



State of New Jersey

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BULLETIN
OMC 2005-05

TO: All Insurers, Health Service Corporations, Hospital Service Corporations, Medical Service Corporations, Health Maintenance Organizations, Dental Service Corporations and Dental Plan Organizations Doing Business in New Jersey

FROM: Marilyn Dahl, Deputy Commissioner, New Jersey State Department of Health and Senior Services /BJ obo MD/

DATE: August 19, 2005

RE: Award of new Contracts for the Independent Health Care Appeals Program with revised Fees

This bulletin is to inform all insurers, health service corporations, hospital service corporations, medical service corporations, health maintenance organizations, dental service corporations and dental plan organizations (collectively, carriers) that are subject to the Health Care Quality Act, L. 1997, c. 192 (as generally codified, N.J.S.A. 26:2S-1 et seq.), of certain administrative changes being made with respect to the Independent Health Care Appeals Program (IHCAP). The IHCAP was established and operates in accordance with N.J.S.A. 26:2S-11 and 12.

The Department of Health and Senior Services (DHSS) contracts with independent utilization review organizations (IUROs) for the performance of the utilization management review functions of the IHCAP. Bidding occurs through the State of New Jersey's bid process. Generally, DHSS' contract is for a three year term, and an option to extend the contract for a specified period. DHSS requested bids for IURO services for the IHCAP operations in the spring of 2005 in anticipation of the expiration of the current IURO contracts on or about June 30, 2002 (which were extended until the end of August 2005 while the bid process continued). DHSS reviewed four bids. After a review of all of the bids, DHSS elected to offer, and the Department of Treasury approved award of, a contract to two vendors: Island Peer Review Organization (IPRO), and Peer Review Systems, Inc., d/b/a Permedion. IPRO is an incumbent IURO for the IHCAP, while Permedion is a new vendor. Permedion has engaged in similar utilization management review activities under contract with multiple other states, and DHSS believes that the transition to Permedion will be smooth.

The beginning date of the contract period shall be September 1, 2005, and shall run for three years. Interested readers may view the technical award information online at www.state.nj.us/treasury/purchase/contracts.htm (see T1683). The information regarding the award should be updated on or about September 1, 2005. In addition, readers are reminded that the bids and awards are public information that can be accessed through the Division of Purchase and Property of the New Jersey Department of Treasury.

The bids from IPRO and Permedion were made on the basis of differing fee structures. Appeals forwarded to an IURO by DHSS on or after September 1, 2005 shall be processed under the new fee structure. Accordingly, carriers will be liable for the following fees, based upon which of the two contracted IUROs reviews the matter, and whether the matter goes through preliminary or full review:

Independent Utilization Review Organization	Preliminary Review	Full review
IPRO	\$100.00	\$916.00
Permedion	\$100.00	\$600.00

If an appeal only goes through preliminary review, the carrier will be responsible for the costs of preliminary review only. Once an appeal starts the full review process, the carrier will be responsible for the costs of full review regardless of whether the appeal is withdrawn prior to completion of the full review. Please note that the full review fee is inclusive of the preliminary review fee.

The form used for filing appeals with the IHCAP (that carriers are required to supply to their covered lives with the notice of an adverse determination on a Stage 2 internal appeal) remains unchanged at this time. Carriers will be notified via an additional correspondence when any changes are made to the form, and will be given a small number of revised forms with the notice; however, until such time as any changes occur, carriers should continue to utilize the current form. As always, carriers with utilization management features applicable to their health benefits plans need to maintain supplies of these forms themselves for distribution to their covered lives that are eligible for the IHCAP.

If you have any questions regarding the information contained in this bulletin, you may contact Sylvia Allen-Ware, Director, Office of Managed Care, at: 609-633-0660 (telephone); 609-633-0807 (facsimile); or, Sylvia.Allen-Ware@doh.state.nj.us.