

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 2618
STATE OF NEW JERSEY

DATED: February 24, 1997

Assembly Bill No. 2618 of 1996 requires the State Health Benefits Commission to ensure that any enrollee or member under the State Health Benefits Program (SHBP) who is enrolled in a health maintenance organization (HMO) or the NJ PLUS plan (the SHBP's preferred provider plan) and whose primary care physician is to be terminated from the provider network shall be provided with 90 days' advance notice of the termination. The bill further provides that if such notice cannot be provided because the termination will occur before the end of the 90-day period, the HMO or NJ Plus is to notify the enrollees or member as soon as it has knowledge of the termination. Upon receiving such notification, the covered person shall be permitted to change coverage to another health benefits plan, even if the physician's termination occurs outside of the annual open enrollment period.

The Office of Legislative Services notes that neither the Division of Pensions and Benefits nor the State Health Benefits Commission maintains information on physician choice by members so notification would have to be made by the participating HMO or NJ Plus. Currently, participating HMOs notify members of the termination of a physician, although they are not currently required by contract to provide 90 days' notice. This provision could be added to the terms of the Group Master Contract covering HMOs.

The OLS notes that permitting members to change coverage to another plan outside the annual open enrollment period might create some additional administrative costs to the Division of Pensions and Benefits. It should be noted, however, that the division already allows members to change their coverage outside of the annual open enrollment period for changes in status. In the case of an employee enrolled in an HMO, employees can transfer if they move out of the area served by that HMO to another HMO, the Traditional Plan or NJ Plus. In addition, active employees enrolled in an HMO, the Traditional Plan or NJ Plus can increase or decrease dependent coverage outside of the annual open enrollment period.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.