

2A: 84A-22.8

LEGISLATIVE HISTORY CHECKLIST

(Hospitals-Utilization Review Committees-Release of certain information to insurers)

NJSA 2A: 84A-22.8

LAWS OF 1979 CHAPTER 68

Bill No. S865

Sponsor(s) Dumont

Date Introduced February 16, 1978

Committee: Assembly -----

Senate Institutions, Health and Welfare

Amended during passage ~~Yes~~ No

Date of Passage: Assembly Feb. 26, 1979

Senate Jan. 30, 1979

Date of approval April 10, 1979

Following statements are attached if available:

Sponsor statement	Yes	<del>Yes</del>
Committee Statement: Assembly	<del>Yes</del>	No
Senate	Yes	<del>Yes</del>
Fiscal Note	<del>Yes</del>	No
Veto message	<del>Yes</del>	No
Message on signing	Yes	<del>Yes</del>

Following were printed:

Reports	<del>Yes</del>	No
Hearings	<del>Yes</del>	No

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9/1/78

CHAPTER 628 LAWS OF N. J. 1979

APPROVED 4-10-79

SENATE, No. 865

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# STATE OF NEW JERSEY

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INTRODUCED FEBRUARY 16, 1978

By Senator DUMONT

Referred to Committee on Institutions, Health and Welfare

AN ACT to amend "An act relating to the confidentiality of information and data secured by and in the possession of utilization review committees," approved December 21, 1970 (P. L. 1970, c. 313).

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

1 1. Section 1 of P. L. 1970, c. 313 (C. 2A:84A-22.8) is amended  
2 to read as follows:

3 1. Information and data secured by and in the possession of  
4 utilization review committees established by any certified hospital  
5 or extended care facility in the performance of their duties shall  
6 not be revealed or disclosed in any manner or under any circum-  
7 stances by any member of such committee except to: (a) a patient's  
8 attending physician, (b) the chief administrative officer of the  
9 hospital or extended care facility which it serves, (c) the medical  
10 executive committee, or comparable enforcement unit, of such  
11 hospital or extended care facility, **[or]** (d) representatives of,  
12 including intermediaries or carriers for, government agencies in  
13 the performance of their duties, under the provisions of Federal  
14 and State law, *or (e) any hospital service corporation, medical*  
15 *service corporation or insurance company with which said patient*  
16 *has pertinent coverage under a contract, policy or certificate, the*  
17 *terms of which authorize the carrier to request and be given such*  
18 *information and data.*

1 2. This act shall take effect immediately.

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## STATEMENT

The continuing escalation of health care costs, especially those associated with hospital care, represents one of the major problems confronting New Jersey's consumers today. Despite efforts of

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

regulatory authority through the hospital budget review process, the cost of hospital care is continuing to rise at upwards of 12% per year due to inflationary pressures.

One answer to the problem of hospital cost containment, conceding that basic costs must continue to rise in this inflationary era, is to police strictly the utilization of hospital services. Carriers of health insurance have attacked this challenge vigorously through intensified screening of hospital claims for their insureds and through the development of programs to transfer patients where medically appropriate to a less-costly environment, such as a nursing home or care at the patient's home.

These cost containment activities have begun to bear fruit through a lowered rate of hospital utilization, which is reflected in conservation of the insured's funds even though the cost of a day's care in the hospital may continue to rise. A shorter stay in the hospital obviously costs less than one of longer duration.

In order to avert the possibility that hospitals or medical staffs may question the authority of carriers to continue these programs, the insurers must have the ability to examine the same information and medical data that is available to the hospital's staff utilization review committees and the attending physician. The present law restricts third party payors to examination of such data for Medicare and Medicaid by carriers who administer benefits under those programs. It obviously is in the public interest to expand this inspection authority to claims for all insureds, because through this route the over-all costs of hospital stays can be contained. This bill would accomplish that purpose.

SENATE INSTITUTIONS, HEALTH AND WELFARE  
COMMITTEE

STATEMENT TO

**SENATE, No. 865**

**STATE OF NEW JERSEY**

DATED: JANUARY 16, 1979

This bill would allow information secured by hospital utilization review committees to be released to hospital service corporations, medical service corporations and insurance companies.

Utilization review committees seek to determine whether treatment given to patients has been appropriate and necessary. Since carriers of hospital insurance have the same interest, they seek the right to examine all the information that is available to utilization review committees and attending physicians. At present, such data can be examined only for Medicaid and Medicare by carriers who administer benefits under those programs.

If insurance carriers are given the right to examine the utilization review records for all insured persons, they will be better able to hold down their costs and, by extension, those of their subscribers. The confidentiality of the information which will be collected by insurance companies under this bill is guaranteed by contract between carrier and subscriber.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

APRIL 10, 1979

KATHRYN FORSYTH

Governor Brendan Byrne today signed the following bills into law:

A-865, sponsored by Senator Wayne Dumont, Jr. (R-Warren), which provides that hospital utilization review committees may disclose information and data regarding treatment given to a patient to the insurance company, hospital service corporation or medical service corporation contracted to cover that patient.

Hospital utilization review committees are established by certified hospitals or extended care facilities and seek to determine whether treatment given to patients has been appropriate and necessary.

Under present law, the data collected by those committees can be examined only for Medicaid and Medicare by carriers who administer benefits under those programs.

S-1176, also sponsored by Senator Dumont, which creates a Commission on Business Efficiency in the Public Schools and charges the Committee with developing a five-year plan to monitor, implement and clarify the recommendations made in March 1978 by the Task Force on Business Efficiency in the Public Schools.

Four of the eight members of the Commission will be public members appointed by the Governor. Two members will be appointed by each House of the Legislature. The membership is to be bi-partisan, and all members will serve two-year terms without compensation, except that the legislative members can only serve on the Commission as long as they remain in that office.

Under the bill, the Commission is required to report annually to the Governor and the Joint Legislative Committee on Public Schools.

The measure includes a \$20,000 appropriation.

A-382, sponsored by Assemblyman James R. Hurley (R-Cumberland), which amends the Farmland Assessment Act to exempt seed starting plastic greenhouses from property taxation.