

ASSEMBLY, No. 3457

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblywoman CAROL A. MURPHY

District 7 (Burlington)

SYNOPSIS

Requires carriers that offer health benefits plans to provide new or existing subscribers with notification of certain hospital and health system contract expirations.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/5/2020)

1 **AN ACT** concerning health benefits plans and hospital and health
2 system contract expirations and supplementing P.L.1997, c.192
3 (C.26:2S-1 et al.).

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

7
8 1. a. Notwithstanding the provisions of any law to the
9 contrary, any carrier that offers a health benefits plan shall provide
10 written notification to each subscriber at least 90 business days
11 prior to the termination, withdrawal, or severance of any hospital or
12 health system from the carrier's network.

13 The termination date shall be the written end date of a contract
14 between a carrier and a hospital or health system, and the notice
15 shall be provided pursuant to this section in cases in which the
16 parties are required to continue operating under a previous
17 agreement pursuant to section 2 of P.L.1989, c.321 (C.26:2J-11.1)
18 or any other law or regulation.

19 The written notice shall be provided to subscribers who reside
20 within the county or in an adjacent county of any hospital, whether
21 that hospital is a stand-alone facility or it is part of a health system
22 that is scheduled to be terminated, withdrawn, or severed from the
23 carrier's network. The Department of Banking and Insurance shall
24 create a standardized form to be used by carriers to comply with the
25 provisions of this section.

26 Prior to enrolling, a prospective subscriber shall be informed by
27 the carrier of:

28 (1) any hospital or health system contract in effect at the date of
29 enrollment; and

30 (2) any hospital or health system contract which shall terminate
31 or sever 90 days or less after the subscriber's effective enrollment
32 date in that health plan.

33 b. A carrier shall not automatically renew a contract with a
34 hospital or health system unless the hospital or health system agrees
35 to an automatic renewal clause at the time the contract is entered
36 into.

37
38 2. This act shall take effect on the 90th day next following the
39 date of enactment, and shall apply to any health benefits plan
40 delivered, issued, executed or renewed in this State, or approved for
41 issuance or renewal in this State by the Commissioner of Banking
42 and Insurance, on or after that date.

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45 STATEMENT

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47 This bill provides that any carrier that offers a health benefits
48 plan is required to provide written notification to each subscriber at

1 least 90 business days prior to the termination, withdrawal, or
2 severance of any hospital or health system contracts from the
3 carrier's network.

4 The bill provides that the termination date is the written end date
5 of a contract between a carrier and a hospital or health system, and
6 the notice is required to be provided in cases in which the parties
7 are required to continue operating under a previous agreement
8 pursuant to current law. The written notice is to be provided to
9 subscribers who reside within the county or in an adjacent county of
10 any hospital, whether that hospital is a stand-alone facility or it is
11 part of a health system that is scheduled to be terminated,
12 withdrawn, or severed from the carrier's network. The Department
13 of Banking and Insurance shall create a standardized form to be
14 used by carriers to comply with the notice requirements.

15 Finally, the bill provides that, prior to enrolling, the carrier must
16 inform a prospective subscriber of any hospital or health system
17 contract in effect at the date of enrollment and any hospital or
18 health system contract which will terminate or sever 90 days or less
19 after the subscriber's effective enrollment date in that health
20 benefits plan.