

ASSEMBLY, No. 930

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen KRAMER and BAGGER

1 AN ACT concerning automobile insurance and supplementing  
2 P.L.1972, c.70 (C.39:6A-1 et seq.).

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

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7 1. a. An insurer may offer, as an option on a Statewide basis,  
8 coverage of medical expense benefits pursuant to subsection a. of  
9 section 4 of P.L.1972, c.70 (C.39:6A-4) and section 10 of P.L.1972,  
10 c.70 (C.39:6A-10) through a managed care arrangement under such  
11 terms and conditions as are approved by the Commissioner of  
12 Insurance. An insurer may utilize more than one managed care  
13 arrangement so that the service area of an insurer includes the entire  
14 State.

15 b. The Commissioner of Insurance shall approve the offering of  
16 medical expense benefits coverage through a managed care  
17 arrangement by an insurer if the insurer: (1) demonstrates that the  
18 managed care arrangement has a sufficient number of health care  
19 providers in any proposed service area to ensure the availability and  
20 accessibility of medical and other covered health care services; (2)  
21 submits written procedures for dispute and grievance resolution to the  
22 Commissioner of Insurance for the commissioner's review and  
23 approval; and (3) complies with such other requirements as the  
24 Commissioner of Insurance, in consultation with the Commissioner of  
25 Health, may deem appropriate to reduce costs, assure access to  
26 medical services comparable to those provided in a non-managed care  
27 arrangement, and minimize improper utilization of medical and other  
28 covered health care services, without sacrificing the quality of such  
29 services to persons injured in automobile accidents.

30 c. As approved by the Commissioner of Insurance, an insurer shall  
31 offer a managed care arrangement at an appropriately reduced  
32 premium and with or without waiver of all or part of the copayment,  
33 deductible, or both which are required by the provisions of section 4  
34 of P.L.1972, c.70 (39:6A-4) and section 13 of P.L.1983, c.362  
35 (C.39:6A-4.3). The rates for personal injury protection coverage in

1 which medical expense benefits coverage is made available through a  
2 managed care arrangement shall be determined by the loss experience  
3 of the rate filer for personal injury protection coverage in which  
4 medical expense benefits coverage is made available through a  
5 managed care arrangement.

6 d. An insurer offering a managed care arrangement option shall  
7 provide a written notice to its insureds which shall: (1) describe the  
8 significant aspects of the managed care arrangement option; (2)  
9 explain the differences between any managed care arrangement option  
10 and non-managed care option offered by the insurer; (3) identify the  
11 range of premium rate credit or dollar savings or both; and (4) include  
12 such other information as the Commissioner of Insurance may require.

13 e. Election of a managed care arrangement option shall be in  
14 writing in a form prescribed by the Commissioner of Insurance and  
15 shall be signed by the named insured.

16 f. A managed care arrangement elected by the named insured shall  
17 continue in force until the insurer or its authorized representative  
18 receives a written request, signed by the named insured, under  
19 procedures established by the Commissioner of Insurance, to change  
20 the arrangement by which medical expense benefits are provided from  
21 a managed care arrangement to a non-managed care arrangement. If  
22 an accident causing bodily injury takes place while a managed care  
23 arrangement is in effect, the injured person shall continue to receive  
24 medical expense benefits through the managed care arrangement with  
25 respect to that injury.

26 For purposes of this act "managed care arrangement" means an  
27 arrangement by which medical and other covered health care services  
28 are delivered through a system designed to enhance quality and  
29 efficiency, which system may emphasize or require the utilization of  
30 specified health care providers or programs and may require  
31 pre-authorization of services. Managed care arrangements shall  
32 include, but not be limited to, health maintenance organizations,  
33 preferred provider organizations and such other arrangements as may  
34 be approved by the Commissioner of Insurance.

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36 2. The Commissioner of Insurance, in consultation with the  
37 Commissioner of Health, shall promulgate rules and regulations  
38 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
39 (C.52:14B-1 et seq.) as may be necessary to effectuate the purposes  
40 of this act.

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42 3. This act shall take effect immediately.

## STATEMENT

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3 This bill permits insurers providing automobile insurance to offer  
4 personal injury protection (PIP) medical expense benefits through a  
5 managed care arrangement, as an option on a Statewide basis, if the  
6 managed care arrangement has been approved by the Commissioner of  
7 Insurance.

8 Under the provisions of the bill, the Commissioner of Insurance  
9 shall approve a managed care arrangement if the insurer offering this  
10 option: (1) demonstrates to the Commissioner of Insurance that the  
11 managed care arrangement has a sufficient number of health care  
12 providers in any proposed service area to ensure the availability and  
13 accessibility of medical and other covered health care services; (2)  
14 submits to the Commissioner of Insurance, for review and approval,  
15 written procedures for dispute and grievance resolution; and (3)  
16 complies with such other requirements as the Commissioner of  
17 Insurance, in consultation with the Commissioner of Health, may deem  
18 appropriate.

19 An insurer must offer a managed care arrangement option at an  
20 appropriately reduced premium and with or without waiver of all or  
21 part of the currently required copayment, deductible or both. The  
22 premium for this coverage option shall be based on the loss experience  
23 of the rate filer for that coverage option.

24 The bill also requires such an insurer to send a written notice to its  
25 insureds which: (1) describes the significant aspects of the managed  
26 care arrangement option being offered; (2) explains the differences  
27 between any managed care arrangement option and non-managed care  
28 option offered; (3) identifies the range of premium rate credit or  
29 dollar savings or both that would be realized by an insured choosing  
30 a managed care arrangement option; and (4) includes any other  
31 information that may be required by the Commissioner of Insurance.

32 The bill requires an insured choosing medical expense benefit  
33 coverage through a managed care arrangement to do so in writing.  
34 Finally, the bill provides that a managed care arrangement shall remain  
35 in force until the insurer or its authorized representative receives a  
36 written request, signed by the named insured, to change the  
37 arrangement by which medical expense benefits coverage is provided  
38 from a managed care arrangement to a non-managed care  
39 arrangement.

40 Managed care arrangements include health maintenance  
41 organizations, preferred provider organizations and such other  
42 arrangements as may be approved by the commissioner.

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3 Permits auto insurers to offer PIP medical expense benefits through  
4 optional managed care arrangements.