

ASSEMBLY, No. 1889

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1996

By Assemblywomen QUIGLEY and WEINBERG

1 AN ACT concerning clinical laboratories and amending and
2 supplementing P.L.1975, c.166.

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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. (New section) A clinical laboratory shall present or cause to be
8 presented a claim, bill or demand for payment for clinical laboratory
9 services directly to the recipient of the services unless the recipient of
10 the services or the recipient's responsible party authorizes that the
11 claim, bill or demand for payment be presented to any of the following:

12 a. An immediate family member of the recipient of the services or
13 other person legally responsible for the debts or care of the recipient
14 of the services;

15 b. A third party payer including a health insurer, a State approved
16 or federally qualified health maintenance organization in which the
17 recipient of the services is enrolled, a governmental agency or its
18 specified agent which provides health care benefits on behalf of the
19 recipient of the services, and an employer of the recipient of the
20 services who is responsible for payment of the services;

21 c. A hospital or skilled nursing facility in which the recipient of the
22 services is or has been an inpatient or outpatient;

23 d. A substance abuse program in which the recipient of the services
24 is or has been a participant; and

25 e. A nonprofit clinic or other health care provider whose purpose
26 is the promotion of public health, from which the recipient of the
27 services has received health care.

28 Notwithstanding the provisions of this section to the contrary, in
29 the case of a clinical laboratory which performs services at the request
30 of another clinical laboratory, the clinical laboratory may present the
31 claim, bill or demand for payment to the requesting clinical laboratory.

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33 2. Section 17 of P.L.1975, c.166 (C.45:9-42.42) is amended to
34 read as follows:

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 17. No person shall:

2 a. Operate, maintain, direct, or engage in the business of operating
3 a clinical laboratory, as herein defined, unless he has obtained a clinical
4 laboratory license from the department, or is exempt under the
5 provisions of this act.

6 b. Collect or receive specimens for analysis by an unlicensed
7 laboratory.

8 c. Accept specimens for tests from and make reports to persons
9 who are not legally qualified or authorized to submit specimens to
10 clinical laboratories and to receive such reports, but this shall not
11 prohibit the referral of specimens from one licensed clinical laboratory
12 to another similarly licensed under the laws of the state in which it is
13 located, providing the report indicates clearly the clinical laboratory
14 performing the test and the name of the director of such clinical
15 laboratory.

16 d. Either personally, or through an agent, solicit referral of
17 specimens to his or any other clinical laboratory or contract to perform
18 clinical laboratory examinations of specimens in a manner which offers
19 or implies an offer of rebates to a person or persons submitting
20 specimens, other fee-splitting inducements, participation in any
21 fee-splitting arrangements or other unearned remuneration.

22 e. Obstruct or interfere with the department or any officer or
23 employee thereof in the performance of any duty imposed by this act.

24 f. Collect any amounts that were billed in violation of section 1 of
25 P.L. , c. (C.)(pending before the Legislature as this bill).

26 (cf: P.L.1975, c.166, s.17)

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28 3. Section 18 of P.L.1975, c.166 (C.45:9-42.43) is amended to
29 read as follows:

30 18. a. Any person convicted of violating any provision of this act
31 or of any rule or regulation adopted hereunder shall be subject to a
32 penalty of not less than \$100.00 nor more than \$1,000.00 for each
33 violation. The penalty shall be collected, and enforced in summary
34 proceedings under the Penalty Enforcement Law (N.J.S.2A:58-1 et
35 seq.).

36 b. A person who collects any amounts that were billed in violation
37 of section 1 of P.L. , c. (C.)(pending before the Legislature as this
38 bill), is liable for, and shall refund on a timely basis to the person who
39 was billed, any amounts so collected.

40 (cf: P.L.1975, c.166, s.18)

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42 4. This act shall take effect immediately.

STATEMENT

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3 This bill provides for the direct billing of patients by clinical
4 laboratories. It prohibits clinical laboratories from presenting a bill for
5 services to any person other than the person who is the recipient of the
6 services, or that person's legal representative. However, upon
7 authorization of the recipient of the services or that person's legal
8 representative, the clinical laboratory may bill the appropriate third
9 party payer, health care facility, clinic or program for the services.
10 The bill provides that any amounts collected in violation of this billing
11 requirement shall be refunded to the payer on a timely basis.

12 The direct billing provided for in this bill means that laboratories
13 shall request payment directly from either the patient or a financially
14 responsible third party, rather than the physician who requested the
15 test. Direct billing will help reduce the costs of health care, since the
16 billing of physicians rather than patients promotes the practice of
17 physician mark-ups. Because of these mark-ups for laboratory
18 services, patients or their insurers may be charged amounts that are
19 excessive and disproportionate to the actual expenses incurred by the
20 physician in administering the test and interpreting its results.

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25 Requires clinical laboratories to bill recipients of services directly.