

BULLETIN 08-09

TO: ALL CARRIERS (INSURANCE COMPANIES, HEALTH SERVICE CORPORATIONS, HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS AND HEALTH MAINTENANCE ORGANIZATIONS) ISSUING HEALTH BENEFIT PLANS IN THIS STATE, AND ALL ORGANIZED DELIVERY SYSTEMS (ODSs) LICENSED PURSUANT TO N.J.S.A. 17:48H-1 ET SEQ.

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: N.J.A.C. 11:22-1.9 QUARTERLY AND ANNUAL REPORTING REQUIREMENTS ON THE TIMELINESS AND REASONS FOR DENIALS OF CLAIMS

N.J.A.C. 11:22-1.9 requires reporting by carriers and ODSs on prompt payment of claims, using report forms specified in the rule. On July 2, 2007, the Department proposed rules (Proposal Number PRN 2007-214) implementing the Health Claims Authorization, Processing and Payment Act (HCAPPA), P.L. 2005, c. 352, enacted on January 12, 2006 and effective July 11, 2006 (see 39 N.J.R. 2455(a)). Among other things, this proposal reduced or changed some of the reporting requirements at N.J.A.C. 11:22-1.9. The comment period for this proposal expired on August 31, 2007. The Department received some comments that precluded the immediate adoption of this proposal and that may require its reproposal. Although there were comments about a possible change in the reporting format, no comments opposed the overall reduction in reporting requirements. The purpose of this Bulletin is to advise carriers and ODSs of the Department's intent to decline to enforce some of the existing reporting requirements at N.J.A.C. 11:22-1.9 pending the adoption of rules. Accordingly, carriers may be guided by the following when considering which reports to file.

- **Quarterly Reports**

The requirement at N.J.A.C. 11:22-1.9(a) that a carrier or ODS file a quarterly report on the timeliness of claim payments in the form of Appendix A may be considered suspended effective with the report for the first quarter of 2008 due May 15, 2008.

The requirement at N.J.A.C. 11:22-1.9(a) that carriers and ODSs (not otherwise exempt) submit 1st, 2nd, and 3rd quarter reports on reasons for denial and late payment of claims in the form of Appendix B remains operative. However, only hard copy need be submitted for the quarterly report. Filing in electronic format is not required. Due dates for the reports (approximately 45 days after the close of the quarter) are set forth in the rules.

The instructions for Appendix B are revised as follows: Column (12). Do not fill in this column.

- **Annual Reports**

The requirement at N.J.A.C. 11:22-1.9(a) that all carriers and ODSs submit an annual report in the form of Appendix B remains operative. The report is required in both hard copy and electronic format. Acceptable electronic formats include diskette, CD-ROM, and e-mail. An Excel spreadsheet version of the report format is available on request. The due date for the report is set forth in the rules.

The requirement at N.J.A.C. 11:22-1.9(b) that carriers (not otherwise exempt) obtain a report of an auditing firm and submit that report to the Department, the Governor's office and various offices of the legislature remains operative. The report of the auditing firm shall be submitted in hard copy only, and shall accompany the annual report in the form of Appendix B required by N.J.A.C. 11:22-1.9(a).

The instructions for Appendix B are revised as follows: Column (12). Do not fill in this column.

- **Submitting Quarterly and Annual Reports to the Department**

The address for submission of quarterly and annual reports to the Department is:

New Jersey Department of Banking and Insurance
Life & Health Actuarial, 11th Floor
Prompt Pay Reports
20 West State Street (for Private Express Delivery)
PO Box 325 (for regular US Mail)
Trenton, NJ 08625-0325

- **Submitting Copies of Audited Annual Reports to Governor and Legislature**

Copies of the annual report in the form of Appendix B and the report of the auditing firm shall be sent to the Governor's Office and the Majority and Minority Offices of both houses of the legislature at the addresses listed below. Companies exempt from the requirement to submit the report of an auditing firm do not need to send copies of their unaudited annual report to these offices. Addresses for submissions of Annual Reports accompanied by the Report of an Auditing Firm only are:

Assembly Majority Office
State House
125 W. State Street
PO Box 098
Trenton, NJ 08625

Assembly Minority Office
State House
125 W. State Street
PO Box 098
Trenton, NJ 08625

Senate Majority Office
State House
125 W. State Street
PO Box 099

Senate Minority Office
State House
125 W. State Street
PO Box 098

Office of the Governor
State House
125 W. State Street
PO Box 001
Trenton, NJ 08625

- **Exemptions**

Companies or ODSs may seek an exemption from obtaining the report of the auditing firm, and from filing the quarterly reports in the form of Appendix B for the first three quarters of the subsequent year, using the procedures set forth at N.J.A.C. 11:21-1.9(e). To qualify for an exemption, a company must have annual New Jersey premiums for business subject to prompt

pay reporting of less than \$5 million. However, the requirement that this limit be met on an affiliated company basis may be considered suspended. Furthermore, the Department will consider information other than the annual report filed with the New Jersey Medicare Under 50 Program to determine if this condition is met. Companies obtaining an exemption from the report of the auditing firm for a calendar year are still required to file an annual report on Appendix B for the subsequent calendar year, and to apply for and obtain a new exemption if applicable.

Any questions regarding this Bulletin may be directed to the Department's Life and Health Actuarial unit at (609) 292-5427 x50316.

5/7/08
Date

/s/ Steven M. Goldman
Steven M. Goldman
Commissioner

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