ASSEMBLY, No. 3403

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:
Assemblyman GARY S. SCHAER
District 36 (Bergen and Passaic)

SYNOPSIS

Establishes Center for the Study of Health Care Billing Data.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning health care data and supplementing chapter 30 of Title 17B of the New Jersey Statutes.

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

1. As used in this act:

"Carrier" means an insurance company, health service corporation, hospital service corporation, medical service corporation, or health maintenance organization, authorized to issue any health benefits plan in this State.

"Center" means the Center for the Study of Health Care Billing Data established pursuant to section 2 of this act.

"Health benefits plan" means a benefits plan which pays or provides hospital and medical expense benefits for covered services, and is delivered or issued for delivery in this State by or through a carrier. Health benefits plan includes, but is not limited to, Medicare supplement coverage and Medicare Advantage contracts to the extent not otherwise prohibited by federal law. For the purposes of sections 3 through 7 of P.L.2005, c.352 (C.17B:30-50 through C.17B:30-54), health benefits plan shall not include the following plans, policies or contracts: accident only, credit, disability, long-term care, or TRICARE supplement coverage, coverage arising out of a workers' compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.) or hospital confinement indemnity coverage.

"Health care provider" means an individual or entity which, acting within the scope of the individual's or entity's licensure or certification provides a covered service defined by a health benefits plan. Health care provider includes a physician licensed pursuant to Title 45 of the Revised Statutes and any health care facility licensed pursuant to Title 26 of the Revised Statutes.

2. a. The Commission on Higher Education, in consultation with the Commissioner of Banking and Insurance, shall establish a Center for the Study of Health Care Billing Data, at one of the four year institutions of higher education in the State. The Center shall be incorporated as a New Jersey nonprofit corporation pursuant to N.J.S.15A:1-1 et seq. and organized and operated so as to be eligible under applicable federal law for tax-exempt status and for the receipt of tax-deductible contributions, and shall be authorized to sue and to be sued as a legal entity separate from the State of New Jersey.

b. The commission, in selecting the institution of higher education, shall select an institution that:

(1) has a nationally recognized program for health policy and statistical research;

(2) has no conflicts of interest that could influence the Center for the Study of Health Care Billing Data, including any existing financial relationships with: insurers or health care facilities or any of their affiliates or subsidiaries, or any organizations representing insurers, health care facilities or health care providers; and

(3) has demonstrated proficiency and competency in providing security for proprietary or confidential data in its general operations.

c. The commission shall review the operations of the Center initially appointed pursuant to this act, and shall, on a biannual basis, commencing in the second calendar year after the enactment of this act:

(1) assess the Center's performance in relation to the responsibilities set forth in this act; and

(2) prescribe a process by regulation for certifying the institution of higher education as the location for the Center for the Study of Health Care Billing Data, or for selecting another institution to certify as the location for the Center, depending upon the results of the commission's review.

3. Within 60 days of establishment of the Center pursuant to section 2 of this act, a carrier shall submit to the Center all health care provider billing data processed by the carrier in connection with health benefits plans offered in this State, for the years 2014 through 2019, inclusive. The data shall include billing reference number; geozip; current procedural terminology code; amount billed; amount allowed; amount paid; reasons for amount allowed and paid; modifier; product line; in-network or out-of-network designation; physician or other provider designation; physician specialty; date of provision of service; and date processed. The data shall be segregated by year in the submission. An appropriate code list shall be provided with the data that permits identification of the foregoing. The carrier, in its submission, shall identify a contact person who is responsible within the carrier's organization for verifying the accuracy of the submission.

4. Within 60 days of the end of each calendar quarter thereafter, each carrier shall submit to the Center all health care provider billing data processed by the carrier in connection with health benefits plans offered in the State, for each calendar year beginning with 2021. The data shall include billing reference number; geozip; current procedural terminology code; amount billed; amount allowed; amount paid; reasons for amount allowed and paid; modifier; product line; in-network or out-of-network designation; physician or other provider designation; physician specialty; date of provision of service; and date processed. An appropriate code list shall be provided with the data that permits identification of the foregoing. The carrier, in its submission, shall

identify a contact person who is responsible within the carrier's organization for verifying the accuracy of the submission.

5. a. The Center shall analyze the health care provider billing data received from carriers pursuant to sections 3 and 4 of this act, and, based on that analysis, shall develop and maintain, on at least an annual basis, beginning with calendar year 2021, a database of health care charges that accurately reflects the usual and customary charges for services provided by health care providers in the State. The database, shall organize the charges by not less than eight geographical regions within the State, and shall be suitable for use by carriers in determining appropriate reimbursement amounts to out-of-network providers who do not participate in a carrier's managed care plan network of health care providers. The Center shall make the database available to members of the public and to carriers, who provide health benefits plans to residents of this State through a network of health care providers, and the Center may charge a reasonable fee for providing the database.

b. A carrier that provides for both in-network and out-of-network benefits in a managed care plan offered to individuals or employers in this State, shall utilize the database to determine its responsibility for an insured's out-of-network charges, and shall include provisions in its plan documents describing the use of the database for that purpose.

6. The Commission on Higher Education, in consultation with the Commissioner of Banking and Insurance, may adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) rules and regulations necessary to effectuate the purposes of this act.

7. This act shall take effect immediately.

STATEMENT

This bill establishes a Center for the Study of Health Care Billing Data (hereinafter, the "Center'), whose purpose is to analyze the health care provider billing data that is to be provided to the Center by carriers offering health benefits plans in the State, and to develop and maintain a database of health care provider billing data that accurately reflect the usual and customary charges of health care providers in the State.

The Commission on Higher Education, in consultation with the Commissioner of Banking and Insurance, shall establish the Center at one of the four-year institutions of higher education in the State. The Center shall be incorporated as a New Jersey nonprofit corporation pursuant to N.J.S.15A:1-1 et seq. and organized and

operated in such manner as to be eligible under applicable federal law for tax-exempt status and for the receipt of tax-deductible contributions.

The bill provides that the commission, in selecting the institution of higher education, shall select an institution that:

(1) has a nationally recognized program for health policy and statistical research;

(2) has no conflicts of interest that could influence the Center, including any existing financial relationships with: insurers or health care facilities or any of their affiliates or subsidiaries, or any organizations representing insurers, health care facilities or health care providers; and

(3) has demonstrated proficiency and competency in providing security for proprietary or confidential data in its general operations.

The commission shall review the operations of the Center initially appointed pursuant to the bill's provisions, and shall, on a biannual basis, commencing in the second calendar year after the enactment of the bill:

(1) assess the Center's performance in relation to the Center's responsibilities; and

(2) prescribe a process by regulation for certifying the institution of higher education as the location for the Center for the Study of Health Care Billing Data, or for selecting another institution to certify as the location for the Center, depending upon the results of the commission's review.

The bill requires a carrier to submit to the Center all health care provider billing data processed by the carrier in connection with health benefits plans offered in the State for the years 2014-2019, within 60 days of the establishment of the Center. The data is to include certain details with respect to the amounts billed, as specified in the bill. Beginning with the year 2021, the bill requires carriers to submit to the Center, by calendar quarter, all health care provider billing data processed by the carrier on an annual, ongoing basis.

The bill requires that the Center analyze the health care provider billing data received from the carriers and provide, on at least an annual basis, a database of health care charges that accurately reflects the usual and customary charges of health care providers in the State, suitable for use by carriers in determining appropriate reimbursement amounts to out-of-network providers who do not participate in that particular carrier's managed care plan network of health care providers. The Center shall make the database available to members of the public and to carriers who provide managed care plans to residents of this State and the Center may charge a reasonable fee for providing the database.

Further, the bill provides that a carrier that provides for both in-network and out-of-network benefits in a managed care plan offered to individuals or employers in this State, shall utilize the database to determine its responsibility for an insured's out-of-network charges, and shall include provisions in its plan documents describing the use of the database for that purpose.

Finally, the Commission on Higher Education, in consultation with the Commissioner of Banking and Insurance, may adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) rules and regulations necessary to effectuate the bill's provisions.