

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3605

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: AUGUST 3, 2020

SUMMARY

- Synopsis:** Prohibits insurers, SHBP, and SEHBP from charging fee for paper bills and notices.
- Type of Impact:** No fiscal Impact.
- Agencies Affected:** Division of Pensions and Benefits, Department of the Treasury; Division of Medical Assistance and Health Services, Department of Human Services; local government entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	No Fiscal Impact		
Local Cost	No Fiscal Impact		

- The Executive has not submitted a formal fiscal note on this bill, however, the Division of Pensions and Benefits in the Department of the Treasury stated to the Office of Legislative Services (OLS) that the division does not pay for paper bills or notices, so this bill would not impact the State Health Benefits Program (SHBP) or the School Employees’ Health Benefits Program (SEHBP).
- The OLS notes that the SHBP and the SEHBP are both State self-funded health care benefits programs administered by third party administrators (TPAs), currently Horizon and Aetna, who contract with the State to administer State health care benefits. Neither the division nor the members (enrollees) of the SHBP and the SEHBP are charged fees for receiving paper bills or notices. As such, this bill, with regard to the SHBP and the SEHBP would not have a fiscal impact on either State or local government entities.
- The OLS also notes that it is unlikely that there will be any impact under the State Medicaid program. The bill may be applicable to Medicaid, but the OLS is not aware of any fees that Medicaid managed care organizations (MCOs) may charge for paper bills and notices.

BILL DESCRIPTION

This bill prohibits any insurer from charging a fee to furnish tangible printed or paper bills or notices, with respect to any insurance policy, to an insured or other owner of that policy. Insurance policies referred to under the bill include automobile insurance policies, homeowners policies, individual life and health insurance policies. In addition, the bill prohibits the State Health Benefits Commission and School Employees' Health Benefits Commission from charging a fee to furnish tangible printed or paper bills or notices to any member of the SHBP or the SEHBP.

This bill ensures that an insured, or other owner of the policy, will not be charged an additional fee if the insured or other owner of the policy elects to receive tangible printed or paper bills or notices in place of digital access to the same. The bill does not prohibit an insurer from offering a discount, credit, or other incentive to an insured for selecting a specific billing, payment, or notification option.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal fiscal note on this bill, however, the Division of Pensions and Benefits in the Department of the Treasury stated to the OLS that the division does not pay for paper bills or notices, so this bill would not impact the SHBP or the SEHBP.

OFFICE OF LEGISLATIVE SERVICES

SHBP/SEHBP

The OLS notes that the SHBP and the SEHBP are both State self-funded health care benefits programs administered by TPAs, currently Horizon and Aetna, who contract with the State to administer State health care benefits. Neither the division nor the enrollees of the SHBP and the SEHBP are charged fees for receiving paper bills or notices. As such, this bill, with regard to the SHBP and the SEHBP would not have a fiscal impact on either State or local government entities.

Contractual Administrative Services Only (ASO) fees paid by the SHBP and the SEHBP to the TPAs include fees for general administration, claim administration, network management, medical management (precertification, concurrent review, discharge planning, case management), and disease management (coronary artery disease, heart failure, COPD, asthma, chronic kidney disease, diabetes, etc.). ASOs are paid an employee-per-month rate. In addition, the SHBP and the SEHBP pay TPAs for a number of other services including a 24-hour nurse line, which aids in reducing non-emergent use of the emergency room; radiology management which directs members to the most cost effective radiology service settings; pain management to reduce misuse of pain management services; medical specialty drug management services to guide injectable drug administration to the most economic and clinically appropriate site of services; care coordination assistance to physician group partners to manage better patient care to avoid acute episodes; and wellness support.

Medicaid

The OLS notes that it is unlikely that there will be any impact under the State Medicaid program. The bill may be applicable to Medicaid, but the OLS is not aware of any fees that Medicaid MCOs may charge for paper bills and notices. The HMO contracts states:

“Pursuant to 42 U.S.C. § 1396b(m)(5)(A), the Secretary of the Department of Health and Human Services may impose substantial monetary and/or criminal penalties on the Contractor when the Contractor: Imposes premiums or charges on enrollees in violation of this contract, which provides that no premiums, deductibles, co-payments or fees of any kind may be charged to Medicaid enrollees.”

Section: State Government

*Analyst: Kimberly M. Clemmensen
Lead Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).