

SENATE, No. 2249

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 17, 1997

By Senators **CARDINALE, SINAGRA and Kosco**

1 AN ACT concerning prior approval of covered health care services of  
2 health benefits plans.

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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. As used in this act:

8 "Carrier" means an insurance company, health service corporation,  
9 hospital service corporation, medical service corporation or health  
10 maintenance organization authorized to issue health benefits plans in  
11 this State.

12 "Covered person" means a person on whose behalf a carrier offering  
13 the health benefits plan is obligated to pay benefits or provide health  
14 care services pursuant to the health benefits plan.

15 "Covered health care service" means a health care service provided  
16 to a covered person under a health benefits plan for which the carrier  
17 is obligated to pay benefits or provide services.

18 "Health benefits plan" means a benefits plan which pays or provides  
19 hospital and medical expense benefits for covered services, and is  
20 delivered or issued for delivery in this State by or through a carrier.  
21 Health benefits plan includes, but is not limited to, Medicare  
22 supplement coverage and risk contracts to the extent not otherwise  
23 prohibited by federal law. For the purposes of this act, health benefits  
24 plan shall not include the following plans, policies or contracts:  
25 accident only, credit, disability, long-term care, CHAMPUS  
26 supplement coverage, coverage arising out of a workers' compensation  
27 or similar law, automobile medical payment insurance, personal injury  
28 protection insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et  
29 seq.) or hospital confinement indemnity coverage.

30 "Health care provider" means an individual or entity which, acting  
31 within the scope of its licensure or certification, provides a covered  
32 service defined by the health benefits plan. Health care provider  
33 includes, but is not limited to, a physician and other health care  
34 professionals licensed pursuant to Title 45 of the Revised Statutes, and  
35 a hospital and other health care facilities licensed pursuant to Title 26  
36 of the Revised Statutes.

37 "Prior approval" means the process by which a carrier determines

1 the medical necessity or medical appropriateness, or both, of otherwise  
2 covered health care services prior to rendering of those health care  
3 services.

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5 2. No carrier shall deny coverage for covered health care services  
6 provided to a covered person when prior approval has been obtained  
7 from the carrier for those health care services, unless the approval was  
8 based upon fraudulent information submitted by the covered person or  
9 the health care provider or the health care services were not rendered  
10 within the time limit, if any, specified in the prior approval.

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12 3. This act shall take effect on the 30th day following enactment.

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15 STATEMENT

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17 This bill prohibits insurers from denying payment of covered health  
18 care services for which prior approval was provided, except when the  
19 approval was based upon fraudulent information submitted by the  
20 covered person or his health care provider or when the health care  
21 services were not rendered within the time limit specified in the prior  
22 approval.

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27 Requires health insurance carriers to pay for covered health care  
28 services for which prior approval was given.