

ASSEMBLY, No. 2256

STATE OF NEW JERSEY

INTRODUCED JULY 18, 1996

By Assemblymen DORIA and DiGAETANO

1 AN ACT prohibiting certain practices by managed care plans,  
2 supplementing P.L.1973, c.337 (26:2J-1 et seq.) and amending  
3 P.L.1993, c.162.

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

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8 1. (New section) A health maintenance organization shall not  
9 refuse to contract with or compensate for covered health care services  
10 with an otherwise eligible health care provider or nonparticipating  
11 health care provider solely because the provider has, in good faith,  
12 communicated with one or more of the provider's current, former or  
13 prospective patients regarding the provisions, terms or requirements  
14 of the health maintenance organization's products as they relate to the  
15 needs of the provider's patients.

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17 2. Section 22 of P.L.1993, c.162 (17B:27A-54) is amended to read  
18 as follows:

19 22. Notwithstanding any other law to the contrary, the  
20 commissioner is authorized to approve the establishment of an  
21 arrangement by an insurance company operating pursuant to Title 17B  
22 of the New Jersey Statutes and authorized to issue health benefits  
23 plans in this State, that is entered into on or after June 1, 1993 and  
24 which provides for selective contracting with health care providers and  
25 reasonable benefit differentials applicable to participating and  
26 nonparticipating health care providers.

27 The agreement for an arrangement shall be filed and approved by  
28 the commissioner before it becomes effective. The commissioner shall  
29 approve the agreement if he determines, in consultation with the  
30 Commissioner of Health, that the arrangement promotes health care  
31 cost containment while adequately preserving quality of care. The  
32 commissioner may adopt regulations pursuant to the "Administrative  
33 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) necessary to  
34 enforce and administer the arrangements.

**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     Notwithstanding the provisions of any law to the contrary, a  
2 selective contracting arrangement shall not refuse to contract with or  
3 compensate for covered health care services with an otherwise eligible  
4 health care provider or nonparticipating health care provider solely  
5 because the provider has, in good faith, communicated with one or  
6 more of the provider's current, former or prospective patients  
7 regarding the provisions, terms or requirements of the selective  
8 contracting arrangement's products as they relate to the needs of the  
9 provider's patients.

10 (cf: P.L.1993, c.162, s.22)

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12     3. This act shall take effect 60 days after the date of enactment.

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STATEMENT

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17     This bill prohibits health maintenance organizations and selective  
18 contracting arrangements from refusing to contract with or compensate  
19 for covered health care services with an otherwise eligible health care  
20 provider or nonparticipating health care provider solely because the  
21 provider has, in good faith, communicated with one or more of the  
22 provider's current, former or prospective patients regarding the  
23 provisions, terms or requirements of the managed care plan's products  
24 as they relate to the needs of the provider's patients.

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30 Prohibits managed care plans from refusing payment to or contracts  
31 with health care providers who engage in certain communications with  
patients.