

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3000

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 22, 2021

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3000 (1R).

As amended by the committee, this bill codifies and establishes certain network adequacy standards for pediatric primary and specialty care in the Medicaid program. The bill defines network adequacy to mean the adequacy of the provider network with respect to the scope and type of health care benefits provided by the managed care plan, the geographic service area covered by the provider network, and access to medical specialists pursuant to the standards in the regulations promulgated pursuant to section 19 of P.L.1997, c.192 (C.26:2S-18) and in the existing contract between a managed care organization (MCO) and the Division of Medical Assistance and Health Services (DMAHS) in the Department of Human Services (DHS).

Currently, pursuant to the contract between Medicaid MCOs and the DMAHS, all MCO networks are required to ensure that 90 percent of the enrollees must be within six miles of two primary care physicians (PCPs) in urban counties, and that 85 percent of enrollees must be within 15 miles of two PCPs in non-urban counties. Under the contract, no enrollee is to be more than 30 minutes from a PCP.

The existing network adequacy requirements for medical specialists are outlined under State regulation at N.J.A.C.11:24-6 et seq. Specifically, all Medicaid MCO networks are required to ensure that 90 percent of enrollees must be within 60 minutes or 45 miles of each type of medical specialist.

This bill enhances these existing network adequacy standards for pediatric primary and specialty care in the Medicaid program by incorporating certain federal network adequacy standards for the Medicare Advantage program.

Under the bill, the Commissioner of Banking and Insurance, pursuant to section 19 of P.L.1997, c.192 (C.26:2S-18), is required to only approve the network adequacy of a managed care plan provided by a MCO contracted with the DMAHS to provide benefits under Medicaid if the plan has:

(1) a sufficient number of pediatric PCPs to assure that: (a) at least two physicians eligible as PCPs are within five miles or 10 minutes driving time or public transit time, whichever is less, of 90 percent of the managed care plan's pediatric enrollees who live in urban counties; (b) at least two physicians eligible as PCPs are within 10 miles or 15 minutes driving time or public transit time, whichever is less, of 90 percent of the managed care plan's pediatric enrollees who live in non-urban counties; and (c) 100 percent of all pediatric enrollees live no more than 30 minutes from at least one physician eligible as a PCP;

(2) a sufficient number of pediatric medical specialists to assure: (a) access within 15 miles or 30 minutes driving time or public transit time, whichever is less, of 90 percent of the managed care plan's pediatric enrollees who live in urban counties; and (b) access within 40 miles or 60 minutes driving time or public transit time, whichever is less, of 90 percent of the managed care plan's pediatric enrollees who live in non-urban counties;

(3) a sufficient number of pediatric oncologists and developmental and behavioral pediatricians to assure: (a) access within 10 miles or 20 minutes driving time or public transit time, whichever is less, of 90 percent of the managed care plan's pediatric enrollees who live in urban counties; and (b) access within 30 miles or 45 minutes driving time or public transit time, whichever is less, of 90 percent of the managed care plan's pediatric enrollees who live in non-urban counties; and

(4) the following types of pediatric medical specialties represented within the plan's network: adolescent medicine; allergy and immunology; cardiology; developmental and behavioral pediatrics; psychiatry; emergency medicine; endocrinology and diabetes; gastroenterology and nutrition; general pediatrics; general pediatrics – dermatology; hematology; human genetics and metabolism; infectious disease; neonatology; nephrology; neurology; oncology; ophthalmology; orthopedics; otolaryngology; plastic surgery; pulmonary medicine, including sleep medicine; radiology; rehabilitative medicine; and rheumatology.

As amended by the bill, “urban county” means: Bergen, Burlington, Camden, Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, Passaic, and Union counties. “Non-urban county” means: Atlantic, Cape May, Cumberland, Gloucester, Hunterdon, Morris, Salem, Somerset, Sussex, and Warren counties. These definitions reflect the definitions in the existing MCO contract.

Any MCO that violates any provision of the bill is liable for penalties described under section 16 of P.L.1997, c.192 (C.26:2S-16). These penalties include a civil penalty of not less than \$250 and not greater than \$10,000 for each day that the MCO is in violation of the bill if reasonable notice in writing is given of the intent to levy the penalty and, at the discretion of the commissioner, the MCO has 30 days, or such additional time as the commissioner shall determine to

be reasonable, to remedy the condition which gave rise to the violation, and fails to do so within the time allowed. The Commissioner of Banking and Insurance may also issue an order directing a MCO to cease and desist from engaging in any act or practice in violation of the provisions of the bill.

The bill is to take effect on the first day of the third month following enactment, except that the Commissioner of Banking and Insurance, in conjunction with the Commissioner of Human Services, may take such anticipatory administrative action in advance thereof as shall be necessary for the implementation of the bill.

COMMITTEE AMENDMENTS

The committee amended the bill to add psychiatry to the list of pediatric medical specialties that are required to be represented within the plan's network under the Medicaid program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate impact on State costs and revenues due to the countervailing effects of enhancing network adequacy standards for pediatric primary and specialty care, as established under the bill, on the capitation rates paid by the Division of Medical Assistance and Health Services to the Medicaid managed care organizations. To the extent that State Medicaid expenditures are matched by federal Medicaid funds, State revenues may also be affected under this bill.

It is possible that any expenses incurred may be partially offset by an increase in State revenue due to the collection of fines imposed under the bill. However, the OLS cannot determine the nature and number of such infractions and, therefore, the amount of revenue that may be generated.