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BULLETIN NO. 06-05

TO: ALL INSURANCE COMPANIES, HEALTH SERVICE CORPORATIONS, HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS, HEALTH MAINTENANCE ORGANIZATIONS AND ORGANIZED DELIVERY SYSTEMS

**FROM: DONALD BRYAN, ACTING COMMISSIONER
DEPARTMENT OF BANKING AND INSURANCE**

RE: ANNUAL REPORTING BY MANAGED BEHAVIORAL HEALTH CARE ORGANIZATIONS

The purpose of this Bulletin is to provide guidance to carriers and Managed Behavioral Health Care Organizations (MBHCOs) regarding compliance with P.L. 2005, c. 172 (Act), which was enacted on August 5, 2005. The Act, effective October 4, 2005, amends and supplements N.J.S.A. 26:2S-1 et seq. Among other things, the Act requires that a carrier obtain and have submitted to the Department of Banking and Insurance (Department) annual reports from every MBHCO¹ that the carrier owns (in whole or in part), or with which the carrier contracts. See, N.J.S.A. 26:2S-15.1. The annual reports are to include information about payments made for behavioral health care services,² total expenses incurred for certain related

¹ An MBHCO is defined at N.J.S.A. 26:2S-2 as an entity that contracts with a carrier to provide, undertake to arrange, or administer behavioral health care services to the carrier's covered persons through health care providers employed by the managed behavioral health care organization, or that otherwise makes behavioral health care services available to a carrier's covered persons through contracts with health care providers. N.J.S.A. 26:2S-2 specifies that a MBHCO does not include a carrier or any other person or entity that, for an administrative fee only, solely arranges a panel of health care providers for a carrier for the provision of behavioral health care services on a discounted fee-for-service basis.

² N.J.S.A. 26:2S-2 defines behavioral health care services to include procedures or services rendered by a health care provider to treat mental illness, emotional disorders and drug or alcohol abuse but does not include quality assurance or utilization management activities or treatment plan reviews conducted by a carrier (whether administrative or

activities and administrative functions, and the amount of fees received by the MBHCO in the course of a calendar year.

Initial Report

Because the Act was not effective until October 4, 2005, the Department does not expect that carriers and MBHCOs necessarily have collected or maintained the information for calendar year 2005 that the Act requires to be reported. Thus, the Department is not requiring submission of a complete Annual Report for calendar year 2005 activity. Instead, each carrier is requested to report the following information no later than March 15, 2006:

1. The name and address of every MBHCO that the carrier owns or with which the carrier contracts to provide behavioral health care services.
2. The name, title, address, telephone number, facsimile number and an e-mail address for a contact person for each MBHCO identified.
3. A description of the carrier's ownership interest in the MBHCO, if any. For purposes of this requirement, a carrier will be considered to own an MBHCO if the carrier and MBHCO are affiliated (that is, under common ownership).
4. A description of the contract between the carrier and MBHCO, if any, including the beginning and ending dates of any contract and the services provided under the contract, such as behavioral health care services, quality assurance and utilization management services, as well as administrative services, including claims payment and provider credentialing.
5. The name, title, address, telephone number, facsimile number and an e-mail address for a contact person for the carrier. The contact person should be the person responsible for the contents of and inquiries concerning the report.

clinical in nature), nor administrative functions such as accounting and financial reporting, billing and collection,

The Department urges every carrier to file a report. Carriers that do not own or contract with an MBHCO should indicate this in their responses, but still provide complete contact information for the carrier. Thereafter, such a carrier will not need to submit any subsequent report of this nature until such time as the carrier comes to have ownership of (including affiliation) or contracts with an MBHCO. The Department requests that carriers submit revised reports to the Department within 60 days following a change in any of the previously-reported information (including, but not limited to, changes in ownership or contracts with an MBHCO.)

A form capturing the information requested is provided at the end of this Bulletin. Carriers may submit the completed form, or respond independently to the items specified in paragraphs numbered 1 through 5 above to meet the initial reporting requirement. (This Bulletin and a form that may be downloaded will be posted to the Department's website at <http://www.state.nj.us/dobi>.) Carriers should submit separate reports for each MBHCO they own or with which they contract during the time period covered by the report. Reports should be sent to:

New Jersey Department of Banking and Insurance
Life and Health Actuarial – MBHCO Reporting
P.O. Box 325
Trenton, New Jersey 08625-0325
(for express mail or private delivery, use: 20 West State Street instead of P.O. Box 325 in the
above address)

or may be submitted by facsimile to: 609-633-0527. However, if a fax is not legible, the Department will request a completed report be sent by mail.

2006 Annual Report

In accordance with the new provisions at N.J.S.A. 26:2S-15.1, carriers or their MBHCOs will be required to submit to the Department an Annual Report for calendar year 2006 activity by March 15, 2007. A carrier that contracts with or owns an MBHCO should direct the MBHCO to

collect and maintain the information required to be reported by the Act on an annual basis. Each MBHCO should maintain this information for the MBHCO as a whole, and separately for each carrier with which the MBHCO has a contract. In accordance with the Act, the information collected and maintained shall include:

1. Payments made by the MBHCO to health care providers for the provision of behavioral health care services to covered persons during the calendar year. The Department requests that the 2006 Annual Report include payments made for services provided (claims incurred) during the 2006 calendar year, regardless of the time of actual payment, with respect to services provided to covered persons under insured contracts (not self-funded contracts). In addition, the 2006 Annual Report should include a reasonable estimate of claims incurred but not paid;
2. Total expenses incurred by the MBHCO by carrier for quality assurance, utilization management, and treatment plan reviews, whether clinical or administrative in nature;
3. Total expenses incurred by the MBHCO by carrier for other administrative functions including accounting and financial reporting, billing and collection, data processing, debt or debt service, legal services, promotion and marketing, and provider credentialing;
4. The amount of premiums and fees received by the MBHCO (other than fees or reimbursement for administration of self-funded contracts), by carrier; and
5. The number of covered persons under a contract with the MBHCO or (in the case of ownership) for whom the MHBCO provides services under contracts with carriers, by carrier.

The Department will establish the form or format for the Annual Reports for 2006 and subsequent years at a later date, and will provide carriers with adequate notice of the form or format prior to the date the 2006 Annual Report is due.

Questions regarding this Bulletin may be directed to Office of Life and Health by phone at 609-292-5427 x 50340, or by fax at (609) 633-0527. Please specify that the question concerns MBHCO Reporting.

The Department intends to propose rules in the near future to implement the provisions of the Act concerning annual reports by MBHCOs. Notice of the proposed rulemaking will appear on the Department's website at www.state.nj.us/dobi/legsregs.htm.

1/20/06
Date

/s/ Donald Bryan
Donald Bryan
Acting Commissioner

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