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Office of the Governor
NEWS RELEASE

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Gov. Christie Whitman has conditionally vetoed the following pieces of legislation:

A-2367, sponsored by Assembly Members Richard H. Bagger (R-Middlesex/Morris/Somerset/Union) and David W. Wolfe (R-Monmouth/Ocean) and Senators Joseph M. Kyrillos (R-Middlesex/Monmouth) and Peter A. Inverso (R-Mercer/Middlesex), which would have excluded from the New Jersey Gross Income Tax earnings on investments in all educational individual retirement accounts (EIRAs) and qualified state tuition savings accounts. The only plan that enjoys that exclusion today is the New Jersey Better Educational Savings Trust (NJ BEST), the state's qualified state tuition savings account, which the Governor proposed and which the legislature supported.

In her conditional veto, the Governor said she agreed with the Legislature that extending state tax benefits currently enjoyed by the NJBEST to all qualified state tuition savings accounts is perfectly acceptable. But she said EIRAs, authorized by Congress and administered by private institutions, are quite different. They offer generous federal tax benefits not offered through NJ BEST or similar qualified state tuition savings accounts offered in other states. In particular, EIRAs offer an exclusion from the federal income tax while NJ BEST and similar state tuition savings accounts in other states offer only a deferral from the federal income tax until the time that monies are withdrawn, the Governor said. She said the major federal tax benefit available to EIRAs already offsets the various advantages of NJ BEST and other state plans. Gov. Whitman said she is mindful of the need to continue making saving for higher education more attractive. She said she believed a deferral of taxation, rather than a total exclusion from the New Jersey Gross Income Tax, will accomplish the purpose of making savings for higher education more attractive. Finally, the Governor recommended allowing earnings obtained as of 1998 to receive the new and improved benefits as opposed to only earnings as of 1999 in the proposed legislation.

SCS for S-323, 324, 325, 326, 327, 328, 329, 330 and 331, sponsored by Senator Robert E. Littell (R-Sussex/Hunterdon/Morris) and Assembly Members Nicholas R. Felice (R-Bergen/Passaic) and Joseph V. Doria, Jr. (D-Hudson), which provides for the prompt payment of claims by health carriers, health maintenance organizations, health, hospital, medical and dental service organizations and any intermediary contracted or affiliated with the carrier to perform administrative claims functions. The bill requires the Commissioner of Health and Senior Services (DHSS), in consultation with the Commissioner of the Department of Banking and Insurance (DBI), establish an advisory board to make recommendations to the commissioners regarding health information electronic data interchange technology policy and measures to protect the

confidentiality of medical information. The bill also would have afforded health care providers, facilities and benefits plans processors a temporary, two-year tax credit of 10% against the gross income tax, corporation business tax, and the franchise tax on insurance companies for the purchase, lease or rental of electronic data interchange technology used to receive and/or transmit health care claims. In her conditional veto, the Governor said she supports the Legislature's efforts to promote the use of health care information electronic data interchange technology, but the bill in its current form provides an unnecessary tax credit to health care providers, health care facilities, vendors of certain computer software and entities that process enrollments under health care benefit plans.

The Governor said under federal and state laws these groups are already entitled to a business deduction with respect to expenses incurred in the purchase, lease or rental of such technology. Therefore, she said, a tax credit would provide a double tax benefit for the same expense. Gov. Whitman said the Department of Treasury estimates that the additional tax credit would result in an estimated loss of revenue of \$20 million annually for each of the two years the tax credits would be in existence. Furthermore, the Governor said the bill provides that the time period within which electronically transmitted claims must be paid is shorter than that provided for manually transmitted claims. Thus, she said, adequate incentive for the use of health care information electronic data interchange technology already exists without the grant of a tax credit.

A-415, sponsored by Assembly Members Jeffrey W. Moran (R-Atlantic/Burlington/Ocean) and Anthony Impreveduto (D- Bergen/Hudson) and Senators Robert W. Singer (R- Burlington/Momouth/Ocean) and Edward T. O'Connor, Jr. (D-Hudson), would have revised licensing provisions for orthotists and prosthetists. The bill revised current statutes to provide an alternative pathway for licensure for those with associate's degrees in science instead of limiting licensure to those with a bachelor's degree. Candidates for licensure would also be required to complete a clinical practice or internship and pass an examination developed by the Orthotics and Prosthetics Board of Examiners.

Additionally, the bill would have established two grandfather provisions. The first applied to people who have practiced full- time in an established prosthetic-orthotic facility as an orthotist, prosthetist or prosthetist-orthotist for three years immediately prior to the effective date of the bill. Such a person would have been able to file an application with the Orthotics and Prosthetics Board of Examiners within 180 days after the date procedures were established by the board for applying for licensure to continue to practice. The applicant would have been able to obtain a license without taking an examination after paying the license fee established by the bill and after the board had completed an investigation of the applicant's work history. The second grandfather provision would have applied to persons who had practiced in the same manner for three years or more, but not necessarily the three years immediately prior to the effective date of the bill, and have also passed a certifying examination in orthotics and prosthetics approved by a program accredited by the National Commission for Certifying Agencies. The bill would have provided that such a person may obtain a license without satisfying either of the other methods for licensure.

The Governor commended the bill's sponsors for their efforts to address a perceived shortage of orthotists and prosthetists by providing an alternative pathway for licensure.

The Governor said while she appreciated the need to open the profession to provide consumer choice and increased patient coverage, she also appreciated the importance of setting high standards for professional licensure to protect consumers. Therefore, she recommend that the alternative pathway for licensure for those with associate's degrees be limited to a five- year period. Upon expiration of that period, the Governor recommended that a bachelor's degree be required for licensure, which is consistent with the current licensure statute. Gov. Whitman also recommended that the 360 day grandfather provision be eliminated and that a simplified 180 day grandfather provision be created. Additionally, she recommended a technical change to the grandfather provision to reflect that the board must finally determine whether to approve an applicant for licensure after it has completed its investigation of the work history of the applicant.