

IN THE MATTER OF THE FAILURE OF)
OXFORD HEALTH PLANS OF NJ, INC.,)
TO TIMELY SUBMIT ITS ANNUAL)
ASSESSED PER LIFE FEE)

ADMINISTRATIVE ORDER

THIS MATTER having been opened by the Department of Health and Senior Services (Department) in accordance with the authority set forth at N.J.S.A. 26:1A-15, and N.J.S.A. 26:2J-1 et seq.;

WHEREAS, N.J.S.A. 26:2J-23c requires health maintenance organizations (“HMOs”) submit a payment of \$1.50 per life per year annually no later than July 15 for the preceding calendar year;

WHEREAS, the Department calculated the mean number of lives for each HMO using enrollment information reported by the HMOs in their required quarterly and annual reports, without inclusion of Medicare or Medicaid lives, and reduction of the mean total lives by any lives covered under the Federal Employee Health Benefits Plan reported on an HMO’s Annual Supplement;

WHEREAS, Oxford Health Plan of NJ, Inc., (Oxford) is an HMO;

WHEREAS, the Department calculated that Oxford had an average of 113,240.75 lives for the 2004 calendar year, multiplied the number of lives by \$1.50 and assessed a fee of \$169,861.13 against Oxford;

WHEREAS, the Department notified Oxford of the assessment by a letter addressed to Charles Berg, President and CEO of Oxford dated June 3, 2005;

WHEREAS, the June 3, 2005 letter to Charles Berg setting forth the assessment was sent by regular mail and facsimile to the address and facsimile numbers on file with the Department;

WHEREAS, the June 3, 2005 letter included the deadline instructions for submitting payment as well as instructions for obtaining more information should the letter's recipient have questions;

WHEREAS, Oxford did not submit the required fee to the Department on or before July 15, 2004, and has not to date submitted the fee;

NOW, THEREFORE, IT IS ORDERED on this 28th day of July that:

1. Oxford shall submit payment of the assessed fee of \$169,861.13 in full in accordance with the instructions set forth in the June 3, 2005 letter.

2. Oxford shall pay a fine of \$250 per business day for each day that Oxford failed to pay the assessed fee, beginning July 18, 2005 until August 12, 2005, and thereafter, shall pay a fine of \$500 per business day for each day that Oxford fails to remit the assessed fee in accordance with N.J.S.A. 26:2J-23c.

3. Oxford shall submit payment of the fine to the Director of the Office of Managed Care by check or money order made payable to "Treasurer, State of New Jersey," in a single sum no later than the date this paragraph becomes effective, as specified in paragraph 6 of this Order;

4. Obligations under this Order are imposed pursuant to the police powers of the State of New Jersey for the enforcement of law and the protection of public health, safety and welfare and are not intended to constitute a debt or debts subject to limitation or discharge in a bankruptcy proceeding.

5. All numbered paragraphs of this Order, other than paragraphs 1 and 2 shall be effective as of the date of the Order, and no paragraphs of this Order shall be stayed pending the conclusion of an administrative hearing and the rendering of a final decision by the Commissioner of the Department, except as paragraph 5 applies.

6. Paragraph 2 shall become effective 30 days following the date of this Order, in accordance with N.J.A.C. 8:38-2.14(c), unless Oxford, prior to the end of the 30-day period, files with the Department a written request for a hearing and a written request to Stay the Order with respect to paragraph 2 until the conclusion of an administrative hearing and the rendering of a final decision by the Commissioner of the Department. A request for a hearing shall be accompanied by a written response to the violations set forth in this Order.

6. If Oxford wishes to request an administrative hearing, then Oxford shall submit such a request in writing no later than 30 days following the date of this Order to: Director, Office of Legal and Regulatory Affairs, P.O. Box 360, Trenton, New Jersey 08625-0360, or by fax at 609-292-5333.

Questions should be submitted to Marilyn Dahl, Deputy Commissioner, at 609-984-3939 or to Sylvia Allen-Ware, Director of the Office of Managed Care, at 609-633-0660.

MARILYN DAHL
Deputy Commissioner

/s/ Marilyn Dahl