

SENATE, No. 756

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1996

By Senator CARDINALE

1 AN ACT concerning the establishment of usual, customary and
2 reasonable fees for health care providers by certain insurers.

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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. For purposes of this section, "health care provider" means a
8 provider of health care services; "health care service" means a service
9 or product sold by a health care provider and includes, but is not
10 limited to, hospital, medical, surgical, dental, vision and
11 pharmaceutical services or products; and "usual, customary and
12 reasonable fee" shall include any fee established by a hospital service
13 corporation for services of any applicable category of health care
14 providers by any methodology.

15 b. A hospital service corporation that bases payment for benefits
16 for health care services under its contracts on a usual, customary and
17 reasonable fee charged by the applicable category of health care
18 provider, shall disclose all of the following in accordance with
19 subsection c. of this section:

20 (1) The frequency of the determination of the usual, customary and
21 reasonable fee;

22 (2) A detailed description of the methodology used to determine
23 usual, customary and reasonable fees;

24 (3) The geographic area used to determine usual, customary and
25 reasonable fees;

26 (4) If the usual, customary and reasonable fee for a health care
27 service is determined by taking a sample of fees submitted on actual
28 claims from health care providers and then selecting a percentile of
29 those fees, the percentile that is used by the hospital service
30 corporation.

31 c. The hospital service corporation shall disclose, upon request, the
32 information described in subsection b. of this section to a subscriber,
33 any covered person or assignee thereof.

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35 2. a. For purposes of this section, "health care provider" means a
36 provider of health care services; "health care service" means a service
37 or product sold by a health care provider and includes, but is not

1 limited to, hospital, medical, surgical, dental, vision and
2 pharmaceutical services or products; and "usual, customary and
3 reasonable fee" shall include any fee established by a medical service
4 corporation for services of any applicable category of health care
5 providers by any methodology.

6 b. A medical service corporation that bases payment for benefits
7 for health care services under its contracts on a usual, customary and
8 reasonable fee charged by the applicable category of health care
9 provider, shall disclose all of the following in accordance with
10 subsection c. of this section:

11 (1) The frequency of the determination of the usual, customary and
12 reasonable fee;

13 (2) A detailed description of the methodology used to determine
14 usual, customary and reasonable fees;

15 (3) The geographic area used to determine usual, customary and
16 reasonable fees;

17 (4) If the usual, customary and reasonable fee for a health care
18 service is determined by taking a sample of fees submitted on actual
19 claims from health care providers and then selecting a percentile of
20 those fees, the percentile that is used by the medical service
21 corporation.

22 c. The medical service corporation shall disclose, upon request, the
23 information described in subsection b. of this section to a subscriber,
24 any covered person or assignee thereof.

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26 3. a. For purposes of this section, "health care service" means a
27 service or product sold by a provider of health care services and
28 includes, but is not limited to, hospital, medical, surgical, dental, vision
29 and pharmaceutical services or products; and "usual, customary and
30 reasonable fee" shall include any fee established by a health service
31 corporation for services of any applicable category of health care
32 providers by any methodology.

33 b. A health service corporation that bases payment for benefits for
34 health care services under its contracts on a usual, customary and
35 reasonable fee charged by the applicable category of provider of health
36 care services, shall disclose all of the following in accordance with
37 subsection c. of this section:

38 (1) The frequency of the determination of the usual, customary and
39 reasonable fee;

40 (2) A detailed description of the methodology used to determine
41 usual, customary and reasonable fees;

42 (3) The geographic area used to determine usual, customary and
43 reasonable fees;

44 (4) If the usual, customary and reasonable fee for a health care
45 service is determined by taking a sample of fees submitted on actual
46 claims from providers of health care services and then selecting a

1 percentile of those fees, the percentile that is used by the health service
2 corporation.

3 c. The health service corporation shall disclose, upon request, the
4 information described in subsection b. of this section to a subscriber,
5 any covered person or assignee thereof.

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7 4. a. For purposes of this section, "health care provider" means a
8 provider of health care services; "health care service" means a service
9 or product sold by a health care provider and includes, but is not
10 limited to, hospital, medical, surgical, dental, vision and
11 pharmaceutical services or products; and "usual, customary and
12 reasonable fee" shall include any fee established by an insurer for
13 services of any applicable category of health care providers by any
14 methodology.

15 b. An insurer that is authorized to transact health insurance
16 pursuant to Chapter 26 of Title 17B of the New Jersey Statutes and
17 that bases payment for benefits for health care services under its
18 policies on a usual, customary and reasonable fee charged by the
19 applicable category of health care provider, shall disclose all of the
20 following in accordance with subsection c. of this section:

21 (1) The frequency of the determination of the usual, customary and
22 reasonable fee;

23 (2) A detailed description of the methodology used to determine
24 usual, customary and reasonable fees;

25 (3) The geographic area used to determine usual, customary and
26 reasonable fees;

27 (4) If the usual, customary and reasonable fee for a health care
28 service is determined by taking a sample of fees submitted on actual
29 claims from health care providers and then selecting a percentile of
30 those fees, the percentile that is used by the insurer.

31 c. The insurer shall disclose, upon request, the information
32 described in subsection b. of this section to a policyholder, any
33 covered person or assignee thereof.

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35 5. a. For purposes of this section, "health care provider" means a
36 provider of health care services; "health care service" means a service
37 or product sold by a health care provider and includes, but is not
38 limited to, hospital, medical, surgical, dental, vision and
39 pharmaceutical services or products; and "usual, customary and
40 reasonable fee" shall include any fee established by an insurer for
41 services of any applicable category of health care providers by any
42 methodology.

43 b. An insurer that is authorized to transact health insurance
44 pursuant to Chapter 27 of Title 17B of the New Jersey Statutes and
45 that bases payment for benefits for health care services under its
46 policies on a usual, customary and reasonable fee charged by the

1 applicable category of health care provider, shall disclose all of the
2 following in accordance with subsection c. of this section:

3 (1) The frequency of the determination of the usual, customary and
4 reasonable fee;

5 (2) A detailed description of the methodology used to determine
6 usual, customary and reasonable fees;

7 (3) The geographic area used to determine usual, customary and
8 reasonable fees;

9 (4) If the usual, customary and reasonable fee for a health care
10 service is determined by taking a sample of fees submitted on actual
11 claims from health care providers and then selecting a percentile of
12 those fees, the percentile that is used by the insurer.

13 c. The insurer shall disclose, upon request, the information
14 described in subsection b. of this section to a policyholder, any
15 covered person or assignee thereof.

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17 6. a. A dental service corporation that bases payment for benefits
18 for dental services under its contracts on a usual, customary and
19 reasonable fee charged by dentists, shall disclose all of the following
20 in accordance with subsection b. of this section:

21 (1) The frequency of the determination of the usual, customary and
22 reasonable fee;

23 (2) A detailed description of the methodology used to determine
24 usual, customary and reasonable fees;

25 (3) The geographic area used to determine usual, customary and
26 reasonable fees;

27 (4) If the usual, customary and reasonable fee for dental service is
28 determined by taking a sample of fees submitted on actual claims from
29 dentists and then selecting a percentile of those fees, the percentile
30 that is used by the dental service corporation.

31 b. The dental service corporation shall disclose, upon request, the
32 information described in subsection a. of this section to a subscriber,
33 any covered person or assignee thereof.

34 c. For purposes of this section, "usual, customary and reasonable
35 fee" shall include any fee established by a dental service corporation
36 for services of any dentist by any methodology.

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38 7. This act shall take effect on the 90th day following enactment.

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STATEMENT

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43 This bill requires health insurers, dental service corporations, and
44 hospital, medical and health service corporations to disclose to
45 policyholders, subscribers and covered persons, or their assignees,
46 upon request, how they establish the usual, customary and reasonable

1 fees they use in reimbursing health care providers for their services.
2 "Health care service" is defined as a service or product sold by a health
3 care provider and includes, but is not limited to, hospital, medical,
4 surgical, dental, vision and pharmaceutical services or products.

5 Specifically, the carriers must disclose:

6 (1) The frequency of the determination of the usual, customary and
7 reasonable fee;

8 (2) A detailed description of the methodology used to determine
9 usual, customary and reasonable fees;

10 (3) The geographic area used to determine usual, customary and
11 reasonable fees; and

12 (4) If the usual, customary and reasonable fee for a health care
13 service is determined by taking a sample of fees submitted on actual
14 claims from health care providers and then selecting a percentile of
15 those fees, the percentile that is used by the carrier.

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20 Requires health insurers to disclose how they establish usual,
21 customary and reasonable fees for health care providers.