

45:9-42.41a

LEGISLATIVE HISTORY CHECKLIST

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(Clinical laboratories--
direct bills)

NJSA: 45:9-42.41a

LAWS OF: 1997 CHAPTER: 156

BILL NO: S1000

SPONSOR(S): Codey

DATE INTRODUCED: March 21, 1996

COMMITTEE: ASSEMBLY: Health

SENATE: Health

AMENDED DURING PASSAGE: Yes Amendments during passage
Second reprint enacted denoted by superscript numbers

DATE OF PASSAGE: ASSEMBLY: June 27, 1997

SENATE: May 22, 1997

DATE OF APPROVAL: July 3, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes

SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:
REPORTS: No

HEARINGS: No

KBP:pp

[Passed Both Houses]

[Second Reprint]

SENATE, No. 1000

STATE OF NEW JERSEY

INTRODUCED MARCH 21, 1996

By Senator CODEY, Assemblywomen Quigley and Weinberg

1 AN ACT concerning clinical laboratories and amending and
2 supplementing P.L.1975, c.166.

3

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

6

7 1. (New section) A clinical laboratory shall present or cause to be
8 presented a claim, bill or demand for payment for clinical laboratory
9 services directly to the recipient of the services ²[unless the recipient
10 of the services or the recipient's responsible party authorizes ¹. under
11 the terms and conditions of the recipient's third party payer contract.¹]
12 . except² that the claim, bill or demand for payment ²may² be
13 presented to any of the following:

14 a. An immediate family member of the recipient of the services or
15 other person legally responsible for the debts or care of the recipient
16 of the services;

17 b. A third party payer including a health insurer, ¹a health, hospital
18 or medical services corporation.¹ a State approved or federally
19 qualified health maintenance organization in which the recipient of the
20 services is enrolled, a governmental agency or its specified agent
21 which provides health care benefits on behalf of the recipient of the
22 services, and an employer of the recipient of the services who is
23 responsible for payment of the services², provided that billing these
24 payers is consistent with the terms of any applicable contract between
25 the payer and the recipient of the services²;

26 c. A hospital or skilled nursing facility in which the recipient of the
27 services is or has been an inpatient or outpatient;

28 d. A substance abuse program in which the recipient of the services

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 SHH committee amendments adopted May 9, 1996.

² Assembly AHL committee amendments adopted December 16, 1996.

1 is or has been a participant; and

2 e. A nonprofit clinic or other health care provider whose purpose
3 is the promotion of public health, from which the recipient of the
4 services has received health care.

5 ²[¹A] Upon the request of the health care provider who requested
6 the clinical laboratory services, a² clinical laboratory shall notify the
7 health care provider ²[who requested the clinical laboratory services
8 on behalf of the recipient]² of the amount of the claim, bill or demand
9 for payment that was presented to the recipient or the recipient's
10 responsible third party pursuant to this section.¹

11 Notwithstanding the provisions of this section to the contrary, in
12 the case of a clinical laboratory which performs services at the request
13 of another clinical laboratory, the clinical laboratory may present the
14 claim, bill or demand for payment to the requesting clinical laboratory.

15 ¹Notwithstanding the provisions of this section to the contrary,
16 nothing in this section shall affect a contractual agreement between a
17 clinical laboratory and a third party payer regarding presentation of a
18 claim, bill or demand for payment directly to that third party payer.¹

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20 2. Section 17 of P.L.1975, c.166 (C.45:9-42.42) is amended to
21 read as follows:

22 17. No person shall:

23 a. Operate, maintain, direct, or engage in the business of operating
24 a clinical laboratory, as herein defined, unless he has obtained a clinical
25 laboratory license from the department, or is exempt under the
26 provisions of this act.

27 b. Collect or receive specimens for analysis by an unlicensed
28 laboratory.

29 c. Accept specimens for tests from and make reports to persons
30 who are not legally qualified or authorized to submit specimens to
31 clinical laboratories and to receive such reports, but this shall not
32 prohibit the referral of specimens from one licensed clinical laboratory
33 to another similarly licensed under the laws of the state in which it is
34 located, providing the report indicates clearly the clinical laboratory
35 performing the test and the name of the director of such clinical
36 laboratory.

37 d. Either personally, or through an agent, solicit referral of
38 specimens to his or any other clinical laboratory or contract to perform
39 clinical laboratory examinations of specimens in a manner which offers
40 or implies an offer of rebates to a person or persons submitting
41 specimens, other fee-splitting inducements, participation in any
42 fee-splitting arrangements or other unearned remuneration.

43 e. Obstruct or interfere with the department or any officer or
44 employee thereof in the performance of any duty imposed by this act.

45 f. Collect any amounts that were billed in violation of section 1 of

1 P.L. , c. (C.)(pending before the Legislature as this bill).

2 (cf: P.L.1975, c.166, s.17)

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4 3. Section 18 of P.L.1975, c.166 (C.45:9-42.43) is amended to
5 read as follows:

6 18. a. Any person convicted of violating any provision of this act
7 or of any rule or regulation adopted hereunder shall be subject to a
8 penalty of not less than \$100.00 nor more than \$1,000.00 for each
9 violation. The penalty shall be collected, and enforced in summary
10 proceedings under the Penalty Enforcement Law (N.J.S.2A:58-1 et
11 seq.).

12 b. A person who collects any amounts that were billed in violation
13 of section 1 of P.L. , c. (C.)(pending before the Legislature as this
14 bill), is liable for, and shall refund on a timely basis to the person who
15 was billed, any amounts so collected.

16 (cf: P.L.1975, c.166, s.18)

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18 ¹4. (New section) A clinical laboratory shall annually provide a
19 health care provider with a list of its schedule of fees and charges for
20 laboratory services rendered to the health care provider's patients.
21 The clinical laboratory shall promptly provide the health care provider
22 with an updated list of its schedule of fees and charges whenever any
23 changes are made to the list.¹ ²The clinical laboratory shall include
24 with the list a form to be used by the health care provider to request
25 billing information pursuant to section 1 of this act.²

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27 ¹5. (New section) Nothing in this act shall be construed to prevent
28 a health care provider from including a charge for the interpretation of
29 a laboratory test as part of the health care provider's office visit fee.¹

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31 **[4.]** 6.¹ This act shall take effect immediately.

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36 Requires clinical laboratories to bill recipients of services directly.

STATEMENT

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This bill provides for the direct billing of patients by clinical laboratories. It prohibits clinical laboratories from presenting a bill for services to any person other than the person who is the recipient of the services, or that person's legal representative. However, upon authorization of the recipient of the services or that person's legal representative, the clinical laboratory may bill the appropriate third party payer, health care facility, clinic or program for the services. The bill provides that any amounts collected in violation of this billing requirement shall be refunded to the payer on a timely basis.

The direct billing provided for in this bill means that laboratories shall request payment directly from either the patient or a financially responsible third party, rather than the physician who requested the test. Direct billing will help reduce the costs of health care, since the billing of physicians rather than patients promotes the practice of physician mark-ups. Because of these mark-ups for laboratory services, patients or their insurers may be charged amounts that are excessive and disproportionate to the actual expenses incurred by the physician in administering the test and interpreting its results.

Requires clinical laboratories to bill recipients of services directly.

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1000

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 16, 1996

The Assembly Health Committee reports favorably and with committee amendments Senate Bill No. 1000 (1R).

As amended by the committee, this bill provides for the direct billing of patients by clinical laboratories. It prohibits clinical laboratories from presenting a bill for services to any person other than the person who is the recipient of the services, or that person's legal representative. However, the clinical laboratory may bill the appropriate third party payer, health care facility, clinic or program for the services, as provided in the bill. The bill provides that any amounts collected in violation of this billing requirement shall be refunded to the payer on a timely basis. The direct billing provided for in this bill means that laboratories shall request payment directly from either the patient or a financially responsible third party, rather than the health care provider who requested the test. The bill also requires the clinical laboratory, upon the request of the health care provider who requested the test, to notify that provider of the amount billed to the patient.

The bill also requires a clinical laboratory to annually provide a health care provider with a list of its schedule of fees and charges for laboratory services rendered to the health care provider's patients and to promptly provide the health care provider with an updated list of its schedule of fees and charges whenever any changes are made to the list. Finally, the bill provides that nothing in the bill shall be construed to prevent a health care provider from including a charge for the interpretation of a laboratory test as part of the health care provider's office visit fee.

The committee amendments provide that:

-- the clinical laboratory shall notify the health care provider who requested the test of the amount billed to the patient, only upon the provider's request; and

-- the clinical laboratory shall include with the list of its schedule of fees and charges for laboratory services provided to a health care provider a form to be used by the health care provider to request

billing information pursuant to section 1 of the bill.

Other committee amendments are intended to clarify the language of the bill regarding required clinical laboratory billing practices.

As reported by the committee, this bill is identical to Assembly Bill No. 1889 Aca (Quigley/Weinberg), which the committee also reported on this date.

[Corrected Copy]

SENATE HEALTH COMMITTEE

STATEMENT TO

SENATE, No. 1000

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 9, 1996

The Senate Health Committee favorably reports Senate Bill No. 1000 with committee amendments.

As amended by committee, this bill provides for the direct billing of patients by clinical laboratories. It prohibits clinical laboratories from presenting a bill for services to any person other than the person who is the recipient of the services, or that person's legal representative. However, upon authorization of the recipient of the services or that person's legal representative, the clinical laboratory may bill the appropriate third party payer, health care facility, clinic or program for the services. The bill provides that any amounts collected in violation of this billing requirement shall be refunded to the payer on a timely basis. The direct billing provided for in this bill means that laboratories shall request payment directly from either the patient or a financially responsible third party, rather than the health care provider who requested the test. The bill also requires the clinical laboratory to notify the health care provider who requested the test of the amount billed to the patient.

The bill also requires a clinical laboratory to annually provide a health care provider with a list of its schedule of fees and charges for laboratory services rendered to the health care provider's patients and to promptly provide the health care provider with an updated list of its schedule of fees and charges whenever any changes are made to the list. Finally, the bill provides that nothing in the bill shall be construed to prevent a health care provider from including a charge for the interpretation of a laboratory test as part of the health care provider's office visit fee.

The committee amended the bill to include the requirements that a clinical laboratory shall notify the health care provider about the amount billed the patient and shall annually provide health care providers with a list of its schedule of fees and charges. Amendments clarify that the provisions of the bill shall not be construed to prevent a health care provider from including a charge for the interpretation of

a laboratory test as part of the provider's office visit fee. Amendments also clarify that the provisions of the bill shall not affect a contractual agreement between a clinical laboratory and a third party payer regarding presentation of a bill for payment directly to that third party payer.