

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of	)	CONSENT ORDER
Banking and Insurance to Fine	)	
Horizon Healthcare of New Jersey, Inc.	)	

TO: Horizon Healthcare of New Jersey, Inc.  
3 Penn Plaza East  
Newark, NJ 07105-2200

This matter having been opened by the Commissioner of the Department of Banking and Insurance ("DOBI"), State of New Jersey, upon information that Horizon Healthcare of New Jersey, Inc. ("Horizon"), may have violated provisions of the laws of the State of New Jersey; and

WHEREAS, Horizon is a health maintenance organization ("HMO") authorized to transact commercial, Medicare and Medicaid business in New Jersey pursuant to N.J.S.A. 26:2J-4 since May 1, 1986; and

WHEREAS, N.J.S.A. 26:2J-8.1d (10) states that an HMO shall seek reimbursement of an overpayment of a claim previously paid no later than 18 months after the date the first payment on the claim was made, and further states that at the time the reimbursement request is submitted to the provider, the HMO shall provide written documentation that identifies the error made by the HMO in the processing or payment of the claim that justifies the reimbursement request; and

WHEREAS, N.J.S.A. 26:2J-8.1d(11) states that an HMO shall not collect or attempt to collect funds for reimbursement of an overpaid claim: (a) on or before the 45<sup>th</sup> day following

submission of the reimbursement request to the provider, or (b) if the provider disputes the reimbursement request and initiates an internal appeal, on or before the 45<sup>th</sup> day following the submission of the reimbursement request to the health care provider and until the health care provider's rights to an internal appeal and arbitration pursuant to N.J.S.A. 26:2J-8.1e (1) and (2) are exhausted; and

WHEREAS, N.J.S.A. 26:2J-8.1d(11) states that a HMO may collect the funds for the reimbursement request by assessing them against payment of any future claims submitted by the provider after the 45<sup>th</sup> day following the submission of the reimbursement request to the provider or after the provider's rights to an internal appeal and arbitration pursuant to N.J.S.A. 26:2J-8.1e (1) and (2) are exhausted if the HMO submits an explanation in sufficient detail so that the provider can reconcile each covered person's bill; and

WHEREAS, in April 2016 Horizon implemented a new claim system for its Medicaid business; and

WHEREAS, the new claim system failed to generate notices of overpayment recovery due to errors in loading data elements in the notices, in failing to update an expired password between the claims system and the mail vendor and in issuing an exception report noting the error to a location that was not monitored by the claims system; and

WHEREAS, Horizon self-reported that overpayment notice letters did not generate for its Medicaid business between September 29, 2016 and January 25, 2017 and recoveries of the overpayments were nonetheless taken from subsequent claims of the affected providers between December 1, 2016 and January 25, 2017; and

WHEREAS, Horizon recovered overpayments totaling \$8,093,194.06 from 1,127 providers on 9,497 claims without providing the statutorily required notice and appeal rights; and

WHEREAS, Horizon has addressed the problem by providing notice as of February 7, 2017, providing for an extended appeal period and paying 12 percent interest for 90 days to providers for the improperly recouped amounts; and

WHEREAS, Horizon paid interest payments totaling \$241,824.31 on or about March 7, 2017; and

WHEREAS, Horizon desires to settle the matters raised herein without resort to formal hearing and consents to the payment of a fine as set forth below; and

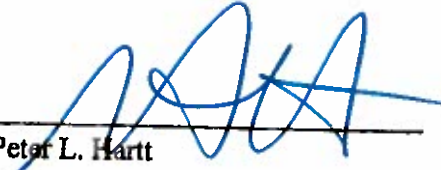
NOW, THEREFORE, IT IS on the 13<sup>th</sup> day of March, 2017

ORDERED AND AGREED that Horizon shall pay a fine in the amount of one hundred fifty thousand dollars (\$150,000.00) to DOBI; and

IT IS FURTHER ORDERED AND AGREED that said fine shall be paid by certified check, cashier's check or wire transfer payable to "State of New Jersey – General Treasury" upon the execution of this Consent Order by Horizon; and

IT IS FURTHER ORDERED AND AGREED that Horizon shall cease and desist from engaging in the conduct that gave rise to this Consent Order and shall hereafter comply in all respects with New Jersey insurance statutes and regulations; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of only the violations specified herein.

  
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Peter L. Hart  
Director of Insurance

**Consented to as to Form, Content,  
and Entry:**

Horizon Healthcare of New Jersey, Inc.

By:   
Name

Date: 3/7/17