

SENATE, No. 627

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

SYNOPSIS

Directs State Health Benefits Commission to study reference-based pricing.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** directing the State Health Benefits Commission to examine
2 the implementation of reference-based pricing in the State Health
3 Benefits Program.

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

7
8 1. a. The State Health Benefits Commission, established
9 pursuant to section 3 of P.L.1961, c.49 (C.52:14-17.27), shall
10 conduct a comprehensive review of reference-based pricing health
11 benefits models and the fiscal impact of implementing reference-
12 based pricing in this State.

13 b. The commission shall evaluate the following, at minimum:

14 (1) the anticipated costs and savings to the State, to participating
15 employers, and to persons covered under the State Health Benefits
16 Program associated with implementing reference-based pricing;

17 (2) the potential effect of reference-based pricing on higher-cost
18 medical services, including radiology, outpatient specialty, and
19 elective inpatient procedures;

20 (3) the optimal maximum reimbursable amount, including the
21 optimal percentage of Medicare reimbursement to health care
22 facilities and providers, at which reference-based pricing should be
23 established;

24 (4) the successes and challenges of reference-based pricing
25 employed in other jurisdictions in the country, including, but not
26 limited to, the various models adopted in California, Montana, and
27 North Carolina;

28 (5) the changes in consumer choice and provider prices and
29 participation before and after implementation of reference-based
30 pricing in other jurisdictions utilizing reference-based pricing,
31 comparing those changes to choices made by comparable employed
32 groups not subject to reference-based pricing during the same time
33 period; and

34 (6) the requirements and limitations of State and federal law,
35 including the Patient Protection and Affordable Care Act (PPACA)
36 (Pub. L. 111–148, 2010), to which the most feasible models would
37 be subject.

38 c. The commission shall have the power to call to its assistance
39 and avail itself of the services of employees of any State, county, or
40 municipal department, board, bureau, commission or agency as it
41 may require and as may be available for purposes of this section.
42 The commission may consult with and seek the assistance of any
43 other public or private organization or individual with relevant
44 expertise as may be necessary.

45 d. The commission shall issue a final report on its findings and
46 recommendations, which shall include recommendations for
47 legislation, to the Governor and to the Legislature, pursuant to
48 section 2 of P.L.1991, c.164 (C.52:14-19.1), by July 1, 2019.

1 Following the issuance of its final report, the commission shall
2 convene at the call of the chairperson to consider and respond to
3 any written request submitted to it by a legislator or officer or
4 employee of the Executive Branch of State government on any item
5 set forth in its report.

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7 2. This act shall take effect immediately.
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10 STATEMENT

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12 This bill directs the State Health Benefits Commission (SHBC)
13 to study reference-based pricing. Under the bill, the SHBC will
14 conduct a comprehensive review of reference-based pricing health
15 benefits models and the fiscal impact of implementing reference-
16 based pricing in this State.

17 The commission is required to evaluate the following, at
18 minimum:

19 (1) the anticipated costs and savings to the State, to participating
20 employers, and to covered persons associated with implementing
21 reference-based pricing;

22 (2) the potential effect of reference-based pricing on higher-cost
23 medical services;

24 (3) the optimal maximum reimbursable amount at which
25 reference-based pricing should be established;

26 (4) the successes and challenges of reference-based pricing
27 employed in other jurisdictions in the country;

28 (5) the changes in consumer choice and provider prices and
29 participation before and after implementation of reference-based
30 pricing; and

31 (6) the requirements and limitations of State and federal law,
32 including the Affordable Care Act, to which the most feasible
33 models would be subject.

34 The commission will issue a final report on its findings and
35 recommendations, which will include recommendations for
36 legislation, to the Governor and the Legislature by July 1, 2019.