

ASSEMBLY, No. 3321

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED JUNE 5, 2014

Sponsored by:

Assemblyman GARY S. SCHAER

District 36 (Bergen and Passaic)

Assemblyman JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

Co-Sponsored by:

Assemblyman Garcia

SYNOPSIS

Establishes Center for the Study of Health Care Billing Data.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/17/2014)

1 AN ACT concerning health care data and supplementing chapter 30
2 of Title 17B of the New Jersey Statutes.

3

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

6

7 1. As used in this act:

8 “Carrier” means an insurance company, health service
9 corporation, hospital service corporation, medical service
10 corporation, or health maintenance organization, authorized to issue
11 any health benefits plan in this State.

12 “Center” means the Center for the Study of Health Care Billing
13 Data established pursuant to section 2 of this act.

14 “Health benefits plan” means a benefits plan which pays or
15 provides hospital and medical expense benefits for covered
16 services, and is delivered or issued for delivery in this State by or
17 through a carrier. Health benefits plan includes, but is not limited
18 to, Medicare supplement coverage and Medicare+Choice contracts
19 to the extent not otherwise prohibited by federal law. For the
20 purposes of sections 3 through 7 of P.L.2005, c.352 (C.17B:30-50
21 through C.17B:30-54), health benefits plan shall not include the
22 following plans, policies or contracts: accident only, credit,
23 disability, long-term care, Civilian Health and Medical Program for
24 the Uniformed Services, CHAMPUS supplement coverage,
25 coverage arising out of a workers’ compensation or similar law,
26 automobile medical payment insurance, personal injury protection
27 insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.) or
28 hospital confinement indemnity coverage.

29 “Health care provider” means an individual or entity which,
30 acting within the scope of the individual’s or entity’s licensure or
31 certification provides a covered service defined by a health benefits
32 plan. Health care provider includes a physician licensed pursuant to
33 Title 45 of the Revised Statutes and any health care facility licensed
34 pursuant to Title 26 of the Revised Statutes.

35

36 2. a. The Commission on Higher Education, in consultation
37 with the Commissioner of Banking and Insurance, shall establish a
38 Center for the Study of Health Care Billing Data, at one of the four
39 year institutions of higher education in the State. The Center shall
40 be incorporated as a New Jersey nonprofit corporation pursuant to
41 N.J.S.15A:1-1 et seq. and organized and operated so as to be
42 eligible under applicable federal law for tax-exempt status and for
43 the receipt of tax-deductible contributions, and shall be authorized
44 to sue and to be sued as a legal entity separate from the State of
45 New Jersey.

46 b. The commission, in selecting the institution of higher
47 education, shall select an institution that:

1 (1) has a nationally recognized program for health policy and
2 statistical research;

3 (2) has no conflicts of interest that could influence the Center
4 for the Study of Health Care Billing Data, including any existing
5 financial relationships with: insurers or health care facilities or any
6 of their affiliates or subsidiaries, or any organizations representing
7 insurers, health care facilities or health care providers; and

8 (3) has demonstrated proficiency and competency in providing
9 security for proprietary or confidential data in its general
10 operations.

11 c. The commission shall review the operations of the Center
12 initially appointed pursuant to this act, and shall, on a biannual
13 basis, commencing in the second calendar year after the enactment
14 of this act:

15 (1) assess the Center's performance in relation to the
16 responsibilities set forth in this act; and

17 (2) prescribe a process by regulation for certifying the
18 institution of higher education as the location for the Center for the
19 Study of Health Care Billing Data, or for selecting another
20 institution to certify as the location for the Center, depending upon
21 the results of the commission's review.

22
23 3. Within 60 days of establishment of the Center pursuant to
24 section 2 of this act, a carrier shall submit to the Center all health
25 care provider billing data processed by the carrier in connection
26 with health benefits plans offered in this State, for the years 2008
27 through 2013, inclusive. The data shall include billing reference
28 number; geozip; current procedural terminology code; amount
29 billed; amount allowed; amount paid; reasons for amount allowed
30 and paid; modifier; product line; in-network or out-of-network
31 designation; physician or other provider designation; physician
32 specialty; date of provision of service; and date processed. The data
33 shall be segregated by year in the submission. An appropriate code
34 list shall be provided with the data that permits identification of the
35 foregoing. The carrier, in its submission, shall identify a contact
36 person who is responsible within the carrier's organization for
37 verifying the accuracy of the submission.

38
39 4. Within 60 days of the end of each calendar quarter
40 thereafter, each carrier shall submit to the Center all health care
41 provider billing data processed by the carrier in connection with
42 health benefits plans offered in the State, for each calendar year
43 beginning with 2014. The data shall include billing reference
44 number; geozip; current procedural terminology code; amount
45 billed; amount allowed; amount paid; reasons for amount allowed
46 and paid; modifier; product line; in-network or out-of-network
47 designation; physician or other provider designation; physician
48 specialty; date of provision of service; and date processed. An

1 appropriate code list shall be provided with the data that permits
2 identification of the foregoing. The carrier, in its submission, shall
3 identify a contact person who is responsible within the carrier's
4 organization for verifying the accuracy of the submission.

5
6 5. a. The Center shall analyze the health care provider billing
7 data received from carriers pursuant to sections 3 and 4 of this act,
8 and, based on that analysis, shall develop and maintain, on at least
9 an annual basis, beginning with calendar year 2014, a database of
10 health care charges that accurately reflects the usual and customary
11 charges for services provided by health care providers in the State.
12 The database, shall organize the charges by not less than eight
13 geographical regions within the State, and shall be suitable for use
14 by carriers in determining appropriate reimbursement amounts to
15 out-of-network providers who do not participate in a carrier's
16 managed care plan network of health care providers. The Center
17 shall make the database available to members of the public and to
18 carriers, who provide health benefits plans to residents of this State
19 through a network of health care providers, and the Center may
20 charge a reasonable fee for providing the database.

21 b. A carrier that provides for both in-network and out-of-
22 network benefits in a managed care plan offered to individuals or
23 employers in this State, shall utilize the database to determine its
24 responsibility for an insured's out-of-network charges, and shall
25 include provisions in its plan documents describing the use of the
26 database for that purpose.

27
28 6. The Commission on Higher Education, in consultation with
29 the Commissioner of Banking and Insurance, may adopt, pursuant
30 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
31 1 et seq.) rules and regulations necessary to effectuate the purposes
32 of this act.

33
34 7. This act shall take effect immediately.
35
36

37 STATEMENT
38

39 This bill establishes a Center for the Study of Health Care
40 Billing Data (hereinafter, the "Center"), whose purpose is to analyze
41 the health care provider billing data that is to be provided to the
42 Center by carriers offering health benefits plans in the State, and to
43 develop and maintain a database of health care provider billing data
44 that accurately reflect the usual and customary charges of health
45 care providers in the State.

46 The Commission on Higher Education, in consultation with the
47 Commissioner of Banking and Insurance, shall establish the Center
48 at one of the four-year institutions of higher education in the State.

1 The Center shall be incorporated as a New Jersey nonprofit
2 corporation pursuant to N.J.S. 15A:1-1 et seq. and organized and
3 operated in such manner as to be eligible under applicable federal
4 law for tax-exempt status and for the receipt of tax-deductible
5 contributions.

6 The bill provides that the commission, in selecting the institution
7 of higher education, shall select an institution that:

8 (1) has a nationally recognized program for health policy and
9 statistical research;

10 (2) has no conflicts of interest that could influence the Center,
11 including any existing financial relationships with: insurers or
12 health care facilities or any of their affiliates or subsidiaries, or any
13 organizations representing insurers, health care facilities or health
14 care providers; and

15 (3) has demonstrated proficiency and competency in providing
16 security for proprietary or confidential data in its general
17 operations.

18 The commission shall review the operations of the Center
19 initially appointed pursuant to the bill's provisions, and shall, on a
20 biannual basis, commencing in the second calendar year after the
21 enactment of the bill:

22 (1) assess the Center's performance in relation to the Center's
23 responsibilities; and

24 (2) prescribe a process by regulation for certifying the
25 institution of higher education as the location for the Center for the
26 Study of Health Care Billing Data, or for selecting another
27 institution to certify as the location for the Center, depending upon
28 the results of the commission's review.

29 The bill requires a carrier to submit to the Center all health care
30 provider billing data processed by the carrier in connection with
31 health benefits plans offered in the State for the years 2008-2013,
32 within 60 days of the establishment of the Center. The data is to
33 include certain details with respect to the amounts billed, as
34 specified in the bill. Beginning with the year 2014, the bill requires
35 carriers to submit to the Center, by calendar quarter, all health care
36 provider billing data processed by the carrier on an annual, ongoing
37 basis.

38 The bill requires that the Center analyze the health care provider
39 billing data received from the carriers and provide, on at least an
40 annual basis, a database of health care charges that accurately
41 reflects the usual and customary charges of health care providers in
42 the State, suitable for use by carriers in determining appropriate
43 reimbursement amounts to out-of-network providers who do not
44 participate in that particular carrier's managed care plan network of
45 health care providers. The Center shall make the database available
46 to members of the public and to carriers who provide managed care
47 plans to residents of this State and the Center may charge a
48 reasonable fee for providing the database.

1 Further, the bill provides that a carrier that provides for both in-
2 network and out-of-network benefits in a managed care plan offered
3 to individuals or employers in this State, shall utilize the database to
4 determine its responsibility for an insured's out-of-network charges,
5 and shall include provisions in its plan documents describing the
6 use of the database for that purpose.

7 Finally, the Commission on Higher Education, in consultation
8 with the Commissioner of Banking and Insurance, may adopt,
9 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
10 (C.52:14B-1 et seq.) rules and regulations necessary to effectuate
11 the bill's provisions.