

ASSEMBLY, No. 964

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen FELICE and CORODEMUS

1 **AN ACT** concerning prompt payment of health insurance claims and
2 amending P.L.1991, c.187.

3

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

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7 1. Section 78 of P.L.1991, c.187 (C.17B:26-12.1) is amended to
8 read as follows:

9 78. a. A health insurer shall reimburse all claims or any portion of
10 any claim from an insured or an insured's assignee, for payment under
11 a health insurance policy, within [60] 30 days after receipt of the claim
12 by the health insurer. If a claim or a portion of a claim is contested by
13 the health insurer, the insured or the insured's assignee shall be notified
14 in writing within [45] 20 days after receipt of the claim by the health
15 insurer, that the claim is contested or denied; except that, the
16 uncontested portion of the claim shall be paid within [60] 30 days after
17 receipt of the claim by the health insurer. The notice that a claim is
18 contested shall identify the contested portion of the claim and the
19 reasons for contesting the claim.

20 A health insurer, upon receipt of the additional information
21 requested from the insured or the insured's assignee shall pay or deny
22 the contested claim or portion of the contested claim, within [90] 60
23 days.

24 Payment shall be treated as being made on the date a draft or other
25 valid instrument which is equivalent to payment was placed in the
26 United States mail in a properly addressed, postpaid envelope or, if
27 not so posted, on the date of delivery.

28 b. An overdue payment shall bear simple interest at the rate of 10%
29 per year. For the purpose of determining interest charges in the event
30 the insured or his assignee prevails in a contested claim, a payment
31 shall be considered overdue at the expiration of the 30-day period
32 provided in subsection a. of this section or, if the insured or his

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 assignee was required to provide additional information to the insurer,
2 within 10 business days following receipt by the insurer of all the
3 information requested by it, whichever date is later.

4 c. For the purposes of this section, "health insurer" means an
5 insurer authorized to provide health insurance on an individual basis
6 pursuant to chapter 26 of Title 17B of the New Jersey Statutes.

7 d. The Department of Insurance shall adopt rules and regulations
8 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
9 (C.52:14B-1 et seq.) to carry out the provisions of this section.

10 (cf: P.L.1991, c.187, s.78)

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12 2. Section 79 of P.L.1991, c.187 (C.17B:27-44.1) is amended to
13 read as follows:

14 79. a. A health insurer shall reimburse all claims or any portion of
15 any claim from an insured or an insured's assignee, for payment under
16 a health insurance policy, within [60] 30 days after receipt of the claim
17 by the health insurer. If a claim or a portion of a claim is contested by
18 the health insurer, the insured or the insured's assignee shall be notified
19 in writing within [45] 20 days after receipt of the claim by the health
20 insurer, that the claim is contested or denied; except that, the
21 uncontested portion of the claim shall be paid within [60] 30 days after
22 receipt of the claim by the health insurer. The notice that a claim is
23 contested shall identify the contested portion of the claim and the
24 reasons for contesting the claim.

25 A health insurer, upon receipt of the additional information
26 requested from the insured or the insured's assignee shall pay or deny
27 the contested claim or portion of the contested claim, within [90] 60
28 days.

29 Payment shall be treated as being made on the date a draft or other
30 valid instrument which is equivalent to payment was placed in the
31 United States mail in a properly addressed, postpaid envelope or, if
32 not so posted, on the date of delivery.

33 b. An overdue payment shall bear simple interest at the rate of 10%
34 per year. For the purpose of determining interest charges in the event
35 the insured or his assignee prevails in a contested claim, a payment
36 shall be considered overdue at the expiration of the 30-day period
37 provided in subsection a. of this section or, if the insured or his
38 assignee was required to provide additional information to the insurer,
39 within 10 business days following receipt by the insurer of all the
40 information requested by it, whichever date is later.

41 c. For the purposes of this section, "health insurer" means an
42 insurer authorized to provide health insurance on a group basis
43 pursuant to chapter 27 of Title 17B of the New Jersey Statutes.

44 d. The Department of Insurance shall adopt rules and regulations
45 pursuant to the "Administrative Procedure Act," P.L.1968, c.410

1 (C.52:14B-1 et seq.) to carry out the provisions of this section.
2 (cf: P.L.1991, c.187, s.79)

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4 3. Section 80 of P.L.1991, c.187 (C.26:2J-5.1) is amended to read
5 as follows:

6 80. a. A health maintenance organization shall reimburse all claims
7 or any portion of any claim for hospital services from an enrollee or an
8 enrollee's assignee, for payment under health maintenance organization
9 coverage, within [60] 30 days after receipt of the claim by the health
10 maintenance organization. If a claim or a portion of a claim is
11 contested by the health maintenance organization, the enrollee or the
12 enrollee's assignee shall be notified in writing within [45] 20 days after
13 receipt of the claim by the health maintenance organization, that the
14 claim is contested or denied; except that, the uncontested portion of
15 the claim shall be paid within [60] 30 days after receipt of the claim by
16 the health maintenance organization. The notice that a claim is
17 contested shall identify the contested portion of the claim and the
18 reasons for contesting the claim.

19 A health maintenance organization, upon receipt of the additional
20 information requested from the enrollee or the enrollee's assignee shall
21 pay or deny the contested claim or portion of the contested claim,
22 within [90] 60 days.

23 Payment shall be treated as being made on the date a draft or other
24 valid instrument which is equivalent to payment was placed in the
25 United States mail in a properly addressed, postpaid envelope or, if
26 not so posted, on the date of delivery.

27 b. An overdue payment shall bear simple interest at the rate of 10%
28 per year. For the purpose of determining interest charges in the event
29 the enrollee or his assignee prevails in a contested claim, a payment
30 shall be considered overdue at the expiration of the 30-day period
31 provided in subsection a. of this section or, if the enrollee or his
32 assignee was required to provide additional information to the health
33 maintenance organization, within 10 business days following receipt
34 by the health maintenance organization of all the information requested
35 by it, whichever date is later.

36 c. For the purposes of this section, "health maintenance
37 organization" means a health maintenance organization authorized
38 pursuant to the provisions of P.L.1973, c.337 (C.26:2J-1 et seq.).

39 d. The Department of Health shall adopt rules and regulations
40 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
41 (C.52:14B-1 et seq.) to carry out the provisions of this section.

42 (cf: P.L.1991, c.187, s.80)

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44 4. This act shall take effect immediately.

STATEMENT

This bill amends the "prompt payment" requirements of the "Health Care Cost Reduction Act," P.L.1991, c.187 (C.26:2H-18.24 et al.) to reduce the amount of time in which a claim must be paid by a health insurer or health maintenance organization from 60 days to 30 days. Also, in order to limit the time during which a claim is contested and remains unpaid, the bill provides that a contested claim which is subsequently paid in whole or part shall be considered an overdue payment and shall bear simple interest at the rate of 10% per year calculated from the expiration of the 30-day period or, if the insured or his assignee was required to provide additional information to the insurer or health maintenance organization, within 10 business days following receipt by the insurer or health maintenance organization of all the information requested by it, whichever date is later.

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20 Revises prompt payment provisions in "Health Care Cost Reduction
21 Act" to require payment in 30 days.