ASSEMBLY, No. 1166

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Requires State Treasurer to contract for independent forensic financial audit of certain health care benefits insurance carriers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning an independent forensic financial audit of certain health care benefits insurance carriers.

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

1. a. The State Treasurer, in consultation with the State Auditor and the Division of Pensions and Benefits in the Department of the Treasury, shall enter into a contract with a certified public accountant licensed by the State of New Jersey to conduct an independent forensic financial audit of the health insurance carriers that are currently under contract with the State as third-party administrators of the State Health Benefits Program and the School Employees' Health Benefits Program. The audit shall

(1) Examine each carrier's compliance with the terms and conditions of the contract with the State for the administration of the State Health Benefits Program and the School Employees' Health Benefits Program;

(2) Examine each carrier's fee structure and identify any inefficiency in the fee structure;

(3) Identify and examine each carrier's pricing arrangements under the contract with the State and in-network and out-of-network providers in the State Health Benefits Program and the School Employees' Health Benefits Program to ensure that each carrier is in compliance with the agreed-upon rates and reimbursement rates for all services and treatments covered under the State Health Benefits Program and the School Employees' Health Benefits Program;

(4) Review all bills and claims, and associated payments for those billings and claims, to ensure that: the State is not being overbilled or under-billed for the payment of claims; that providers are being paid in accordance with their contracts; and that each carrier is being paid for its services in accordance with its contractual terms and pricing arrangements;

(5) Determine whether the network of providers is adequate and meets the requirements specified under the contract; and

(6) Determine whether all subcontractors who have subcontracted with the carrier with the responsibility of effectuating certain provisions of the State's contract, including but not limited to, gatekeepers, entities responsible for approving prior authorizations, claims processors, and appeal adjudicators, are in compliance with, and understand, the design of the plans and the benefits provided by the plans administered through the State Health Benefits Program and the School Employees' Health Benefits Program and the terms and conditions agreed to under the contract.

b. The audit shall be conducted at the expense of the carrier and completed within 12 months of enactment of this act,

P.L. , c. (C.) (pending before the Legislature as this bill). The audit shall be submitted to the State Treasurer, the President of the Senate, the Speaker of the General Assembly, and the Legislative Finance and Budget Officer appointed pursuant to section 14 of P.L.1979, c.8 (C.52:11-67) within five business days of completion. The audit shall be deemed to contain proprietary information and shall not be considered a government record under the provisions of P.L.1963, c.73 (C.47:1A-1 et seq.) as amended and supplemented.

2. This act shall take effect immediately and shall expire upon submission of the auditor's report.

STATEMENT

This bill requires the State Treasurer, in consultation with the State Auditor and the Division of Pensions and Benefits in the Department of the Treasury, to contract with a certified public accountant to conduct an independent forensic financial audit to determine whether the health insurance carriers under contract with the State to administer the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP) are in compliance with the terms and conditions of its contract with the State for the administration of the SHBP and the SEHBP. The audit shall examine each carrier's structure, pricing arrangements, billings and claims payment processes, network adequacy, and subcontractor competence. The audit is required to be conducted at the expense of the carriers and completed within 12 months of enactment of this bill. The audit is required to be submitted to the State Treasurer, the President of the Senate, the Speaker of the General Assembly, and the Legislative Finance and Budget Officer within five business days of completion. The audit shall be deemed proprietary and exempt from the Open Public Records Act.