

ASSEMBLY, No. 640

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen IMPREVEDUTO and GARCIA

1 AN ACT concerning health maintenance organizations and amending
2 P.L.1973, c.337.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 15 of P.L.1973, c.337 (C.26:2J-15) is amended to read
8 as follows:

9 15. Prohibited practices. a. No health maintenance organization,
10 or representative thereof, may cause or knowingly permit the use of
11 advertising which is untrue or misleading, solicitation which is untrue
12 or misleading, or any form of evidence of coverage which is deceptive.
13 For purpose of this act:

14 (1) a statement or item of information shall be deemed to be untrue
15 if it does not conform to fact in any respect which is or may be
16 significant to an enrollee of, or person considering enrollment in, a
17 health care plan;

18 (2) a statement or item of information shall be deemed to be
19 misleading, whether or not it may be literally untrue, if, in the total
20 context in which such statement is made or such item of information
21 is communicated, such statement or item of information may be
22 reasonably understood by a reasonable person, not possessing special
23 knowledge regarding health care coverage, as indicating any benefit or
24 advantage or the absence of any exclusion, limitation, or disadvantage
25 of possible significance to an enrollee of, or person considering
26 enrollment in, a health care plan, if such benefit or advantage or
27 absence of limitation, exclusion or disadvantage does not in fact exist;

28 (3) an evidence of coverage shall be deemed to be deceptive if the
29 evidence of coverage taken as a whole, and with consideration given
30 to typography and format, as well as language, shall be such as to
31 cause a reasonable person, not possessing special knowledge regarding
32 health care plans and evidences of coverage [therefore] therefor, to

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 expect benefits, services, charges, or other advantages which the
2 evidence of coverage does not provide or which the health care plan
3 issuing such evidence of coverage does not regularly make available
4 for enrollees covered under such evidence of coverage.

5 b. The unfair trade practice provisions of the New Jersey insurance
6 law (N.J.S.17B:30-1 through 22) shall be construed to apply to health
7 maintenance organizations, health care plans and evidences of
8 coverage except to the extent that the commissioner determines that
9 the nature of health maintenance organizations, health care plans and
10 evidence of coverage render such sections clearly inappropriate.

11 c. An enrollee may not be canceled or nonrenewed except for the
12 failure to pay the charge for such coverage, or for such other reasons
13 as may be promulgated by the commissioner.

14 d. No health maintenance organization, unless licensed as an
15 insurer, may use in its name, evidence of coverage, or literature any of
16 the words "insurance," "assurance," "casualty," "surety," "mutual," or
17 any other words descriptive of the insurance, casualty, or surety
18 business or deceptively similar to the name or description of any
19 insurance, or surety corporation doing business in this State.

20 e. No health maintenance organization shall deny an orthotist or
21 prosthetist licensed pursuant to P.L.1991, c.512 (C.45:12B-1 et seq.)
22 or a pedorthist certified by the American Board of Certification in
23 Pedorthics or its successor, the right to enter into a contract pursuant
24 to paragraph (4) of subsection a. of section 5 of P.L.1973, c.337
25 (C.26:2J-5) if the orthotist, prosthetist or pedorthist is willing to meet
26 the terms and conditions of the contract.

27 The provisions of this section shall be enforced by the [State]
28 Director of the Division of Consumer Affairs in the Department of
29 Law and Public Safety and, where applicable, the commissioner or the
30 Commissioner of Insurance. Nothing in this act shall limit the powers
31 of the Attorney General and the procedures with respect to consumer
32 fraud in [N.J.S.56:8-1 et seq] P.L.1960, c.39 (C.56:8-1 et seq.).
33 (cf: P.L.1973, c.337, s.15)

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35 2. This act shall take effect immediately.

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38 STATEMENT

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40 This bill prohibits a health maintenance organization (HMO) from
41 denying an orthotist, prosthetist or pedorthist the right to enter into a
42 contract with a health maintenance organization as a provider in the
43 HMO network of providers if the orthotist, prosthetist or pedorthist
44 is willing to meet the terms and conditions of the health maintenance
45 organization contract.

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3 Prohibits HMOs from denying provider participation to orthotists,
4 prosthetists and pedorthists willing to meet terms of HMO contract.