

ASSEMBLY, No. 1455

STATE OF NEW JERSEY

215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

Sponsored by:

Assemblyman REED GUSCIORA

District 15 (Hunterdon and Mercer)

SYNOPSIS

Establishes up to four-month extension for expiring carrier contracts with acute care hospitals while parties engage in contract renegotiation.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning certain insurance contracts with acute care
2 hospitals, supplementing Title 17B of the New Jersey Statutes
3 and repealing section 2 of P.L.1989, c.321.

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

7
8 1. a. As used in this section:

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

13 “Covered person” means a person on whose behalf a carrier
14 offering a health benefits plan is obligated to pay benefits or
15 provide services pursuant to the plan.

16 “Covered service” means a health care service provided to a
17 covered person under a health benefits plan for which the carrier is
18 obligated to pay benefits or provide services.

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

33 “Hospital” means a general or special acute care facility licensed
34 by the Commissioner of Health and Senior Services pursuant to
35 P.L.1971, c.136 (C.26:2H-1 et seq.), including rehabilitation,
36 psychiatric and long-term acute facilities.

37 b. (1) If a carrier, and a hospital with which the carrier has a
38 contract to provide covered services to covered persons pursuant to
39 a health benefits plan, are unable to agree on the terms of a new
40 contract upon the expiration date expressly stated in that expiring
41 contract, the carrier and hospital shall continue to abide by the
42 terms of the expiring contract for a period of up to four months
43 while engaged in efforts to renew or otherwise renegotiate the terms
44 of that contract.

45 (2) In the event of a period of extension described in paragraph
46 (1) of this subsection, the carrier shall promptly notify in writing:
47 (a) each health care provider with which it has contracted to provide

1 covered services; and (b) each covered person who resides in the
2 county in which the hospital is located or in an adjacent county as
3 to the extension of the terms of the expiring contract, and include in
4 the notice options available to the covered person with respect to
5 the person's health care coverage.

6 (3) (a) The period of extension may terminate before the end of
7 the four-month period if the carrier and hospital agree on the terms
8 of a new contract and mutually agree in writing to supersede the
9 period of extension by operating under the terms of the new
10 contract.

11 (b) The period of extension shall not be further extended by
12 either the carrier or hospital, whether by unilateral action or mutual
13 agreement of the parties.

14 c. (1) The provisions of this section shall not apply if either the
15 carrier or hospital, or both, provide notice of their intention to
16 terminate the contractual relationship upon the expiration of the
17 contract with no intention of renewing or otherwise renegotiating
18 the terms of that contract.

19 (2) Upon issuance of, or receipt by, the carrier of the notice
20 described in paragraph (1) of this subsection, the carrier shall
21 promptly notify in writing: (a) each health care provider with which
22 it has contracted to provide covered services; and (b) each covered
23 person who resides in the county in which the hospital is located or
24 in an adjacent county as to the date of expiration of the expiring
25 contract, and include in the notice options available to the covered
26 person with respect to the person's health care coverage.

27
28 2. Section 2 of P.L.1989, c.321 (C.26:2J-11.1) is repealed.
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30 3. This act shall take effect on the first day of the fourth month
31 next following enactment, and shall apply to any contract entered
32 into on or after the effective date.
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35 STATEMENT 36

37 This bill establishes an up to four-month extension for expiring
38 health insurance carrier contracts with acute care hospitals while the
39 parties engage in contract renegotiations to continue their
40 relationship concerning the provision of services to covered
41 persons. It applies uniformly to all carriers, including each
42 insurance company, health service corporation, hospital service
43 corporation, medical service corporation or health maintenance
44 organization authorized to issue health benefits plans in this State.

45 If a carrier and hospital are unable to agree on the terms of a new
46 contract upon the expiration date expressly stated in their expiring
47 contract, the carrier and hospital shall continue to abide by the

1 terms of the expiring contract for a period of up to four months
2 while engaged in efforts to renew or otherwise renegotiate the terms
3 of that contract. In the event of a period of extension pursuant to
4 the bill, the carrier shall promptly notify in writing: (1) each health
5 care provider with which it has contracted to provide covered
6 services; and (2) each covered person who resides in the county in
7 which the hospital is located or in an adjacent county as to the
8 extension of the terms of the expiring contract, and include in the
9 notice options available to the covered person with respect to the
10 person's health care coverage.

11 This period of extension may terminate before the end of the
12 four-month period if the carrier and hospital agree on the terms of a
13 new contract and mutually agree in writing to supersede the period
14 of extension by operating under the terms of the new contract.

15 The period of extension provided by the bill shall not be further
16 extended by either the carrier or hospital, whether by unilateral
17 action or mutual agreement of the parties.

18 The provisions of the bill shall not apply if either the carrier or
19 hospital, or both, provide notice of their intention to terminate the
20 contractual relationship upon the expiration of the contract with no
21 intention of renewing or otherwise renegotiating the terms of that
22 contract. Upon issuance of, or receipt by, the carrier of this notice,
23 the carrier shall promptly notify in writing: (1) each health care
24 provider with which it has contracted to provide covered services;
25 and (2) each covered person who resides in the county in which the
26 hospital is located or in an adjacent county as to the date of
27 expiration of the expiring contract, and include in the notice options
28 available to the covered person with respect to the person's health
29 care coverage.

30 In order to establish a uniform standard regarding any period of
31 extension, the bill repeals section 2 of P.L.1989, c.321 (C.26:2J-
32 11.1), which established an extension on contracts applicable
33 between only a health maintenance organization and a hospital. As
34 stated above, contracts involving a health maintenance organization,
35 as one category of carrier, shall be henceforth covered under the
36 provisions of this bill.