

SENATE, No. 1833

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1997

By Senators CARDINALE and CAFIERO

1 AN ACT concerning automobile insurance and amending P.L.1972,
2 c.70.

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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. Section 5 of P.L.1972, c.70 (C.39:6A-5) is amended to read as
8 follows:

9 5. Payment of personal injury protection coverage benefits.

10 a. (1) An insurer may require written notice to be given as soon as
11 practicable after an accident involving an automobile with respect to
12 which the policy affords personal injury protection coverage benefits
13 pursuant to this act.

14 (2) In the case of claims for medical expense benefits, written
15 notice shall be provided to the insurer by the treating medical provider
16 no later than 21 days following the commencement of treatment.
17 Notification required under this section shall be made in accordance
18 with regulations adopted by the Commissioner of Banking and
19 Insurance and on a form prescribed by the Commissioner of Banking
20 and Insurance. Within a reasonable time after receiving notification
21 required pursuant to this act, the insurer shall confirm to the treating
22 medical provider that its policy affords the claimant personal injury
23 protection coverage benefits as required by section 5 of P.L.1972, c.70
24 (C.39:6A-5).

25 (3) A claimant for medical expense benefits shall provide the
26 treating medical provider, at the request of the provider, the claimant's
27 name and address, the policy number of the automobile insurance
28 policy providing the medical expense benefits coverage, and the
29 insurer's name and address before treatment commences or within a
30 reasonable time, as defined by regulation, after receiving the treatment.
31 A claimant who does not provide the treating medical provider with
32 the information within the required time limit shall be liable to the
33 treating medical provider for any amount of the payment for services
34 denied pursuant to subsection c. of this section.

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 b. For the purposes of this section, notification shall be deemed to
2 be met if a treating medical provider submits a bill or invoice to the
3 insurer for reimbursement of services within 21 days of the
4 commencement of treatment.

5 c. In the event that notification is not made by the treating medical
6 provider within 21 days following the commencement of treatment, the
7 insurer shall reserve the right to deny, in accordance with regulations
8 established by the Commissioner of Banking and Insurance, payment
9 of the claim and, except as provided by paragraph (3) of subsection a.
10 of this section, the treating medical provider shall be prohibited from
11 seeking any payment directly from the insured. In establishing the
12 standards for denial of payment, the Commissioner of Banking and
13 Insurance shall consider the length of delay in notification, the severity
14 of the treating medical provider's failure to comply with the
15 notification provisions of this act based upon the potential adverse
16 impact to the public and whether or not the provider has engaged in
17 a pattern of noncompliance with the notification provisions of this act.
18 In establishing the regulations necessary to effectuate the purposes of
19 this subsection, the Commissioner of Banking and Insurance shall
20 define specific instances where the sanctions permitted pursuant to this
21 subsection shall not apply. Such instances may include, but not be
22 limited to, a treating medical provider's failure to provide notification
23 to the insurer as required by this act due to the insured's medical
24 condition during the time period within which notification is required.

25 d. A medical provider who fails to notify the insurer within 21 days
26 and whose claim for payment has been denied by the insurer pursuant
27 to the standards established by the Commissioner of Banking and
28 Insurance may, in the discretion of a judge of the Superior Court, be
29 permitted to refile such claim provided that the insurer has not been
30 substantially prejudiced thereby. Application to the court for
31 permission to refile a claim shall be made within 14 days of notification
32 of denial of payment and shall be made upon motion based upon
33 affidavits showing sufficient reasons for the failure to notify the insurer
34 within the period of time prescribed by this act.

35 e. For the purposes of this section, "treating medical provider"
36 shall mean any licensee of the State of New Jersey whose services are
37 reimbursable under personal injury protection coverage, including but
38 not limited to persons licensed to practice medicine and surgery,
39 psychology, chiropractic, or such other professions as the
40 Commissioner of Banking and Insurance determines pursuant to
41 regulation, or other licensees similarly licensed in other states and
42 nations, or the practitioner of any religious method of healing, or any
43 general hospital, mental hospital, convalescent home, nursing home or
44 any other institution, whether operated for profit or not, which
45 maintains or operates facilities for health care, whose services are
46 compensated under personal injury protection insurance proceeds.

1 f. In instances when multiple treating medical providers render
2 services in connection with emergency care, the Commissioner of
3 Banking and Insurance shall designate, through regulation, a process
4 whereby notification by one treating medical provider to the insurer
5 shall be deemed to meet the notification requirements of all the
6 treating medical providers who render services in connection with
7 emergency care.

8 g. Personal injury protection coverage benefits shall be overdue if
9 not paid within 60 days after the insurer is furnished written notice of
10 the fact of a covered loss and of the amount of same. If such written
11 notice is not furnished to the insurer as to the entire claim, any partial
12 amount supported by written notice is overdue if not paid within 60
13 days after such written notice is furnished to the insurer. Any part or
14 all of the remainder of the claim that is subsequently supported by
15 written notice is overdue if not paid within 60 days after such written
16 notice is furnished to the insurer; provided, however, that any payment
17 shall not be deemed overdue where, within 60 days of receipt of notice
18 of the claim, the insurer notifies the claimant or his representative in
19 writing of the denial of the claim or the need for additional time, not
20 to exceed 45 days, to investigate the claim, and states the reasons
21 therefor. The written notice stating the need for additional time to
22 investigate the claim shall set forth the number of the insurance policy
23 against which the claim is made, the claim number, the address of the
24 office handling the claim and a telephone number, which is toll free or
25 can be called collect, or is within the claimant's area code. For the
26 purpose of determining interest charges in the event the injured party
27 prevails in a subsequent proceeding where an insurer has elected a
28 45-day extension pursuant to this subsection, payment shall be
29 considered overdue at the expiration of the 45-day period or, if the
30 injured person was required to provide additional information to the
31 insurer, within 10 business days following receipt by the insurer of all
32 the information requested by it, whichever is later.

33 For the purpose of calculating the extent to which any benefits are
34 overdue, payment shall be treated as being made on the date a draft or
35 other valid instrument which is equivalent to payment was placed in
36 the United States mail in a properly addressed, postpaid envelope, or,
37 if not so posted, on the date of delivery.

38 h. All overdue payments shall bear interest at the percentage of
39 interest prescribed in the Rules Governing the Courts of the State of
40 New Jersey for judgments, awards and orders for the payment of
41 money. All automobile insurers shall provide any claimant with the
42 option of submitting a dispute under this section to binding arbitration.
43 Arbitration proceedings shall be administered and subject to
44 procedures established by the American Arbitration Association. If the
45 claimant prevails in the arbitration proceedings, the insurer shall pay
46 all the costs of the proceedings, including reasonable attorney's fees,

1 to be determined in accordance with a schedule of hourly rates for
2 services performed, to be prescribed by the Supreme Court of New
3 Jersey.

4 (cf: P.L.1995, c.407, s.1)

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6 2. This act shall take effect immediately.

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STATEMENT

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11 This bill requires an injured party who is receiving medical
12 treatment covered by automobile insurance medical expense benefits
13 coverage to inform his treating medical provider, when requested by
14 that provider, of his name and address, the automobile insurance
15 policy number and the insurer's name and address. If the injured party
16 does not provide this information prior to treatment or within a
17 reasonable time thereafter, the injured party shall be liable to the
18 treating medical provider for any amount by which the payment for
19 services is reduced because the treating medical provider did not
20 provide notice to the insurer within 21 days following commencement
21 of treatment.

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26 Requires injured parties covered by PIP to provide certain information
27 to treating medical providers.