required to be offered by the health maintenance organization pursuant to this section ²,which additional premium and service charge shall be paid by payroll deduction if the insured currently pays his premium contribution by payroll deduction. If the health maintenance organization does not assess the insured an additional premium, coverage shall be provided to a dependent under 30 pursuant to this section on the

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same basis and for the same service charge as for any other covered dependent. If the health maintenance organization assesses the insured an additional premium, then either that premium shall be equal to or less than 50% of the average charge assessed for a single insured, or the health maintenance organization shall file the premium to be charged when dependent coverage is elected pursuant to this section with the Commissioner of Banking and Insurance, along with a justification by a qualified actuary of the reasonableness of the premium. The commissioner shall disapprove the premium if it is not reasonable in relation to the premium for coverage of other insureds or their dependents^{2]} The health maintenance organization may request approval from the commissioner for an additional premium to be assessed on the insured if the insured elects coverage pursuant to this section, but the commissioner shall disapprove the request for an additional premium if the premium for coverage pursuant to this section exceeds 100% of the premium for any other dependent from birth to age 30 under the policy or contract.

If the insured elects the coverage for a dependent pursuant to this section and the insured obtains coverage through the insured's employer, the employer may assess the insured a service charge not to exceed 3% of the premium for the coverage of the dependent. Nothing in this section shall obligate an insured's employer to pay the premium for an insured who elects coverage for a dependent pursuant to this section^{3]}

c. (1) A dependent covered by an enrollee's contract, which coverage under the contract terminates at a specific age before the dependent's 30th birthday, may make a written election for coverage as a dependent pursuant to this section, until the dependent's 30th birthday:

(a) within 30 days prior to the termination of coverage at the specific age provided in the contract;

(b) within 30 days after meeting the requirements for dependent status as set forth in subsection a. of this section, when coverage for the dependent under the contract previously terminated; or

(c) during an open enrollment period, as provided pursuant to the contract, if the dependent meets the requirements for dependent status as

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set forth in subsection a. of this section during the open enrollment period.

(2) For 12 months after the effective date of this section, a dependent who qualifies for dependent status as set forth in subsection a. of this section, but whose coverage as a dependent under an enrollee's contract terminated under the terms of the contract prior to the effective date of this section, may make a written election to reinstate coverage under that contract as a dependent pursuant to this section.

d. (1) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall consist of coverage which is identical to the coverage provided to that dependent prior to the termination of coverage at the specific age provided in the contract. If coverage is modified under the contract for any similarly situated dependents for coverage prior to the termination of coverage at the specific age provided in the contract, the coverage shall also be modified in the same manner for the dependent.

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(2) Coverage for a dependent who makes a written election for coverage pursuant to subsection c. of this section shall not be conditioned upon, or discriminate on the basis of, lack of evidence of insurability.

e. (1) The enrollee's contract may require payment under the schedule of charges by the enrollee or dependent, as appropriate, subject to the approval of the Commissioner of Banking and Insurance, for any period of coverage relating to a dependent's written election for coverage pursuant to subsection c. of this section. The payment shall not exceed 102% of the applicable portion of the schedule of charges previously paid for that dependent's coverage under the contract prior to the termination of coverage at the specific age provided in the contract.

(2) The applicable portion of the schedule of charges previously paid for the dependent's coverage under the contract shall be determined pursuant to regulations promulgated by the Commissioner of Banking and Insurance, based upon the difference between the contract's rating tiers for adult and dependent coverage or family coverage, as appropriate, and single coverage, or based upon any other formula or dependent rating tier deemed appropriate by the commissioner which provides a substantially similar result.

(3) Payments under the schedule of charges may, at the election of the payor, be made in monthly installments.

f. Coverage for a dependent provided pursuant to this section shall be provided until the earlier of the following:

(1) the dependent is disqualified for dependent status as set forth in subsection a. of this section;

(2) the date on which coverage ceases under the contract by reason of a failure to make a timely payment under any schedule of charges required under the contract by the enrollee or dependent for coverage provided pursuant to this section. The payment under any schedule of charges shall be considered to be timely if made within 30 days after the due date or within a longer period as may be provided for by the contract;

or

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(3) the date upon which the employer under whose contract coverage is provided to a dependent ceases to provide coverage to the enrollee.

Nothing herein shall be construed to permit a health maintenance organization to refuse a written election for coverage by a dependent pursuant to subsection c. of this section, based upon the dependent's prior disqualification pursuant to paragraph (1) of this subsection.

g. Notice regarding coverage for a dependent as provided pursuant to this section shall be provided to an enrollee:

(1) in the certificate of coverage prepared for enrollees by the health maintenance organization on or about the date of commencement of coverage; and

(2) by the enrollee's employer:

(a) on or before the coverage of an enrollee's dependent terminates at the specific age as provided in the contract;

(b) at the time coverage of the dependent is no longer provided pursuant to this section because the dependent is disqualified for dependent status as set forth in subsection a. of this section, except this employer notice shall not be required when a dependent no longer qualifies based upon paragraphs (1) or (3) of subsection a. of this section;

(c) before any open enrollment period permitting a dependent to make a written election for coverage pursuant to subsection c. of this section; and

(d) immediately following the effective date of this section, with respect to information concerning a dependent's opportunity, for 12 months after the effective date of the section, to make a written election to reinstate coverage under a contract pursuant to paragraph (2) of subsection c. of this section⁴.

⁴[The provisions of this] h. This⁴ section shall apply to ⁴[all] those⁴ contracts ⁴[for health care services by] in which the⁴ health maintenance ⁴[organizations under which] organization has reserved⁴ the right to change the schedule of charges ⁴[for enrollee coverage is reserved]⁴.

⁴[9.] 7. a. As used in this section, "dependent" means a covered person's child by blood or by law who:

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(1) is less than 30 years of age;

(2) is unmarried;

(3) has no dependent of his own;

(4) is a resident of this State or is enrolled as a full-time student at an accredited public or private institution of higher education; and

(5) is not actually provided coverage as a named subscriber, insured, enrollee, or covered person under any other group or individual health benefits plan, group health plan, church plan or health benefits plan, or entitled to benefits under Title XVIII of the Social Security Act, Pub.L.89-97 (42 U.S.C. s.1395 et seq.).

b.⁴ The State Health Benefits Commission shall ensure that every contract purchased ⁴or renewed⁴ by the commission on or after the effective date of ⁴[this ¹[act] section¹ that provides dependent coverage shall not terminate coverage of ¹[the] an¹ unmarried dependent child ¹[who has a dependent of his or her own before his or her 30th birthday by reason of his or her age] provided that the unmarried dependent child is under the age of 30, ²is a resident of the State,² has no dependent of his or her own and is not eligible for coverage under a group health benefits plan, group health plan, governmental plan, church plan, or Part A or Part B of Title XVIII of the Social Security Act (42 U.S.C. s.1395 et seq.) ²or any health benefits plan, other than an individual health benefits plan pursuant to P.L.1992, c.161 (C.17:27A-2 et seq.).²

An insured may exercise this option for coverage of a dependent eligible pursuant to this section ²within 20 months of the effective date of this section, or thereafter,² only during an open enrollment period, except that the insured may exercise this option at any time that the dependent becomes eligible as a result of termination from employment and loss of group health coverage with the terminating employer¹. ²The State Health Benefits Commission may require as a condition of providing this coverage that the insured elect the coverage for the dependent for a period of at least one year.²] P.L. , c. (C.) (pending before the Legislature as this bill), prohibits the termination of coverage of a dependent before the dependent's 23rd birthday by reason of age, and complies with the provisions of P.L. , c. (C.) (pending

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before the Legislature as this bill) concerning the coverage of a dependent by written election until the dependent's 30th birthday.⁴ The cost of coverage pursuant to this section shall be reimbursed by the employee to the New Jersey State Health Benefits Program, in accordance with a rate to be determined by the commission.

⁴c. Nothing within this section shall be construed to : (1) prevent any contract purchased or renewed by the commission from providing coverage for a dependent which terminates at a specific age after the dependent child's 23rd birthday; or (2) require coverage for services provided to a dependent before the effective date of P.L. _____, c. _____ (C. _____) (pending before the Legislature as this bill).⁴

⁴[10.] 8.⁴ This act shall take effect on the ¹[90th] ²[150th¹] 120th² day after enactment ⁴, and shall apply to all contracts, policies, or plans that are delivered, issued, executed or renewed, or approved for issuance or renewal in this State on or after the effective date⁴.