BULLETIN OMC 2001- 03

TO: All Insurers Doing a Health Insurance Business, all Health Service

Corporations, All Hospital Service Corporations, All Medical Service

Corporations and all Health Maintenance Organizations

FROM: Marilyn Dahl, Senior Assistant Commissioner, New Jersey State

Department of Health and Senior Services

DATE: August 3, 2001

RE: Disclosure Required for Managed Care Plans Pursuant to P.L. 2001, c. 14

The purpose of this bulletin is to advise carriers of an added disclosure obligation set forth pursuant to an amendment of $\underline{\text{N.J.S.A.}}$ 26:2S-5. The obligation to meet the added disclosure requirement applies to all carriers that offer for delivery, or that have delivered or issued for delivery, health benefits plans that are managed care plans in New Jersey, as these terms are defined by $\underline{\text{N.J.S.A.}}$ 26:2S-1 $\underline{\text{et seq.}}$, and rules promulgated pursuant thereto. The obligation applies with respect to all health benefits plans that are managed care plans.

The Managed Health Care Consumer Assistance Program Act, P.L. 2001, c. 14, ("Act") was enacted on January 29, 2001, and was effective immediately. The Act, which amended N.J.S.A. 26:2S-1 et seq., often referred to as the Health Care Quality Act, establishes the Managed Health Care Consumer Assistance Program ("MHCCAP"). The MHCCAP is to be implemented by the New Jersey Department of Health and Senior Services ("DHSS"), in consultation with the New Jersey Department of Banking and Insurance, and the New Jersey Department of Human Services. For approximately one year following the effective date of the Act, after which time the MHCCAP is expected to be fully implemented, the Act requires that DHSS enter into agreements with two nonprofit organizations, New Jersey Protection & Advocacy and the Community Health Law Project, to operate the MHCCAP on an interim basis. (See N.J.S.A. 26:2S-21.) The Act is less prescriptive as to the manner of implementation of the MHCCAP following conclusion of the interim program's one-year term.

The purpose of the MHCCAP is to educate individuals about managed health care, and to help them understand the roles of the various State agencies that regulate carriers with respect to the offering of managed care health benefits plans, as well as the roles of the State and Federal agencies that may contract with carriers to provide coverage or benefits to certain populations under managed care products. The intent is to better inform consumers so that they can more readily and more effectively navigate both the managed care and regulatory environments in order to obtain resolution of problems and complaints, or to simply obtain information that is relevant to them in a more timely manner.

In addition, the MHCCAP will: (1) make available information to consumers about advocacy groups and legal services programs that may be able to provide greater assistance or advice to a specific consumer; (2) make available information about how to contact State and Congressional representatives; (3) provide information about pending State and Federal actions, including legislation, regarding managed care; (4) if necessary and appropriate, provide

BULLETIN OMC 2001-03

some assistance to individuals in completing complaint and appeal forms for filing with State and/or Federal agencies; and (5) provide feedback to carriers, employers and beneficiary advisory groups regarding concerns raised by consumers with the MHCCAP. The MHCCAP is required to develop and maintain a database to track the types of concerns and complaints brought to the MHCCAP, and to track the services provided by the MHCCAP.

The MCCAP is required to advertise its services, and to maintain a toll-free telephone number for consumers to call for information and assistance. Carriers are required to provide a disclosure to members and covered persons regarding the existence and availability of the MHCCAP. Specifically, N.J.S.A. 26:2S-5a(6) states that carriers shall provide "[i]nformation about the Managed Health Care Consumer Assistance Program...as prescribed by the commissioner, including the toll-free telephone number available to contact the program."

DHSS has not prescribed by regulation the notice requirement to be provided by carriers. Furthermore, DHSS is still considering whether to prescribe a standardized statement for carriers to provide to consumers regarding the MHCCAP, or general standards for what will constitute a sufficient disclosure by carriers. DHSS anticipates that adoption of rules on this matter will not occur for some months, and may be delayed until the MHCCAP becomes fully operational. However, carriers are advised that they should make an effort to make the existence of the MHCCAP known to contractholders, members and covered persons, as well as the MHCCAP's toll-free telephone number (888-838-3180), through some process of general distribution as soon as possible. For example, DHSS believes that newsletters are a reasonable vehicle for dissemination of this information at this time, but suggests that some reference to the MHCCAP be included in all newsletters targeted to contractholders, members or covered persons, rather than in a single issue. DHSS will provide carriers with more information regarding the MHCCAP, and required disclosures regarding the MHCCAP, as it becomes available.