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P.L. 2005, CHAPTER 286, *approved January 9, 2006*
Senate, No. 1314 (*Fourth Reprint*)

1 AN ACT concerning ³[physician] health care provider³ fees in managed
2 care plans and supplementing P.L.1997, c.192 (C.26:2S-1 et seq.).
3

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

7 1. a. A carrier which offers a managed care plan that negotiates
8 with a ³[physician] health care provider³ to become a participating
9 provider, who is reimbursed per procedure under the plan, shall, upon
10 request, furnish the ³[physician] health care provider³ with a written
11 fee schedule, or in an electronic format if agreed upon by both parties,
12 showing the fees for ³the 20 most³ common ³evaluation and
13 management codes and the 20 most common³ office-based or hospital-
14 based in-network services for the ³[physician's] health care
15 provider's³ specialty ³or sub-specialty³, to be provided by the
16 ³[physician] health care provider³ under the plan pursuant to the
17 proposed ¹or existing¹ contract between the carrier and ³[physician]
18 health care provider³. If the carrier negotiates with the ³[physician]
19 health care provider³ to become a participating provider under more
20 than one managed care plan offered by the carrier, the carrier shall
21 provide the applicable fee schedule for each plan. If the carrier
22 negotiates a fee schedule with the ³[physician] health care provider³
23 that is specific to that ³[physician] health care provider³, the carrier
24 shall provide only the applicable fee schedule for that ³[physician]
25 health care provider³. If the rate that the ³[physician] health care
26 provider³ will be paid is a percentage of another rate, it shall be
27 sufficient for the carrier to provide that formula to the ³[physician]
28 health care provider. The carrier shall furnish the fee schedule pursuant
29 to this subsection within 15 days of the request of the provider³.

30 The fee schedule provided to the ³[physician] health care provider³
31 by the carrier is proprietary and shall be confidential. Unauthorized
32 distribution of the fee schedule may result in the ³[physician's] health
33 care provider's³ termination from the network in accordance with the
34 provisions of N.J.A.C. 8:38-1.1 et seq.

35 b. The carrier shall reimburse the ³[physician] health care
36 provider³ in accordance with the fee schedule provided to the

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 Senate SCM committee amendments adopted October 04, 2004.

² Senate floor amendments adopted October 25, 2004.

³ Assembly AFI committee amendments adopted January 10, 2005.

⁴ Assembly floor amendments adopted February 24, 2005.

1 ³[physician] health care provider³ pursuant to the contract. ¹[The
2 carrier may revise the fee schedule upon providing the physician with
3 at least 30 days written notice of the change and, upon request, a copy
4 of the revised fee schedule.]¹ ²The carrier may revise the fee schedule
5 upon providing the ³[physician] health care provider³ with ³[at least
6 30 days]³ written notice of the change ⁴[³ at least 30 days prior to the
7 renewal date of the contract³]⁴ and, upon request, a copy of the
8 revised fee schedule.²

9 ¹c. Nothing in this section shall be construed to limit the ability of
10 a carrier to make payments under a managed care plan based on its
11 claims payment policies.¹

12
13 ³2. A carrier which violates any provision of this act shall be liable
14 to a penalty of not more than \$1,000 for each violation. Each failure
15 to timely respond to a health care provider's request for a fee schedule
16 shall be considered a separate violation. The penalty shall be collected
17 by the Commissioner of Banking and Insurance in the name of the
18 State in a summary proceeding in accordance with the "Penalty
19 Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-10 et seq.).³

20
21 ³[2.] ³3.³ This act shall take effect on the ¹[90th] 120th¹ day after
22 enactment ¹[and shall apply to policies and contracts issued or
23 renewed on or after the effective date]¹.

24
25
26
27

28 Requires managed care carriers to provide certain health care
29 providers with fee schedules.

SENATE, No. 1314

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED MARCH 8, 2004

Sponsored by:
Senator BARBARA BUONO
District 18 (Middlesex)

SYNOPSIS

Requires managed care carriers to provide certain physicians with fee schedules.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning physician fees in managed care plans and
2 supplementing P.L.1997, c.192 (C.26:2S-1 et seq.).

3

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

6

7 1. a. A carrier which offers a managed care plan that negotiates
8 with a physician to become a participating provider, who is reimbursed
9 per procedure under the plan, shall, upon request, furnish the physician
10 with a written fee schedule, or in an electronic format if agreed upon
11 by both parties, showing the fees for common office-based or hospital-
12 based in-network services for the physician's specialty, to be provided
13 by the physician under the plan pursuant to the proposed contract
14 between the carrier and physician. If the carrier negotiates with the
15 physician to become a participating provider under more than one
16 managed care plan offered by the carrier, the carrier shall provide the
17 applicable fee schedule for each plan. If the carrier negotiates a fee
18 schedule with the physician that is specific to that physician, the carrier
19 shall provide only the applicable fee schedule for that physician. If the
20 rate that the physician will be paid is a percentage of another rate, it
21 shall be sufficient for the carrier to provide that formula to the
22 physician.

23 The fee schedule provided to the physician by the carrier is
24 proprietary and shall be confidential. Unauthorized distribution of the
25 fee schedule may result in the physician's termination from the
26 network in accordance with the provisions of N.J.A.C.8:38-1.1 et seq.

27 b. The carrier shall reimburse the physician in accordance with the
28 fee schedule provided to the physician pursuant to the contract. The
29 carrier may revise the fee schedule upon providing the physician with
30 at least 30 days written notice of the change and , upon request, a
31 copy of the revised fee schedule.

32

33 2. This act shall take effect on the 90th day after enactment and
34 shall apply to policies and contracts issued or renewed on or after the
35 effective date.

36

37

38

STATEMENT

39

40 This bill provides that a health insurance carrier which offers a
41 managed care plan that negotiates with a physician to become a
42 participating provider, who is reimbursed per procedure under the
43 plan, shall, upon request, furnish the physician with a written or
44 electronically transmitted fee schedule showing fees payable for
45 common office-based or hospital-based in-network services for the
46 physician's specialty, to be provided by the physician under the plan

S1314 BUONO

1 pursuant to the proposed contract between the carrier and physician.

2 The bill provides that:

3 -- if the carrier negotiates with the physician to become a
4 participating provider under more than one managed care plan offered
5 by the carrier, the carrier is required to provide the applicable fee
6 schedule for each plan;

7 -- if the carrier negotiates a fee schedule with the physician that is
8 specific to that physician, the carrier must provide only the applicable
9 fee schedule for that physician;

10 -- if the rate that the physician will be paid is a percentage of
11 another rate, it is sufficient for the carrier to provide that formula to
12 the physician;

13 -- the fee schedule provided to the physician by the carrier is
14 proprietary and confidential; and

15 -- unauthorized distribution of the fee schedule information may
16 result in the physician's termination from the network in accordance
17 with the provisions of N.J.A.C.8:38-1.1 et seq.

18 The bill further requires the carrier to reimburse the physician in
19 accordance with the fee schedule provided to the physician; however,
20 the carrier may revise the fee schedule upon providing the physician
21 with at least 30 days written notice of the change and, upon request,
22 a copy of the revised fee schedule.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE, No. 1314

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 10, 2005

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Senate Bill No. 1314(2R).

This bill, as amended by the committee, provides that a health insurance carrier which offers a managed care plan that negotiates with a health care provider to become a participating provider, who is reimbursed per procedure under the plan, shall, upon request, furnish the health care provider with a written or electronically transmitted fee schedule showing fees payable for the 20 most common evaluation and management codes and the 20 most common office-based or hospital-based in-network services for the health care provider's specialty, to be provided by the health care provider under the plan pursuant to the proposed or existing contract between the carrier and health care provider.

The bill provides that:

-- if the carrier negotiates with the health care provider to become a participating provider under more than one managed care plan offered by the carrier, the carrier is required to provide the applicable fee schedule for each plan;

-- if the carrier negotiates a fee schedule with the health care provider that is specific to that health care provider, the carrier must provide only the applicable fee schedule for that health care provider;

-- if the rate that the health care provider will be paid is a percentage of another rate, it is sufficient for the carrier to provide that formula to the health care provider;

-- the fee schedule provided to the health care provider by the carrier is proprietary and confidential; and

-- unauthorized distribution of the fee schedule information may result in the health care provider's termination from the network in accordance with the provisions of N.J.A.C.8:38-1.1 et seq.

The bill further requires the carrier to reimburse the health care provider in accordance with the fee schedule provided to the health

care provider; however, the carrier may revise the fee schedule upon providing the health care provider with written notice of the change at least 30 days prior to the renewal date of the contract and, upon request, a copy of the revised fee schedule.

The committee amended the bill to:

(1) expand the scope of the bill so that the bill's requirements apply to managed care plans that negotiate with "health care providers" and not just physicians;

(2) require that carriers need only provide the 20 most common evaluations and management codes and the 20 most common office-based or hospital in-network services for the health care provider's specialty or sub-specialty;

(3) require that a carrier must provide a fee schedule within 15 days, of the health care provider's request; and

(4) require the carrier to provide written notice of any fee schedule changes to the health care provider at least 30 days prior to the renewal date of the contract.

The amendments also provide a penalty of \$1,000 for each violation, and the Commissioner of Banking and Insurance must collect the penalty pursuant to the "Penalty Enforcement Law of 1999."

As reported, this bill is identical to Assembly Bill No. 2116(1R), also reported by the committee today.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 1314

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 4, 2004

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 1314.

This bill, as amended by the committee, provides that a health insurance carrier which offers a managed care plan that negotiates with a physician to become a participating provider, who is reimbursed per procedure under the plan, shall, upon request, furnish the physician with a written or electronically transmitted fee schedule, showing fees payable for common office-based or hospital-based in-network services for the physician's specialty, to be provided by the physician under the plan pursuant to the proposed or existing contract between the carrier and physician.

The bill provides that:

-- if the carrier negotiates with the physician to become a participating provider under more than one managed care plan offered by the carrier, the carrier is required to provide the applicable fee schedule for each plan;

-- if the carrier negotiates a fee schedule with the physician that is specific to that physician, the carrier must provide only the applicable fee schedule for that physician;

-- if the rate that the physician will be paid is a percentage of another rate, it is sufficient for the carrier to provide that formula to the physician;

-- the fee schedule provided to the physician by the carrier is proprietary and confidential; and

-- unauthorized distribution of the fee schedule information may result in the physician's termination from the network in accordance with Department of Health and Senior Services regulations governing the contractual relationships between carriers and physicians.

The bill further requires the carrier to reimburse the physician in accordance with the fee schedule provided to the physician. Finally, the bill specifies that its provisions should not be construed to limit the ability of a carrier to make payments under a managed care plan based on its claims payment policies.

The committee amended the bill to provide that the fee schedule under a proposed, or existing, contract shall be provided to the

physician. It also amended the bill to eliminate the provision that the carrier may revise the fee schedule upon providing the physician with at least 30 days written notice of the change and, upon request, a copy of the revised fee schedule. The committee amendments also clarify that the bill's provisions should not be construed to limit the ability of a carrier to make payments under a managed care plan based on its claims payment policies. Finally, the amendments postpone the bills effective date from 90 to 120 days after enactment and eliminate the provision that the bill should only apply to policies and contracts issued or renewed on or after the effective date.

STATEMENT TO

[First Reprint]

SENATE, No. 1314

with Senate Floor Amendments
(Proposed By Senator BUONO)

ADOPTED: OCTOBER 25, 2004

This amendment restores language to the bill, deleted by the Senate Commerce Committee on October 4, 2004, which permits a health insurance carrier to revise a fee schedule under which a participating provider in a managed care plan is reimbursed if the carrier provides the physician with at least 30 days written notice of the change, and upon request, a copy of the revised fee schedule.

STATEMENT TO
[Third Reprint]
SENATE, No. 1314

with Assembly Floor Amendments
(Proposed By Assemblyman COHEN)

ADOPTED: FEBRUARY 24, 2005

This amendment allows a carrier to revise a fee schedule upon providing written notice to a health care provider, without requiring that the notice be given at least 30 days prior to the renewal date of the contract.

ASSEMBLY, No. 2116

STATE OF NEW JERSEY

211th LEGISLATURE

INTRODUCED FEBRUARY 9, 2004

Sponsored by:

Assemblyman NEIL M. COHEN

District 20 (Union)

Assemblyman LOUIS MANZO

District 31 (Hudson)

SYNOPSIS

Requires managed care carriers to provide certain physicians with fee schedules.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/4/2004)

1 AN ACT concerning physician fees in managed care plans and
2 supplementing P.L.1997, c.192 (C.26:2S-1 et seq.).

3

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

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7 1. a. A carrier which offers a managed care plan that negotiates
8 with a physician to become a participating provider, who is reimbursed
9 per procedure under the plan, shall, upon request, furnish the physician
10 with a written fee schedule, or in an electronic format if agreed upon
11 by both parties, showing the fees for common office-based or hospital-
12 based in-network services for the physician's specialty, to be provided
13 by the physician under the plan pursuant to the proposed contract
14 between the carrier and physician. If the carrier negotiates with the
15 physician to become a participating provider under more than one
16 managed care plan offered by the carrier, the carrier shall provide the
17 applicable fee schedule for each plan. If the carrier negotiates a fee
18 schedule with the physician that is specific to that physician, the carrier
19 shall provide only the applicable fee schedule for that physician. If the
20 rate that the physician will be paid is a percentage of another rate, it
21 shall be sufficient for the carrier to provide that formula to the
22 physician.

23 The fee schedule provided to the physician by the carrier is
24 proprietary and shall be confidential. Unauthorized distribution of the
25 fee schedule may result in the physician's termination from the
26 network in accordance with the provisions of N.J.A.C.8:38-1.1 et seq.

27 b. The carrier shall reimburse the physician in accordance with the
28 fee schedule provided to the physician pursuant to the contract. The
29 carrier may revise the fee schedule upon providing the physician with
30 at least 30 days written notice of the change and , upon request, a
31 copy of the revised fee schedule.

32

33 2. This act shall take effect on the 90th day after enactment and
34 shall apply to policies and contracts issued or renewed on or after the
35 effective date.

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STATEMENT

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40 This bill provides that a health insurance carrier which offers a
41 managed care plan that negotiates with a physician to become a
42 participating provider, who is reimbursed per procedure under the
43 plan, shall, upon request, furnish the physician with a written or
44 electronically transmitted fee schedule showing fees payable for
45 common office-based or hospital-based in-network services for the
46 physician's specialty, to be provided by the physician under the plan

1 pursuant to the proposed contract between the carrier and physician.

2 The bill provides that:

3 -- if the carrier negotiates with the physician to become a
4 participating provider under more than one managed care plan offered
5 by the carrier, the carrier is required to provide the applicable fee
6 schedule for each plan;

7 -- if the carrier negotiates a fee schedule with the physician that is
8 specific to that physician, the carrier must provide only the applicable
9 fee schedule for that physician;

10 -- if the rate that the physician will be paid is a percentage of
11 another rate, it is sufficient for the carrier to provide that formula to
12 the physician;

13 -- the fee schedule provided to the physician by the carrier is
14 proprietary and confidential; and

15 -- unauthorized distribution of the fee schedule information may
16 result in the physician's termination from the network in accordance
17 with the provisions of N.J.A.C.8:38-1.1 et seq.

18 The bill further requires the carrier to reimburse the physician in
19 accordance with the fee schedule provided to the physician; however,
20 the carrier may revise the fee schedule upon providing the physician
21 with at least 30 days written notice of the change and, upon request,
22 a copy of the revised fee schedule.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2116

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 10, 2005

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 2116.

This bill, as amended by the committee, provides that a health insurance carrier which offers a managed care plan that negotiates with a health care provider to become a participating provider, who is reimbursed per procedure under the plan, shall, upon request, furnish the health care provider with a written or electronically transmitted fee schedule showing fees payable for the 20 most common evaluation and management codes and the 20 most common office-based or hospital-based in-network services for the health care provider's specialty, to be provided by the health care provider under the plan pursuant to the proposed or existing contract between the carrier and health care provider.

The bill provides that:

-- if the carrier negotiates with the health care provider to become a participating provider under more than one managed care plan offered by the carrier, the carrier is required to provide the applicable fee schedule for each plan;

-- if the carrier negotiates a fee schedule with the health care provider that is specific to that health care provider, the carrier must provide only the applicable fee schedule for that health care provider;

-- if the rate that the health care provider will be paid is a percentage of another rate, it is sufficient for the carrier to provide that formula to the health care provider;

-- the fee schedule provided to the health care provider by the carrier is proprietary and confidential; and

-- unauthorized distribution of the fee schedule information may result in the health care provider's termination from the network in accordance with the provisions of N.J.A.C.8:38-1.1 et seq.

The bill further requires the carrier to reimburse the health care provider in accordance with the fee schedule provided to the health care provider; however, the carrier may revise the fee schedule upon

providing the health care provider with written notice of the change at least 30 days prior to the renewal date of the contract and, upon request, a copy of the revised fee schedule.

The committee amended the bill to:

(1) expand the scope of the bill so that the bill's requirements apply to managed care plans that negotiate with "health care providers" and not just physicians;

(2) require that carriers need only provide the 20 most common evaluations and management codes and the 20 most common office-based or hospital in-network services for the health care provider's specialty or sub-specialty;

(3) require that a carrier must provide a fee schedule within 15 days of the health care provider's request; and

(4) require the carrier to provide written notice of any fee schedule changes to the health care provider at least 30 days prior to the renewal date of the contract.

The committee amendments also clarify that the bill's provisions should not be construed to limit the ability of a carrier to make payments under a managed care plan based on its claims payment policies.

The amendments provide a penalty of \$1,000 for each violation, and the Commissioner of Banking and Insurance must collect the penalty pursuant to the "Penalty Enforcement Law of 1999."

Finally, the amendments postpone the bill's effective date from 90 to 120 days after enactment and eliminate the provision that the bill should only apply to policies and contracts issued or received on or after the effective date.

As reported, this bill is identical to Senate Bill No. 1314 (3R), also reported by the committee today.